The versatile door works in virtually any conditions, whether in deep sea or shallow waters, on rough bottoms, muddy ocean floors or hard-bottomed bottoms. It’s made of steel instead of material such as plastic, which makes it physically achievable with a door made of steel, while the Stealth F15 is for the ultimate in midwater trawling using lightweight material instead of steel.

The Injector, the Norwegian strong trawler Remøy reports very significant fuel savings—while maintaining the same spread of the trawl mesh as well as when using the larger doors. In an email in Injector, Remøy skipper Per Odd Myklebust said: “We have now finished fishing off Greenland. So far, only good things to say about the new doors. Better, more stable opening. Less warp. Unbelievable improvement in fuel economy, we’re saving between 1500 and 2000 litres per day.” Well, that is in a relatively short period of time but unquestionably there are enormous savings of diesel. BB reported back after we have fished for a while in other waters.” Months later, Mr Myklebust confirmed his assessment.

After switching from 19 m² to 16.5 m² Injector Scorpio, the Norwegian strong trawler Remøy reports very significant fuel savings—while maintaining the same spread of the trawl mesh as well as when using the larger doors. In an email in Injector, Remøy skipper Per Odd Myklebust said: “We have now finished fishing off Greenland. So far, only good things to say about the new doors. Better, more stable opening. Less warp. Unbelievable improvement in fuel economy, we’re saving between 1500 and 2000 litres per day.” Well, that is in a relatively short period of time but unquestionably there are enormous savings of diesel. BB reported back after we have fished for a while in other waters.” Months later, Mr Myklebust confirmed his assessment.

Injector, Benefiting fishermen, caring for the environment.

Saving 1500 to 2000 litres of fuel a day.

Collector of doors and steel for midwater trawling.

The Injector product line of doors for midwater trawling has lately been stepped up with the F9 and the F15, respectively. Stealth F9 is made for optimum midwater trawling to the extent physically achievable with a door made of steel, while the Stealth F15 is for the ultimate in midwater trawling using lightweight material instead of steel.

After all, your effort is worth the best equipment.

**Trawler Skippers** by their hundreds, from the Arctic to the Atlantic, across the Atlantic to Australia, are discovering the Injector advantage. They’re seriously impressed by results achieved since starting to use Helgi Larsen’s groundbreaking innovations—hydrodynamically optimized trawl doors. In brief, the Injector doors outperform anything ever seen before.

As they note an unbeatable catch efficiency and a superior fuel economy, no wonder trawlermen point out Injector as their favorite trawl door. Add on that, the Injector doors are environmentally friendly like none other.

The Scorpio (pictured above, on the ‘Nanoq Trawl’) is made primarily for bottom trawling. It has an unmatched ability to fish successfully, offers a supreme squaring capability and the smoothest towing. Steady during turns and distincted to stick on sealed fasteners, it’s the essence of stability.

This versatile door works in virtually any conditions, whether in deep seas or shallow waters, on rough bottoms, muddy ocean floors or sandy seabed. The Scorpio is made of high-strength steel, a special, reinforced edition has also been designed to withstand the most rough and rocky seabeds.

The Injector Stealth product line of doors for midwater trawling has lately been stepped up with the F9 and the F15, respectively.
Going to Greenland, part II - With the world’s only BRC certified fillet trawler active in the Barents Sea, vessel owner JKF invests more than 100m eur (13.4m stx) to expand seafood harvesting and processing operations based on rising cod fisheries off Greenland.

Flagship of Pelagic Fleets - Seto to become the single most sophisticated pelagic ship of its kind anywhere in the world, the new Norðborg is already starting to revolutionize the business of its owners—six months prior to delivery.

FMF: A Primary Source of Fresh Whitefish - Faroe Fish Market uses high technology to enhance its telephone auction with an annual throughput of more than 77,000 tons of whitefish delivered by the bulk of the Faroe Islands' fishing vessels, at a total 83m kru.

Vestalmen’s Recipe of Success - An increase in production capacity helps Vulsonalmi secure larger deliveries of top-of-the-line salmon and trout for its clients, with effective temperature control being one of the key elements in its acclaimed quality management.

Looking Eastward for New Business - Frozen small metal products are in to all unsold need in Eastern Europe with the opening of the Atlantic facility in Ventspils—an environmentally friendly, highly automated processing plant.

Best Farmed Salmon in the World? - Feeding its salmon manually and using top-quality marine feed, Faroe Farming are confident theirs is the best farmed salmon in the world—with exports growing at healthy pace, set to reach an annual 4,000 ton of fresh production.

Dried Fish for Best Use of Available Resources - The leader of the Faroese salmon industry prepares to take more on-demand orders from clients around the world—with its processing capacity further increased and a new production half added.

20-Plus Years in the Fresh - More than 20 unbroken years in the trade have made Landshandilin an expert in fresh products—thousands of tonnes of salmon, sardines, redfish and monkfish are annually shipped to markets across the world.

10. Faroe Seafood: Top of the Sáithe Business - Placing new emphasis on fresh products, Faroe Seafood has invested heavily in state-of-the-art fishing vessels as well as process and product development to secure its position as Europe’s leader in portions of saithe.

Frønhøj Seals Deales Poused to Pay Off - For Frønhøj, a period of consolidation is following the rapid expansion of recent years, with investments that require several years of good profits to yield returns yet still look sound and well timed.
The Faroe Islands is comprised of 18 islands, separated by narrow sounds or fjords.

