

Nautic: 15m vessel outfitted for longlining, could possibly run completely on Methane or Diesel.



The key to success is predictability and stability

The three companies, Naust Marine, Nautic, and Frost, have had a successful and reliable partnership for many years. Uncertainty in the fishing industry in Iceland, as well as in global matters, has had varying effects on the companies. Their representatives say that ingenuity and the knowledge sector in Iceland are the future.

Despite the challenging times of the past few seasons marked by the COVID pandemic and the war in Ukraine, among other issues, there are many exciting developments in the fishing industry in Iceland. Naust Marine, Nautic, and Frost are different companies with diverse operations but they have a long history of collaboration. This allows them to utilize their strengths even better.

Naust Marine is an international technology company in the fishing industry with its headquarters in Iceland. The company started its operations in 1993 and was primarily focused on the development and production of control equipment for trawl winches. Later, the company began to design and manufacture winches and other deck equipment under the Naust Marine brand. Equipment from Naust Marine is on board up to 200 vessels worldwide.

Shifting production to Spain

Significant changes have taken place in the operations of Naust Marine in recent years. Hrafnkell Tulinius, general manager of Naust Marine, explains that the production of trawl winches has completely stopped in Iceland because it is too costly. "We do not have a competitive position in Iceland, and many factors come into play, such as labor costs and carbon taxes on imported supplies."

He states that it makes no sense to import products or raw materials to Iceland just to send them back. "We have operations in Vigo, Spain, where there is a lot of activity in shipbuilding, both in maintenance and new builds. That is where our production is now."

The operations in Spain are structured differently than their competitors. "We build our operations on subcontracting. We are designers and design all winches, all electrical equipment, and other hardware for trawl winches and deck equipment, such as cranes. Then we contract very skilled electrical companies that are almost in the next house to us in Spain. There are also two or three parties that manufacture the trawl winches or the winch equipment itself. These are steel companies specializing in cutting and welding steel under our supervision and guidance. Thus, we are assembling and producing steel parts of the winch systems, equipment that is on fishing vessels, there. We then order the necessary equipment and assemble it in our workshop in Vigo. There we are essentially combining all production in the same place under the same quality requirements."



Nautic: 29m trawler outfitted with three trawl winches and is available in Methanol version and conventional diesel.

The shipbuilding industry in Iceland is coming to an end

Naust Marine's customers are both Icelandic and foreign. "They come from all over. In historical context, we have trawl winch systems on ships all over. In some cases, these are ships that were originally built in Iceland and then sold elsewhere. Ships have also been built for various purposes. We have many business dealings in the Netherlands, Belgium, Africa, the USA, Russia, and Korea. Certainly, the war in Ukraine has had a significant impact on business with Russia. We just have to weather that," says Hrafnkell.

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Regarding Iceland's competitiveness, Hrafnkell states that they did not lightly make the decision to move operations to Spain. "This directly affects families. Unfortunately, the shipbuilding industry in Iceland is coming to an end as such." He points out that this used to be handled differently in past years. One shipyard after another has closed, and now the few that remain only handle maintenance.

Hrafnkell emphasizes that the knowledge industry, on the other hand, is remarkably strong in Iceland and has taken the place of manufacturing. "I am talking about the sourcing of seafood and their processing, all handling and processing lines. There are thriving companies in that sector."

Looking for alternatives for energy transition

The company Nautic specializes in ship design, mainly focusing on fishing vessels for both domestic and foreign markets. The main competitors are Norwegians and other European nations. The market is not large, especially for the North Atlantic, but these companies are usually highly specialized. Icelanders have mostly designed trawlers, particularly for frozen fish.

Kári Logason, general manager of Nautic, states that the company is working on various ideas, such as energy transitions in boats and ships. "We are examining the small systems, boats that could run entirely on green energy or methane or electric fuel or something similar.

