

REACHING OUT TO BOOST FOREIGN TRADE

Securing access to European Union markets for value added seafood from the Faroe Islands is high up on the priority list at the Foreign Affairs Department of the Prime Minister's Office, according to Director Gunnar Holm-Jacobsen.

THE EUROPEAN Union has long been the Faroe Islands' largest trading partner, despite a recent decline including an unfortunate period during which the EU imposed an embargo on mackerel and herring from the Faroes in a dispute over catch quotas.

The sanctions, initiated in August 2013, were lifted a year later following a breakthrough in negotiations amid international arbitral tribunal proceedings. The ramifications of the dispute, however, were serious for the Faroese, whose predominant source of income is fish. For the islanders, the sanctions were considered an existential threat, or to be so intended.

The urgent quest for alternative markets, not surprisingly, became a defining factor for Faroese trade relations, with Russia, United States, Nigeria, China, Vietnam, Singapore, United Arab Emirates, and other markets gaining prominence.

In the case of Russia, there was already a long-standing tradition of fisheries collaboration. Said Gunnar Holm-Jacobsen, head of the Foreign Affairs Department at the Prime Minister's Office: "Our exports of fishery products to Russia have a long track-record and have increased incrementally during the last 10 years."

Meanwhile, the fact that the Faroe Islands—despite being a separate jurisdiction with its autonomous trade relations with third countries—is part of the realm of the Kingdom of Denmark, can in certain situations cause confusion, in particular where the EU, which does not comprise the Faroe Islands, is targeted by, in this case, Russian retaliatory sanctions. To clear out any possible confusion regarding the Faroe Islands' status as a non-member of the EU, Prime



MARIA OLSEN

Foreign Affairs Department
Director Gunnar Holm-Jacobsen.

of their imports. What we have to highlight, then, is the fact that our exports will add valuable supply and choice for our trade partner's imports."

As for the EU, the Faroese government is looking to further develop trade relations with the hope of updating the existing Free Trade Agreement—first entered into force in 1997 before undergoing a major revision in 1999—to match current economic realities. In line with recent changes in marine ecosystems around the Faroe Islands, the composition of Faroese seafood exports has changed significantly compared to only a few years ago.

"There is a newfound interest in our seafood industry to export value-added products to the EU market," Mr. Holm-Jacobsen said. "However, the level of customs duties currently in place makes it virtually impossible. Addressing issues such as these is part of what we are working on at the moment. Right now we are looking at agenda items together with our EU colleagues, as we prepare for our Joint Committee meeting in May."

Representation of the Faroes in Moscow, housed at the Royal Danish Embassy.



Minister Kaj Leo H. Johannesen in September 2014 flew to Moscow, where he met with Ilya Shestakov, Deputy Minister of Agriculture and Head of the Federal Agency for Fishery, to receive assurances that reverse sanctions did not extend to the Faroe Islands.

"Our ambition has long been to establish a Free Trade Agreement with a number of countries, including Russia," Mr. Holm-Jacobsen said.

"The Prime Minister's September meeting in Moscow was focused on the immediate situation surrounding our exports and as such turned out fruitful. Concerning a Free Trade Agreement, the hope is that a formal decision will be made in the very near future mandating the Eurasian Economic Union to commence negotiations."

In a separate development that has been underway for a long time, the Representa-

tion of the Faroes in Moscow opened in March 2015 to become the fifth such office, alongside Brussels, London, Copenhagen, and Reykjavík. According to Mr. Holm-Jacobsen, the new Representation is expected to ensure that the interests of the Faroe Islands, including an improved trade framework, is duly represented towards Russia and its neighbors.

VALUE-ADDED SEAFOOD

A free trade agreement, meanwhile, was signed with Turkey in December 2014, clearing the way for Turkish imports of Faroese fish and for Faroese imports of Turkish products. The agreement, pending ratification by the parliaments of both countries, will see Turkey's 30 to 50-percent customs duties on Faroese seafood products be lifted.

Mr. Holm-Jacobsen said: "With this free trade agreement, the Faroes will be granted the same market access as EFTA members when it comes to fishery products—that is, no customs duty on such products." He added: "We had an initiative coming from the Faroese business community and there appeared to be considerable interest from the Turkish side to import Faroese goods."

For the Faroese, other candidates high on the priority list for a similar agreement include the European Union, China, South Korea, Japan, Brazil, and Russia.

"One difficulty for small nations to enter into trade negotiations with larger ones has to do with the fact that their bargaining power may seem limited considering the apparent negligible volumes

Exhibition stand of a Faroese fish exporter during the Seafood Expo Global trade show in Brussels, April 2015.



ELI EIRIKSSON