- Land Area: 1400 square km; 545 square miles. The distance from the northernmost point of the archipelago to the southernmost is 113 km, and the distance from east to west is 75 km. The largest island is Streymoy (375 km²) and the capital, Tórshavn, is situated there. The highest point, Søtrarvatn, is 882 m and the average elevation above sea level is just over 300 m; the total coastline is a little above 1,000 km. The climate is typically oceanic; the weather is moist, changeable and at times windy. Due to the influence of the Gulf Stream, there is little variation between winter and summer temperatures.

- Population: 48,219 (2006). Of this number, 19,315 lived in the Tórshavn (capital) region and 4,889 in Klaksvík, which is the second largest town.

- Language: The written and spoken language is Faroese. The Faroese language is a North Germanic language closely related to Icelandic and to the dialects of western Norway. Nordic languages and English are understood and spoken by most Faroese.

- Religion: Approximately distributed as follows: Evangelical Lutheran Church: 85 percent; Christian Brethren: 10 percent; Other: 5 percent.

- History: The Faroe Islands is believed to have been discovered and inhabited in the 8th century or earlier by Irish settlers. The Norwegian colonization began about a hundred years later and developed throughout the Viking Age. The settlers established their own parliament on Tinganes in Tórshavn. The Faroese Parliament is believed to be the oldest in Europe. Norway and Denmark joined in a double monarchy in the late 14th century. When Norway in 1814 was cessioned to the King of Sweden, the Faroe Islands and Greenland remained under the sovereignty of the Danish Monarch. Due to the large geographical distance to Norway and Denmark, the Faroese always maintained a special jurisdiction along with their distinct language and culture.

- Political System: Together with Denmark and Greenland, the Faroe Islands constitutes the Kingdom of Denmark, which is a constitutional monarchy. Since 1948, the Faroe Islands has had an extensive Home Rule—where so-called Joint Affairs are under Danish State authority, while Faroese affairs are under Faroese Home Rule administration and legislation. The Faroe Islands has, for example, its own independent area regarding customs and excise, taxation and administration. In May 2005, the Home Rule Act was supplemented with Act No. 91/2004, which will make it easier for the Faroese Government to take over all matters, except matters that are directly linked to full sovereignty. Acceptance from the Danish authority in each case is no longer necessary. The Faroese Parliament (Løgting) is the legislative assembly for Faroese affairs, and also appoints the Prime Minister (Logminister), who—along with his cabinet ministers—constitutes the Faroese Government (Landsstýri). The Løgting has at most 32 MPs elected from one constituency.

—Information Memorandum 2007
NEARBY THE TÖRSHAVN TOWN HALL, there is a bronze statue of a man that captures the very essence of the Faroes. He is of medium stature, but with muscles of relentless endurance. His focus is straight ahead, determined. The statue is entitled, Traðarmaðurin, a term that defies precise translation as the word is steeped in cultural history. Some suggest that the spirit of the word is best captured in that iconic American term, “homesteader.” Personally, I think “The Entrepreneur” says it all.

The Traðarmaður balances a stone of considerable size between his arms, a stone wrenched from the earth and destined for the rock wall that will mark out his small patch of the planet. At last freed to claim a bit of land for his family, he grapples with the rocks and boulders of his impoverished soil and forges a life … and a country. He secures enough land to nurture a cow or two; he watches over his small flock of sheep with a mother’s patience and tenderness; learning from others, he carefully slices up the sod to create a potato field and scatters about hard-won fish to serve as fertilizer for a welcome crop that will see him and his family through the winter, carefully gleaned even the smallest of tubers. He eventually learns the art of fishing far from home and creates a national industry of unprecedented wealth. As I stand reflecting on this commanding work of art by Hans Pauli Olsen (b. 1957) on a crisp winter day, the obvious question comes to mind: whither might this entrepreneur’s next steps be, bearing his burden of hopes and dreams?

Now most people, even those with the flintiest of hearts, would admit that the artist is able somehow to pull us out of the muck of our mundane lives and slap us in the face with a bit of self-knowledge that often we are not prepared for nor particularly seeking, yet once embraced leaves us more often than not with a lingering feeling of freedom and hope. Shelley in his famous essay called the poet the unacknowledged legislator of the world. No doubt Shelley did not intend to limit such responsibility to the poet alone, but rather was speaking of all artists. This attribute of the gifted artists among us is especially evocative in the Faroes, for nearly every work gives testimony to a people who have endured the worst and survived, and who are capable of achieving unprecedented greatness, if one but focuses on the message of heartfelt hope and resolve so earnestly offered up by these unacknowledged and oft ignored legislators of our destiny.

There is a painting by Sámal Joensen-Mikines entitled skilnaður (‘Leave Taking’) that is especially telling. The fishermen are preparing to sail out into the approaching dawn. The sea is ominously black and foreboding. The mood about the small boat with its triangular deep crimson sail is sombre, yet resolved. The embrace of husband and wife lingering, quiet, as each fights back the tears with mingled emotions of courage and dread. There is no choice. Fishing is our way of life, our strength, and—at times, you may say—our curse as well.

ENTREPRENEURIAL ARTISTS: Nothing touches the soul more than the memorials to the fishermen lost at sea that are found in nearly every village in the Faroes. The strength the women convey is daunting and leaves no trace of doubt that they will survive and champion a new day. The statue in the village of Eidi by Fridtjof Joensen entitled Miðir og sonur (‘Mother and Son’) is but one example. The young mother looks longingly toward the sea, ever hopeful, yet the intensity flooding from her eyes gives testimony to her grief. But she is not beaten; her remorse does not paralyse her. She stands transfixed, yes, even mesmerized by the swells on the horizon, but she is nonetheless resolute, protecting her young son, who does not look toward the sea. He stands unwavering as well, arms to his side, and somehow you sense that he has
resolved to forge a different life. Regardless of what he may choose to do in the future, his barefoot stance gives evidence that he will not abandon his roots, nor his love for the crisp froth of the sea beating upon the deep black of the craggy basalt of his homeland.

