

# FROM SEA TO PLATE: QUITE A JOURNEY

Product and market development is often an arduous task, and moving a fishing operation up the value chain more time-consuming and financially exhausting than most people could imagine, CIG managing director Jan Petersen explains.

**K**LAKSVÍK-BASED CIG, one of the fishing industry majors in the Faroe Islands, has made serious bets in moving to the fore of supply chain optimization, offering value-added seafood for retailers on an international level. With two large and sophisticated fishing vessels at the core of the business — the Norðborg and the Christian í Grótinum, both equipped with factories for freezing and filleting pelagic species, alongside RSW tanks for bulk handling fresh catch — the company has recently expanded into onshore processing, domestically as well as abroad.

CIG's 30-percent share in Fuglafjørður's Pelagos facility, built in 2014, has given the company increased maneuvering space and flexibility for taking care of the catch brought to shore by its trawlers. At the same time, its purchase of the shares of Germany's Larsen Danish Seafood, in early 2015, has given access to a considerable base of retailers in that country and beyond in the European Union. These retailers are offered a catalogue of value-added seafood products made from a wide variety of fish species, a product range that has taken many decades to develop, shielded by competitive imports from countries such as the Faroe Islands through the EU's customs duty regime.

The pelagic fisheries which CIG have focused on squarely for the last 30 years or so, such as Atlantic mackerel, Atlanto-Scandic herring and blue whiting, have generally seen a significant upturn during this period, most notably in the case of mackerel in more recent years. At the same time, the geographical distribution of these straddling species has shifted toward increased presence in domestic waters from a Faroese point of view. This, in turn, led to adjustments a few years ago in international agreements on fishing

rights, securing higher catch quotas for the Faroe Islands.

In this environment, participants in the Faroe Islands' pelagic fisheries have been pushed to manage the situation optimally, effectively establishing a whole new industry in the process.

"Go back a few years and there was no pelagic industry in this country, not as far as concerns food fish," CIG managing director Jan Petersen noted. "Compare that with today's situation and the change is quite stunning — the Faroes now has three large freezing plants where pelagic vessels can land their catch. This is a very significant development."

The implications have been far-reaching, from the advanced processing technology put in place to the multitude of logistics-related issues resolved, to a new level of product and market development.

## 'SOONER RATHER THAN LATER'

With the successful launch of the Pelagos facility, CIG was secured an additional outlet for its produce, no longer strictly dependent on processing all catch at sea but with new options available for making most economic sense — pelagic fisheries are seasonal and sometimes highly time-sensitive, with



Managing director Jan Petersen;  
Pelagic factory trawler  
Christian í Grótinum (main);  
Pelagic factory trawler Norðborg  
docked at CIG's headquarters  
in Klaksvík (right);  
Opposite bottom, left to right:  
Unloading frozen produce;  
Canned sprat on conveyor.



JENS KRISTIAN VANG



MARIA OLSEN



MARIA OLSEN



KAJ JOENSEN

higher quality but slower pace of production achieved by processing at sea, versus speedier processing offered by land-based facilities, all to be considered in view of current world market prices subject to fluctuations.

Meanwhile, the close relationship between CIG and Larsen Seafood is enabling new synergies, which could strengthen the business in the Faroes as well as in Germany and the EU generally. To some extent, pelagic species are thus being exported by CIG to Larsen, helping to secure the supply of raw material to its Flensburg processing plant.

Much of the rationale behind CIG's investment in Larsen Seafood is based on the fact that existing trade barriers effectively prevent buyers in the EU from importing value-added seafood products from the Faroe Islands, with a few exceptions including farmed salmon, whereas raw materials and semi-completed products for further processing are exempt from EU customs duties. For

a Faroese seafood exporter with ambitions to offer value-added products made from pelagic or whitefish species, there are basically two choices when it comes to the EU market: offer nothing, or manufacture your product in the EU.

For a team of fishermen-turned-investors to get involved in the manufacture of value-added products, however, is much like entering a different world altogether, Bogi Rasmussen, the CEO of Larsen Danish Seafood, points out.

"We knew from the beginning that this venture was going to present quite a few challenges," he said.

"At this point in time, sales and marketing are among our top priorities, perhaps more so than processing technology or production flows," he added.

"Nonetheless, we remain confident that this business is going to be making a profit sooner rather than later."

## CIG

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Sales & Marketing:

**North Pelagic**

Managing Director:

Pól Huus Sólstein

Owner and operator of fishing vessels, exporter of frozen-at-sea fish products and fish meal. Species: herring, mackerel, horse mackerel, capelin, blue whiting.

Own pelagic factory trawlers:  
Norðborg KG 689 (2,351 GT)  
Christian í Grótinum  
KG 690 (3,031 GT)

Partly owned processing plant:  
Pelagos, Fuglafjørður

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Larsen Danish Seafood is a leading manufacturer of premium brand consumer products as well as food service products — mostly convenience foods, pates and spreads made from a variety of fish species.

Founded in 1899, originally as a fishing company, in Frederikshavn, Denmark. Today headquartered in Flensburg, Germany, with about 250 employees, Larsen Danish Seafood owns and operates two production facilities.