For larger ships, we are looking into utilizing methanol, but there are technical and safety requirements that we are working to implement to maintain the current fishing arrangements without making drastic changes to what we are doing."

Critique of government priorities

Kári mentions that there is great interest among those intending to build new ships in using new energy sources, as the demand is strong to try to find the most environmentally friendly solutions. "The result, however, is that there is no supply of any kind of environmentally friendly fuel available." Therefore, the focus has shifted more toward smaller boats, trying to create systems that use both diesel and green energy – depending on the availability of energy at any given time. He criticizes the energy policy of the Icelandic government and believes that the overall picture is not being considered. For example, electric vehicles are subsidized, but nothing is done to facilitate the efforts of companies in the fishing industry, which are major oil consumers. "These are strange incentives and a weird prioritization." He points out the significant difference in the amount of oil burned for 1 kilogram of cod 20 years ago compared to today. With new technology, much less oil is used.



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In this context, Kári criticizes the government's emphasis on increasing permits for coastal fishing in Iceland. The boats used in this sector burn significantly more oil proportionally. Thus, Icelanders are backtracking 20 years in terms of environmental issues and the quality of products. The criticism is not directed at the ideology since the purpose of coastal fishing, for example, is to bolster rural areas, but this comes at a cost, such as increased carbon footprint and poorer handling of raw materials.

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Political landscape and impact

Frost is a design, contracting, and service company in the refrigeration industry and has been operational since 1993. Guðmundur H. Hannesson, CEO of Frost, states that they have historically placed great emphasis on the fishing industry. "It has been the backbone of our operation, although we do, of course, service other sectors, especially in Iceland." The company has been involved in significant development work in collaboration with the fishing industry for just over 30 years. This does

not only apply to Icelandic companies, as Frost's customers are spread around the globe; for example in the Faroe Islands, Norway, Canada, Spain, Turkey, Poland, pre-war Russia, Africa, South America, and so on. "We go where the projects are," he says.

"That's where our opportunities lie. Getting involved in development projects and automation – and increasing efficiency in processing to improve utilization."

Guðmundur explains that the political landscape and uncertainty have had a tremendous impact on the industry. He states that it can be challenging to compete with foreign companies that do not face the same burdens. "It's tough, and current examples show that the fishing industry is generating much less profit than in previous years." The capelin crisis has also had a much greater impact than people realize. Many support industries depend on these fisheries taking place.

Many eggs in more than one basket

The company feels the effects of this turbulence but is somewhat better prepared to face the situation since it does not only work in the fishing industry. "We have so many eggs in different baskets that when

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one egg drops we can succeed elsewhere. Thus, we remain afloat, and operations are steady and good. We seek projects elsewhere when fishing declines."

On a positive note, Guðmundur states that fish farming shows great promise in Iceland, with significant investment opportunities. "It has substantial implications for Icelandic society. There are projects worth hundreds of billions being invested over a 10-year period, and there are immense opportunities there."

Additionally, Guðmundur points out that when contractions occur, people tend to become more inventive. "That's where our opportunities lie. Getting involved in development projects and automation – and increasing efficiency in processing to improve utilization. This is how one maintains production and good outcomes despite limited markets. The opportunities lie in increased ingenuity and automation."

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Calls for unity regarding the fishing industry

Frost is involved in development and innovation projects year-round, according to Guðmundur. "There is a lot going on, and many exciting projects ahead, so we are quite pleased with ourselves. But that does not change the fact that one has concerns about the situation in the fishing industry."

He calls for unity regarding this vital sector in Iceland and wants the discussion surrounding it to be based on accurate premises. Predictability is incredibly important. "There needs to be peace regarding the operating environment so that people can continue to run efficient businesses that contribute to society. That way everyone should be happy. The key to success is predictability and stability. This political turbulence is very costly for the nation."

Frost's goal amidst turmoil has always been to maintain and increase their competitiveness day by day and strengthen the company in terms of both automation and ingenuity. "That is the future," says Guðmundur.



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