The Faroes is today all a-twitter about the necessity of entrepreneurial initiatives and whether local entrepreneurs could be the hope of a country wanting to quickly diversify its economy. Debate rages over how to nurture and take advantage of Faroese entrepreneurial zeal. Should the government support innovation centres, or provide training classes for would-be entrepreneurs? Who should pay for these initiatives? Exactly what does an innovation centre do? And on and on.

I would proffer that the artists of the Faroes have already shown us a way forward and daily remind us that what is needed is not circular debate, but earnest individual effort and the willingness to take the next step into the unknown with determination and without fear, confident that the country will not only survive, but prosper. Through the entrepreneurial efforts of each and every one of us attempting to carve out a future more prosperous, more rewarding, more unifying than ever before. And the people with the money need to trust in the process, for without the willingness to take a chance, to support a creative thought, nothing will happen. Sad, but true, almost everything, even in the Faroes, revolves around and depends upon some willing soul with the money and vision to embrace the new and make things happen.

A DIFFERENT SOUND: Tróndur Patursson, one of the most prolific and successful artists in contemporary Faroes, has spent some time on developing a motif of circling sea birds of deep aquamarines and royal blues that to me are a uniquely modern Faroese symbol of freedom and accomplishment. Like Jonathan Livingston Seagull, they seem to beckon us toward an understanding that the secret of our flight to economic success is knowing deep down that “you have already arrived.”

This secret is, no doubt, probably already well understood by that enterprising fashion partnership known as Guðrun & Guðrun. Not content to show off their fashion line of hand knit woolen wear in trendy Copenhagen during a recent “fashion week” there, they opted to take a cue from Jonathan Livingston, and fly the fashion editors and the trend-setting gurus of the fashion world who had gathered in Copenhagen over the sea to the Faroes. Acting as if they had already arrived, they charted a jet and put on a fashion show catwalk to remember, using the bold yellow stripe on the airport hanger floor as the perfect counterpoint to their brisk and very stunning designs, flavoured with inspiration from traditional Faroese woolen wear designs and patterns. Guðrun & Guðrun unabashedly proclaim that their woolen designs reflect a “thousand years of freedom” and it is just that exhilarating, entrepreneurial sense of freedom that Faroese artists are attempting to instil in all of us.

Guðrun & Guðrun without question see the world as their “home” market. They have shows scheduled in New York and Paris later in 2008. Indeed, most artists in the Faroes make a point of embracing a world market, while carefully nurturing their linkages to the Faroes and all that this microscopic land offers to an artist’s inspiration. Here again the artist’s of the Faroes serve as the unacknowledged legislators, guiding and inspiring the rest of us onward to achieve our own personal dreams in the international marketplace.

One group of artists is providing a considerable amount of inspiration. Known by the rather unassuming moniker of Boys in a Band, this gaggle of young fledglings is zipping about the European continent with a flourish and they have even stretched their wings well out to fly over the ocean to North America, landing in Canada for the renowned Canadian Music Week and then on to Austin for the gathering of all music gatherings, the redoubtable South By Southwest. And why not, they are after all the “world’s best band.”

The Boys captured the title in London in December 2007 besting a long line of other unsigned, but quite talented bands from around the world in the Global Battle of the Bands. They had placed second in 2006, and true to Faroese determination and grit, they soared on to take first prize, a fat check for 100,000 USD, free entry to a recording studio, and a world concert tour. Who says art doesn’t pay, and that was just for starters. As of this writing, they are one of 12 unsigned finalists vying for a single performance slot at the world famous Glastonbury Festival in England, the mother of all open-field festivals. That is quite an accomplishment for such a young group, to say the least.

They bill themselves as a “cowboy rock” band, but just as the shores and bays of the Faroes are renowned for capturing bits and pieces of stuff from around the world, even a bit of pumice from a far-off volcano, the Boys in a Band are an eclectic bunch, feeling equally at home pounding out indie rock, or warbling black gospel and blues, or suddenly jumping into a rock’n’roll dance beat, followed by a hippie protest song of deep emotion. Actually, they are a bit refreshing after all the craziness of gangsta diatribe and well-spiced mega-productions. Perhaps it is the invigorating sea breezes of the Faroes that have inspired them. Whatever it may be, they are certainly showing the entrepreneurial zeal required to succeed, and in their words, “have fun and change the world in the process.” Not a bad motto to live by, and it certainly bears the mark of inspired entrepreneurial artists.
Looking For Funds: Someone else who is having fun and changing the world in the process is Kaj Joensen, a ship’s engineer turned inventor, who teamed up with another entrepreneurial genius, Tórður Simun Nielsen, to create a unique oil separator for a ship’s bilge water. At first blush, an oil separator doesn’t sound all that romantic nor world shaking, except when you come to grips with the report prepared by the United Nations Environment Programme that noted that the single greatest source of pollution in our sea is the bilge water that is discharged from nearly every ship on the planet.

Now for those that are not that readily conversant with ships and their bilges, the bilge is located in the very bottom of a ship inside the keel and is home to condensing water and oil leaks from the engine and any number of nasty chemicals and solvents used onboard a modern-day ship, maybe even a wrench or two fumbled out of the grease-laden hands of the engine room crew. Another UN agency, the International Maritime Organization, responding to the pollution peril posed by bilge water, mandated that every ship over 400 gross tonnes must have an piece of equipment that separates out the oil and other contaminants from the water that has settled into the bilge before that water can be discharge from the ship into the sea.

