

FACING 'SERIOUS CHALLENGES' OVER FISHERIES REFORM

The Faroe Islands' fisheries reform poses 'serious challenges' for the fishing fleets, whose representative points out that the new act has only been implemented halfway as of yet, with important pieces of legislation still pending.

“THE FAROESE fishing industry is subject to drastic changes in the legislation that underpins its business activities, and is therefore facing some serious challenges in the coming years,” predicts Stefan í Skorini, managing director of the Faroese Ship Owners' Association, the organization representing the Faroe Islands' commercial fishing fleets.

Among the challenges posed by the reform package: a new legislation on resource tax; a new quota system as of 2019; a new requirement to land all catch in Faroese ports; a new obligation to bring everything ashore for utilization including guts and offcuts; a new mandatory auctioning for a minimum 25 percent of each vessel's catch at certified fish market; and the new public auctioning off of approximately 15pc. of available fishing rights.

One of the pieces of legislation which has yet to be implemented is a new law on 'resource fee' or 'catch tax'. The originally proposed bill has been taken off the table in parliamentary committee with a new version to be tabled this fall (2018).

“The industry has been very anxious about this legislation as it could entail a great tax hike compared to the former system,” Mr. í Skorini said.

“This will put greater pressure on the performance of the fishing fleets and transfer a greater part of the current surplus to the government coffers.”

“As this bill will determine what Faroese fishing companies are to pay in resource tax in the future, of course it will have a significant impact on the future activities of these companies,” Mr. í Skorini added.

The Faroese Ship Owners' Association has earlier pointed out that the proposed law is likely to have an adverse impact on the industry, which in turn has shown restraint in investing in new vessels.



Fishing vessels berthed at Tórshavn's West Harbour on a stormy October day in 2017.

“The new bill needs to leave room for enterprises to renew their fleets and engage in new projects to increase profitability in the industry,” Mr. í Skorini said.

A further serious challenge for longliners and trawlers fishing for demersal species in Faroese waters is posed by a new quota system. As of 2019 all commercial fishing around the Faroe Islands will be governed by a completely new quota system after more than 20 years of days-at-sea effort management.

“Instead of days-at-sea, each vessel will be allocated an individual quota. This quota system has been passed in parliament for implementation by 2019. This will of course present new challenges to all those who for so long have grown used to days-at-sea regulation.”

NEW REQUIREMENTS

Yet another issue has to do with the policy that all vessels will be required to bring every part of their catch ashore including heads,

guts and other offcuts. “For some this means they'll have to invest in new vessels designed for such requirements,” Mr. í Skorini said. “However, parts of the fishing fleets will not be able to comply immediately. The aim is to ensure full utilization of all catch, but this mandate puts high demand on the current fleets.”

For that reason, the government has decided to postpone this policy; according to Mr. í Skorini, the fleets will probably need some time before the requirement can realistically be implemented.

Whereas the previous fisheries legislation also included anti-trust regulations, under the new act the rules have been changed to further limit the total fishing rights of each participant as of 2019; an executive order is to specify the cod equivalents which in turn are to determine what impact the new rules will have on current quota holders.

“The fisheries reform also introduces a new landing requirement mandating Faroese

vessels to land all of their catches in Faroese ports. This already poses some serious challenges for the industry as the capacity on shore for receiving and processing certain species remains limited. The government has made some exemptions, but change will likely be needed again later this year.”

“Another new stipulation requires one-fourth of the catch of each vessel to be sold at a certified fish market,” Mr. í Skorini said. “This is a new requirement designed to make the fish more accessible for certain processing facilities but, again, it also burdens Faroese vessels which have not had these requirements before.”

Furthermore, most of the fishing rights will now be split between current holders, auctioning off of quotas, and quotas for regional development.

“Again we have a completely different method of distributing catch quotas; the fleets will need time to adjust to the Government's new way of allocating them.”

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The Faroese Ship Owners' Association is the joint association for Faroese fishing vessel owners' organizations.

The Association's overall purpose is to provide a common platform for all organizations of owners of commercial fishing vessels in the Faroe Islands and to promote and protect the joint interests of its members.

Member organizations:

- Verksmiðjutrolarar (Freezer Trawlers)
- Nótaskip (Faroe Pelagic Organisation)
- Ídnaðarskip o.a. (Industrial Trawlers)
- Rækjuskip (Factory Shrimpers)
- Lemmatrolarar (Stern Trawlers)
- Partrolarar (Pair Trawlers)
- Línuskip (Longliners)
- Garnaskip (Gillnetters)

Stefan í Skorini, managing director of the Faroese Ship Owners' Association.

