



Review of Icelandic beer and whisky production

Northern Periphery And Arctic CEREAL Project

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Developing New Beverage Products From Northern Cereals

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**Northern
Cereals**



**Northern Periphery and
Arctic Programme**
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EUROPEAN UNION

Investing in your future
European Regional Development Fund

Overview

Background

- Settlers
- Restoration
- Prohibition
- Beer day

Sale methods

- Current monopoly system
- Rules and regulations

Production

- Beer
- Whisky

Future thoughts/trends



Background

Ingólfur Arnarson and his wife Hallveig are recognized as the first permanent Nordic settlers of Iceland.

According to Landnáma he built his homestead in (and gave name to) Reykjavík in 874.

Although recent archaeological finds in Iceland suggest settlement may have started somewhat earlier.



Many suggest that he chose Reykjavik because it was easy to separate cattle and cereal growing.

(Akurey, Engey)

Background (2)

After settlement – barley harvest and beer production seems to have been common all around the country.

- **Lack of proper roads**
- **Limited storage knowledge => Party on...**

In thirteen century the settlers seems to give up barley production and subsequently beer production suffered

- **Cheap corn imports from the east**
- **Shaky weather – Minor iceage (1450-1900)**
- **Skaftáreldar between 1783 and 1784, pouring out an estimated 14 km³ (3.4 cu mi) of basalt lava and clouds of poisonous compounds that killed over 50% of Iceland's livestock population, leading to a famine which then killed approximately 25% of the island's human population.**

Beer disappears from Iceland

Many attempts to get barley production up and running again

- The most ambitious one in 1751 when 15 Nordic farmers came over with their team to teach us how to grow corn.
- Stayed for 5 or 6 years only to fail miserably

Beer kinds of disappears from our history.

- Little or no local production
- Easier to import strong alcohol
 - better storage life
 - took less space
 - farmers not frequent shoppers

Restoration

Around 1850

- Bakeries with Germans and Danes.
- Have both the materials and knowledge
- Make beer for yeast “maintenance”

We are a Danish colony at the time so Danish lagers start to appear here in shops.

- Beer becomes popular
- Both strong beer and less alcoholic (malt, hvítöl, hvítmalt)

Around 1900

- Considerable imports
- Icelanders dream about brewing their own since the Faroese managed to do that.



Prohibition

Ölgerð Egils Skallagrímssonar – 1913

- **Takes less alcoholic drink market (malt, hvítöl, hvítmalt) by storm**
- **And the beer market in 1926 when they got better equipment**

In a 1908 referendum, Icelanders voted in favour of a ban on all alcoholic drinks, going into effect 1. January 1915.

In 1921, the ban was partially lifted after Spain refused to buy Iceland's main export, fish, unless Iceland bought Spanish wines; then lifted further after a national referendum in 1935 came out in favour of legalising spirits.

Strong beer (with an alcohol content of more than 2.25%), however, was not included in the 1935 vote in order to please the temperance lobby which argued that because beer is cheaper than spirits, it would lead to more depravity.

Military occupation



British army came 10. may 1940

- **Soon discover to their horror that they where occupying a beer less country.**
- **Arrest all Germans and deported to UK (except one)**
- **Rules changed...**
- **Lack of imports of barley – used partly local production**

Prohibition

As international travel brought Icelanders back in touch with beer, bills to legalise it were regularly moved in the Icelandic parliament, but inevitably were shot down on technical grounds.

Prohibition lost more support in 1985, when the Minister of Justice and Ecclesiastical Affairs (himself a teetotaler) prohibited pubs from adding legal spirits to legal non or low-alcoholic beer (called "pilsner" by Icelanders) to make a potent imitation of strong beer.

Soon after, beer approached legalisation in parliament — a full turnout of the upper house of Iceland's parliament voted 13 to 8 to permit the sales, ending prohibition in the country.

Vínbúð - *wine shop*

**Chain of 50 stores run by the Icelandic alcohol and tobacco monopoly
ÁTVR, locally called ríkið (the State).**

It is Iceland's sole legal vendor of alcohol for off-premises consumption.

Iceland has very high taxes on alcohol.

- **Historically, this was to curtail consumption.**

Tax rates in stores are not a percentage of price (such as a sales tax or income tax) but are proportionate to the alcohol content.

- **Weak beer => cheaper than strong**

- **Whisky**

- **Scapa 16 years 700 ml (40%) 12.799 (67 £)**
- **Highland Park 12 years 700 ml (40%) 9.999 (52 £)**
- **Bunnahabhain 12 years Natural 700 ml (46,3%) 12.624 (66 £)**

**Probably a large proportion of whisky sales for home consumption in
Iceland is through duty free.**

Rules and regulations

Advertisement ban on alcohol Vínbúð likes their rules

- If you start with a new product – it has to get certain sales limits to stay in the store.
- Later invented categories

Periodic sales – innovation hub:

- Christmas
- Þorri (rotten food festival)
- Easter
- Summer
- Octoberfest



Local production

Gæðingur Öl
Skagafjörður

Bruggsmiðjan Kaldi
Eyjafirði

Vífilfell
Akureyri



Ölgærðin Egill Skalla-
grímsson/Borg Brugghús
Reykjavík

Ölvisholt Brugghús
Flóahreppi

Brugghús Steðja
Borgarfirði

Icelandic barley

Main problem with production of Icelandic malt is low sprouting ratio of Icelandic barley seed.

Consumer think and have been informed that the breweries are partly using Icelandic barley.

But partly is a very flexible word...

Snorri – made with 100% Icelandic barley – using enzymes.

Lacking malting facilities'



MALT WhISKY

Eimverk distillery



Flóki is a hand crafted single malt, produced from 100% organic Icelandic barley.

The Icelandic barley is low in sugars resulting in the usage of 50% more barley per bottle, bringing even more of the sharp taste of the Icelandic summer to each bottle.

ÞORAN

ICELANDIC SINGLE MALT WHISKY



The ultimate goal of Thoran is to produce a premium, single malt whisky, made using Icelandic water and organically grown Icelandic barley.

But we also want to make other spirits, make friends and hopefully... make a profit.

Summary

- Lack of malting facilities is holding us back.**
- Brewers want to be able to use locally grown barley.**
- Brewers are willing to experiment and they use the periodic sale period to test consumers.**
- We need more research regarding low sprouting ratio and sugar content.**
- This project is therefore very relevant for us...**



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