Easier mandated than done. What Kaj and Tórður have long known, as most other ship’s engineers the world over also know, is that the current breed of heavy-duty and very expensive oil separators don’t usually work as advertised. After years of tinkering and coaxing and taping and mending, no doubt interspersed with liberal doses of robust curing, Kaj and Tórður threw down their collective gauntlet and declared they could do what the fancy, high-paid mechanical engineers couldn’t – build an oil separator that worked. And they did.

Nothing like a little bit of Faroese ingenuity borne out of years of experience on the sea to come up with a design that not only works better, but is simple and elegant in function and inexpensive to build, install and maintain and worth a patent as well. The two entrepreneurs have established their own company, Føroyar Maritime Technics, and are now in the midst of sea trials to test the performance of their invention.

Their efforts were originally supported by mini-grants from the Faroese Ministry of the Interior, the trick now is to find sufficient funding to carry out the trials and go into production, and there lies a key issue confronting many entrepreneurs in the Faroes: Where’s the money?

Absent angels: Guðrún & Guðrún turned to SET for start-up capital.

Originally created by several institutional investors to orchestrate investment in start-ups, SET is now owned mostly by Eik Banki, and provides just enough money to jump-start an entrepreneurial initiative. “Set” in Faroese traditionally refers to a seed potato and true to its name SET does not place vast sums in each enterprise and considers itself more of a seed capital fund rather than a full-fledged venture capital fund. SET has invested in a variety of start-ups, from software companies to composers, from an importer of flagstones to, believe it or not, a Danish football club, in association with a Faroese footballer. SET is governed by a three-member board and employs a part-time manager to review applications for funding. It does not take an active role in developing and managing the start-up. True to its name, SET is focused on providing limited amounts of seed capital that will enable an entrepreneur to get started and work toward the next level of expansion.

Where to go for the big money to finance this next step is the current challenge in the Faroes. At this stage in the evolution of the venture capital market in the Faroes, there are no independent professional private venture capitalists. There are, of course, major institutional investors, such as TF Hold- ing (the investment arm of Tryggjabank Føroyar, the Faroese Insurance Company) and Raydon (the investment group of Livtryggjan, the Faroese Life Insurance Company). They predominantly invest via the stock markets of the world, but have been known to engage in risky investments that have good upside potential.

Another institutional investment company, Lokir, was founded by shipowners and Føroya Banki. Their investment strategy is highly conservative, however, and focused more on local Faroese mergers and acquisitions. Lokir owns 10 percent of the Icelandic investment company, Lakir Capital, and 20 percent of Eldborg, a company building oil industry supply vessels in Norway. Lokir has also funded the acquisition of a number of IT and media companies in the Faroes to create a powerful group named NEMA. Lokir also orchestrated the take up of Statoil Føroyar from the Norwegian oil company, StatoilHydro, an important provider of oil in the Faroes.

A similar investment company is Notio. Originally founded by Eik Banki, Kaupthing Bank, and Framherji, a company heavily involved in the fishing industry in the Faroes. Soon after it was founded, Notio took controlling interests in Føroya Shipyard, as well as significant percentages of Kollafjord Pelagic and the PM Group, the parent company of the major food wholesaler in the Faroes. By design, they are a conservative investment company staying close to home investing in proven companies. The management of the investment company has indicated, however, that they are open to expanding their

**Image:** A local Tórður on his bulb at the Western Marina (above): puffins in the Faroes (top left); Rísi og Kellingi (the Giant and the Witch), the two sea stacks, northern Eysturoy (bottom left); the Faroese House of Parliament, the Little Dragon (below)
investment portfolio internationally in a step-wise fashion. As a testimony to this, Notus has taken a limited position in Guðrun & Guðrun.

Given the dearth of professional angel and start-up venture capital in the Faroes, entrepreneurs turn mainly to government-backed investment funds. Vinnuframagrunnur (Business Development Fund) was established some six years ago to support Faroese business development on a project basis. By statute, the money it provides is intended to support and compliment funds already allocated to specific development projects and the money it offers entrepreneurs cannot be used for operations or share capital. Fifty percent is better than nothing and many companies have applied for these support funds and have used them to good advantage, especially to attend conferences and exhibitions with the intent to display their products and services and to increase sales.

ABUNDANT IDEAS: The other government investment fund is Framtakagrunnur Foroya, or locally just Framtak, which is Faroese for “initiative” or “drive.” Exactly what you need when you’re an entrepreneur looking for money and it’s good that the folks with the money have the same determination and energy. Originally, Framtak was created to bail out the foundering fishing industry in the early years of the economic crisis in the Faroes in the 1990s when the cod were nowhere to be found in the seas around the Faroes. The investment fund took over the fish processing plants and a number of fishing vessels. Those interests have been sold off and now the fund is acting more like an aggressive venture fund. While they still own interests in fishing vessels, the fund has branched out and is now invested in a tourist guest house, a car ferry, an aquaculture farm, IT start-ups, woolen wear, even in a line of cosmetics founded by a young and enterprising Faroese now based in California.

According to the fund’s website, it takes on average about 25 percent of a company in exchange for providing the operational capital needed to keep the various companies afloat and growing.

Thus, Framtak is the major source of new venture funding in the Faroes. It is not afraid of risk, as long as the upside looks positive and real. As the chairperson of the Framtak board, Gloria Kalsó, noted in a press release, the fund is focused on developing new businesses in the Faroes, and thus Framtak “must place investment where the risk is great.” Naturally, some of the investments will not bear fruit and, as a consequence, the fund weighs the risk versus return very carefully. But at least it makes an effort to do the math and is in principle willing to take a risk in a new venture.

In days of old, our enterprising Faroese homesteader had to create his farm and forge his new life by himself with only his bare hands and a hope and prayer to see him through to success. Today, there are at least some willing hands to help lighten the load at a time when a growing number of modern-day Faroese Trælarmætnar with an abundance of good ideas are ready and eager to take the next steps to build their dreams and go international.

Looking poised to be catapulted to success in troubled times for the big music labels—Faroese music is at last finding its way to fans in European towns after decades of bard work led by independent Tutl.

The daunting task of promoting the music of not-so-well-known artists from a small, off-beat country would easily discourage anyone. But the Faroese, as you may know, don’t have it in their nature to give up once they believe in something.

Enter music publishing independent Tutl. Founded three decades ago to help Faroese music artists get their stuff out—at least on record with some basic promotion—Tutl has gradually become known as a driving force behind what looks like the awakening of a sleeping wave.

The word “tutl” means “murmur”—the Faroese usually associate it with the quiet splashing sound of waves or running water—and chances are that a growing number of people across Europe will be tuning in to the music.

A constant stream of releases from Tutl, now at 30 titles per year, has slowly but surely made way for an upturn in the Faroese music business. Accordingly, the last few years have seen a growing number of Faroese music artists make headlines in neighboring countries.

Other important developments have contributed, notably the G! Festival (cancelled for 2008, too bad), not to mention the various agencies and individuals whose efforts have helped highlight Faroese music—and still do.

Tutl managing director Kristian Blak recently joined forces with Christian Hald Buhl, a Danish music promoter based in Brussels, to create a touring plan designed to help build European success for Faroese bands and artists. The plan: Tutl Touring, a package that involves partnering with international booking agencies in European countries for one-year agreements on live performances in one or more markets i.e. Belgium, Holland, Luxembourg, France, Germany, Austria, Switzerland, and the Scandinavian countries.

More than 30 artists and bands have already signed up, including punk group 200, indie rock bands Gestir and Marius, experimental conceptualists Orca, crooner style artist Budam, singer-songwriter Gúbið Hansdóttir, and Nordic folk/world music groups Yggdrasil and Kvonn.

“Live performance is the way forward,” Mr Blak commented. “It’s the grassroots method of stimulating record sales and downloads and a sure way to build a following. The Tutl Touring concept is a fair deal that involves minimal risks for the musicians while at the same time guaranteeing vital exposure.”

Managing director Kristian Blak (above); a few Tutl releases (left).
**A GIANT LEAP TOWARD INDEPENDENCE**

With an all-new Ministry of Foreign Affairs, the Faroe Islands moves decisively to integrate into the international community, setting out to open representation offices in New York, Moscow and Geneva—and to attract immigration to the islands.

**IMMEDIATELY AFTER** taking office in February 2008, the newly formed coalition government of the Faroe Islands did something that no previous government of the country had ventured to do: establishing a Ministry of Foreign Affairs.

With the increase in activities already apparent in the former Department of Foreign Affairs under the Prime Minister’s Office, the creation of the new Ministry should come as no surprise—however, said one of the officials who moved office: “This could be a very significant step for the Faroes… It may indicate a new level of maturity in terms of geopolitical awareness.”

So we asked the Minister of Foreign Affairs himself, Högni Hoydal, to expand on the significance of his new office. He said: “In brief, the idea behind establishing the Ministry of Foreign Affairs is to help prepare the Faroes to become an independent and equal partner in the international community—and a place that attracts more people.”

For the uninitiated—especially those hopelessly fascinated by the level of independence and initiative already so evident in the Faroes—this may give pause for a thought.

The Minister’s statement is clearly in line with the philosophy of the national independence movement, a movement which has fought for a century with the conviction that in order to realize its full potential, Faroe has to gain full sovereignty. And 48,000 is still an exceedingly small population, even if the relatively stable number may impress a few people scattered across the Northern Periphery area. In other words, Mr Hoydal stressed the importance of influencing population development to reverse a subtle emigration trend that has surfaced in recent years.

He then addressed the state of dependency that characterizes the Faroes in most areas of foreign relations, traditionally a subject of political controversy. It used to be a tug of war as much between the independence movement and its counterpart at home, the loyalists, as between the Faroes and Denmark.

However, there’s a growing consensus across partisan lines that the Faroes as a country has to make its own plans more proactively, whether or not this is within the Kingdom of Denmark.

Regardless, one may argue, there are bound to be numerous steps that the Faroes will have to take in order to develop its presence on the global scene, like any other young nation. But again, more and more Faroese reason that you can’t expect another country to do what’s essentially your job—they have issues of their own to deal with.

So the Minister said: “We recognize that the precondition for modern development and progress—social, economic, cultural—is direct international cooperation without intermediaries.”

With the Ministry of Foreign Affairs, he added, “we want to build the infrastructure needed for us as a people to be able to rise above the mental, political and commercial position of periphery. So we’re going to extend the infrastructure that is required to develop the Faroes into a center from which to act and conduct our business through direct, dynamic, international cooperation in all fields.”

“This is in my opinion the most crucial factor in stimulating population growth,” Mr Hoydal said.

He also referred broadly to multilateral and bilateral institutions, membership in international organizations, free trade agreements, cooperation across borders in the areas of education and research, transnational labor market and health care coordination.

“At this point, our priorities are focused on extending the Hoyvik Agreement to encompass other countries in the North Atlantic region, EFTA [European Free Trade Association] membership, a four freedoms agreement with the EU, and independent participation in organizations such as the WTO [World Trade Organization], UNESCO [United Nations Educational, Scientific and Cultural Organization], and the OECD [Organisation for Economic Co-operation and Development].”

Mr Hoydal said that the Faroese Government has plans to open representation offices or missions in places of prominence, including New York, Moscow and Geneva, to complement today’s Representation Offices in London, Brussels, and Copenhagen.

He touched upon several related topics such as the need to forge a Faroese foreign policy platform, take part in development aid, promote exports, and strengthen competitive identity.

“I have no doubt that the geopolitical awareness of the Faroes is growing. Nonetheless, our political system has until now been kept in a vacuum, where political resources have been spent on looking inward with others taking care of foreign affairs. Removing political barriers for international cooperation is a key issue.”
CELEBRITY VISITS GENE RATE PUBLICITY

With former US president Bill Clinton and Nobel Peace Prize winner Al Gore in the country’s guest book, international media coverage could be causing the Faroe Islands to emerge from obscurity—clearing the way for effective nation branding.

When a panel of experts with National Geographic Traveler ranked the Faroe Islands as the world’s most appealing island destination, it was a convenient piece of news for the Faroe Islands Enterprise (SamVit), the merged Faroe Islands Trade Council and Faroe Islands Tourist Board.

The special appeared a few months after last summer’s visit of former US President Bill Clinton, and was in all likelihood a direct result of increased awareness of the country. President Clinton arrived with former UN weapons inspector Hans Blix to deliver the keynote speeches at a Tórshavn gathering of businesspeople and officials.

“This is the biggest news to hit the Faroe Islands since Christianity arrived about a thousand years ago,” Canada’s Toronto Star commented when the news broke that Mr Clinton had accepted the invitation from the House of Industry.

One year on, a search engine query on the phrase [Bill Clinton Faroe Islands] returned 21,100 results.

“That’s the point,” said SamVit managing director Elin Heinesen. “The Clinton-Blix event was a huge success and it’s still having a tremendous impact.

“The effects of such stories need time to filter through but… Well, as you see, this one received extensive media coverage.”

Next move: Get Nobel Peace Prize winner, former Vice President Al Gore featured at a conference on the subject of climate change, marine environment and energy. As this publication went to press, the Transatlantic Climate Conference was to be held in Tórshavn on 7th and 8th April, featuring Mr Gore as keynote speaker, plus a host of experts from several countries.

“A new initiative focusing on climate changes in the Atlantic Ocean and climate challenges related to the ocean,” the TACC 08 was aimed “particularly at researchers, business people, civil society representatives and politicians in the North Atlantic region and the Nordic countries,” said the organizers—Bírland, House of Industry, SamVit, and NORA.

‘Most appealing’: The idea as envisaged by SamVit: International media could be about to discover the Faroes and should be encouraged to follow through on stories related to the place—which many of them are happy to do as they’ll have a natural interest in catering to their audience’s growing taste for things out of the ordinary.

“What we offer is in demand out there,” Ms Heinesen said.

“According to the latest reports on population trends, people living in big cities, for the first time in recorded history, now outnumber people living in rural areas. We’re noting an increased interest from foreign journalists, scientists, businesspeople, and tourists.

“I think what some of them see in our country is something missing elsewhere, maybe something that used to be there for them but disappeared somewhere along the way. So what the Faroes has is a mix that can bring back that feeling of serenity and yet fascinate at the same time.”

Clearly, whereas mass tourism is not what we’re looking at, business travel and ecotourism are.

Ranking the Faroe Islands on the top of its 111-long list of island destinations—ahead of the Azores and Lofoten with Shetland and Iceland trailing—Traveler quoted its experts in sustainable tourism and destination stewardship on the Faroes: “Lovely unspoiled islands—a delight to the traveler.”

The magazine added: “Remote and cost, and thus safe from overcrowding, the autonomous archipelago northwest of the Shetlands earns high marks from panelists for preservation of nature, historic architecture, and local pride.”

Another quote from the panelists: “Spectacular waterfalls and harbors.”

The feature entitled “111 islands” warned against “tourism overkill” and other perils. “The world’s most appealing destinations—lands—are the ones most prone to tourism overkill,” it said.

“Islands symbolize vacation. Escape! Their very insularity makes them more attractive than a comparable piece of real estate on the mainland. They are worlds unto themselves—their own traditions, ecosystems, cultures, landscapes. That’s what attracts us. But as micro-worlds, islands are also more vulnerable to population pressure, climate change, storm damage, invasive species, and now, tourism overkill.”

Faroe Islands to emerge from obscurity—clearing the way for effective nation branding.
Their outlook is increasingly global yet people in the Faroe Islands are proud of their national identity—after all, the unique Faroese culture is alive and kicking, their islands are truly beautiful, and their fishing is the envy of the world.

Rumor has it that the man credited for introducing the term ‘nation branding’ not long ago called the Faroe Islands “the Shangri La of the 21st century.” Assuming there is verifiable substance behind the alleged statement, a first question to follow would be: In using such words about this very small country, what does an international authority on branding of places mean to imply?

According to the Economist, “Simon Anholt is one of the world’s leading advisers to governments who wish to build global brands.” Now that does lend a touch of class to whatever he has to say about the competitiveness of any place. The man behind “the first analytical ranking of the world’s nation brands”—the Anholt Nation Brands Index—has in fact developed a method of surveying tens of thousands of consumers in dozens of countries on their “perceptions of the cultural, political, commercial and human assets, investment potential and tourist appeal of each nation.”

True, as a brand, the Faroe Islands may still have a long way to go. It takes financial muscle to run sizeable marketing campaigns. But something is on the move, says Elin Heinesen, managing director of SamVit, also known as the Faroe Islands Enterprise.

“Globalization appears to be an unstoppable megatrend that brings a lot of great things,” Ms Heinesen says. “Its influence penetrates everyday life in the Faroes as well as everywhere else; but it nonetheless poses many challenges for communities around the world. One of the major problems with modern life as experienced in big cities is the eradication of cultural differences—the lack of true diversity undermines people’s sense of uniqueness and distinction; the feeling that it’s the same kind of variation that you get in most places. In this context, the Faroese is becoming attractive because of our special combination, somehow representing the opposite of what many city dwellers are growing weary of, and yet exciting at the same time.”

**Balance intact:** Once you’re there, the funny thing about this closely knit, self-governing community in the middle of the Atlantic Ocean is first and foremost its constantly manifested, stunning contrasts that keep coming at you.

Starting with road infrastructure, the 48,000 strong island nation enjoys building roads and submarine tunnels for billions of crowns (hundreds of millions of euros). What kind of proportions would that translate into in your home country? You do the math.

You may try to touch upon any controversial subject in the Faroe Islands; succeed (difficult for anyone not local) and you’ll have people going on forever over peanuts. But ask anyone for a helping hand—no, don’t even ask—and you’ll be treated to genuine generosity of the kind that will make you feel like home.

Again, expect surprise.

Now, try to push a Faroese for a decision on some relatively important issue, something that bureaucrats elsewhere would spend months on, and you’ll be amazed at the most prompt expediency you’ve ever seen. Take another angle and ask any Faroese manager what his or her time schedule will look like over the next few weeks, and the most likely answer: “Well, it depends…”

Hence the old nickname, the Land of Maybe.

But again, note the contradicting combination of spontaneous swiftness and ready submission to the force majere that be.

“The Maybe factor has been on the retreat for half a century but it’s undeniably still there,” Ms Heinesen says. “The weather still decides a lot, and the ocean is still by far our most important source of income.”

Indeed, fishing and the ocean is the very life of the Faroe Islands, yet the majority of the population is employed in private and public services. Then there’s the arts and crafts, Ms Heinesen points out. “Our traditions in arts and crafts are held in high esteem and I believe their continuance is extremely important,” she says. “There are strong currents driving opportunities in our direction—foreigners see something new, different and unspoiled in our culture. At the same time, we have up and coming Faroese music artists gaining audiences around the world, and the same goes for several clothing designers.”

So while Internet technology and universal awareness of global issues are placing these islands firmly on the world map, the Faroese themselves are keen on keeping their cultural balance intact—as well as the ecological one—while learning to capitalize on it. Otherwise, a community entirely dependent on the sustainable harvesting of its marine resources would neither survive nor prosper.

IMAGES OF FISHERMEN also contains an authoritative treatise written by the world-renowned fisheries adviser Menakhem Ben-Yami on contemporary fisheries management issues, first and foremost related to the special case of the Faroe Islands. The book is introduced with a brief overview of the great fishing traditions of the four tiny North Atlantic island communities, written by Búi Tyril.

Get you copy from your local bookstore or order it online from Amazon.com. You may also order it directly from the publisher: email nais@globalone-press.com or telephone +44 (0)845 052 3422.

“As a glimpse into the life on board the fishing boats, this book really is unique, and photographer Maria Olsen has done the skippers and crews proud… A gorgeous book to dip into and browse through – it’s a book where the pictures really do tell the story.” BBC Radio Scotland

Images of Fishermen: The North Atlantic
by M. Olsen (photographs), M. Ben-Yami, B. Tyril
ISBN: 978-1-906047-00-9
Binding: 384 pp, hardback
Published by GlobalOne Press Ltd

www.images-fishermen.com

Get it here! With fast service, nice price and free kilometers!
Get the best rent-a-car deal while in the Faroe Islands — get it from rentacar.fo

National Geographic Traveler
FAROE ISLANDS – MOST DESIRABLE ISLANDS IN THE WORLD

Scheduled flights from London, Copenhagen, Billund, Aalborg, Stavanger, Stockholm and Reykjavik.
The Faroe Islands’ current fisheries management system appears to be due for an overhaul for the first time since it was implemented more than a decade ago. What happened in the years after the Faroese government decided to go against the prevailing fisheries management philosophy of individual transferable quotas (ITQs) and go for a days-at-sea regime instead has already been well documented and in broad terms, the system has worked extremely well with very little opposition to it.

Having taken office in February this year following a change of government in the Faroe Islands, new Fisheries Minister Tór-björn Jacobsen, a colorful character and himself a former fishing skipper, is probably one of the most fortunate fisheries ministers anywhere in the world. He has taken over the reins of a fishery that shows all the hallmarks of genuinely efficient management and an industry that has not been polarized as has happened in many other countries with ITQ systems, or traumatized by the financial burdens the fishing sectors in many other countries have seen heaped on them with the costs of buying or leasing the rights to fish.

But after twelve years of the days-at-sea regime in virtually the same format as was originally envisaged, the first indications are beginning to appear that changes may be needed—and the new Faroese Minister’s intention is to examine the regime’s status and what, if anything, may need to be adjusted.

Fishing licenses were never intended to become tradable commodities, yet the trend has been in this direction, and the whole concept was absolutely not to encourage people to leave the industry, yet this is also taking place. He has also voiced concerns over what he terms the debt trap—having seen how fishermen in other countries have been forced to either borrow heavily to keep their businesses on an even keel, or get out.

Although the present fisheries management system is highly popular with a level of agreement between industry and the Faroese people that is probably entirely unique, there is a feeling that the system is beginning to lose sync with the changes in the industry as companies have amalgamated and the number of operators has fallen at the same time as there is a growing degree of vertical integration among larger companies, with some of the most prominent processors now also having become major vessel operators in their own right.

A task force of figures from industry and science is being mobilized to examine the present state of affairs and to evaluate the last twelve years of the days-at-sea management system.

Governments often have little understanding of the changing nature of fisheries and fishermen, and how to react to this evolution—are the Faroese moving with the times or tinkering with what already works?
According to Ministry permanent secretary Rógví Reinert, a two-step process is underway, with a short-term evaluation set to deliver its results within a matter of months. The primary issue being addressed here is essentially whether or not there is a need to make adjustments to that system which has already worked well and which is generally popular.

“We need to look at the system in place and evaluate how it has performed over twelve years. There is more to it than simply a days-at-sea regime, as we also have other options in the form of closed areas, with some very large areas closed to different sectors of the fleet, especially with some extensive fishing grounds that are closed to trawlers,” he says, adding that adjustments to fishing effort have in general consisted of reductions to the overall number of fishing days.

He explains that there is no will in the Faroes to overturn a management system that has served very well, and there is no question of replacing the effort-based system and any attempt to try this would be deeply unpopular.

IF ANYWHERE, THEN IN FAROE: The new Minister, however, has already commented on the need to update the methodology used in evaluating fishing effort in a fleet that has changed significantly in its composition since the days-at-sea regime was implemented twelve years ago.

One of his aims is to ask the task force to look into ways of quantifying fishing effort and applying comparisons in a disparate fleet made up of a variety of classes of trawlers and static gear vessels. But an envisaged second phase is expected to look more deeply into the licensing system, under which licenses are the property of the state, with each vessel owner holding a license to operate in Faroese waters.

These licenses remain valid until 2018 under the present legislation. But a second license to fish is valid on an annual basis, although in practice these licenses remain in private hands with their holders unless there is a particular reason for a license to be withdrawn.

Mr Jacobsen has emphasized that he has no intention of rushing through any kind of changes in the legislation governing fisheries management without a broad base of support inside and outside Parliament and the industry. But his preference would be for licenses, quotas for distant water fisheries, and days-at-sea in home waters to be organized into a single cohesive whole based on transparency.

“It’s my intention to take the time to discuss issues thoroughly with the industry. Politically, any measures taken need to be backed up by all parties, both those in the government coalition and those in opposition. We should be looking for measures that can be examined and put in place during the life of this Parliament, but which will extend beyond the election cycle,” he says.

Vessel owners have voiced their opinions that licenses need to be allocated in perpetuity so that they have a solid basis for the substantial investments that go into fishing vessels, especially in the light of several record-breaking purchases in recent years as some companies have left the industry after receiving offers for their vessels that are too good to be refused.

Mr Jacobsen is very much aware that there is a highly visible human rights aspect to the issues he has begun examining, and that the right to fish should not necessarily be limited to a few privileged license holders. This is also where part of the conflict of opinion arises—as fishing rights are widely regarded in countries such as the Faroes that rely on fisheries for their economic survival as a national resource that is essentially the property of the population as a whole.

In a high-tech, modern fishery, there is no question that everyone will be able to fish for themselves and the bulk of fishing effort is backed by the investment that is necessary to run vessels and the business risks that accompany this—something that is also still fresh in the memories of the Faroese people who remember the hard times of the 1990s.

With a system that clearly works for the Faroes, it’s undoubtedly tempting to fall back on the old adage “if it ain’t broke, don’t fix it.” But at the same time, it’s as well to pre-empt problem issues by addressing them before they become insurmountable difficulties. As has been demonstrated in other countries, fishing is never an easy business to manage or regulate and governments generally have little understanding of the changing nature of fisheries and fishermen, and how to react to this evolution.

But if it can be done anywhere, it’ll be in the Faroe Islands.

### Table: Seafood Exports FOB Value in DKK 1,000: Top 15 Species

<table>
<thead>
<tr>
<th>Species/Gear</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cod</td>
<td>6,998</td>
<td>8,629</td>
<td>9,797</td>
<td>11,467</td>
<td>15,529</td>
<td>19,895</td>
</tr>
<tr>
<td>Haddock</td>
<td>4,125</td>
<td>4,615</td>
<td>5,272</td>
<td>7,207</td>
<td>10,017</td>
<td>12,772</td>
</tr>
<tr>
<td>Rainbow trout</td>
<td>1,972</td>
<td>2,043</td>
<td>2,148</td>
<td>2,402</td>
<td>2,528</td>
<td>3,049</td>
</tr>
<tr>
<td>Monkfish</td>
<td>1,117</td>
<td>1,183</td>
<td>1,255</td>
<td>1,417</td>
<td>1,607</td>
<td>1,821</td>
</tr>
<tr>
<td>Cod (Distant Water)</td>
<td>3,208</td>
<td>3,521</td>
<td>3,797</td>
<td>4,338</td>
<td>4,753</td>
<td>5,158</td>
</tr>
<tr>
<td>Cod (Distant Water)</td>
<td>4,125</td>
<td>4,615</td>
<td>5,272</td>
<td>7,207</td>
<td>10,017</td>
<td>12,772</td>
</tr>
<tr>
<td>Haddock</td>
<td>4,125</td>
<td>4,615</td>
<td>5,272</td>
<td>7,207</td>
<td>10,017</td>
<td>12,772</td>
</tr>
<tr>
<td>Rainbow trout</td>
<td>1,972</td>
<td>2,043</td>
<td>2,148</td>
<td>2,402</td>
<td>2,528</td>
<td>3,049</td>
</tr>
<tr>
<td>Monkfish</td>
<td>1,117</td>
<td>1,183</td>
<td>1,255</td>
<td>1,417</td>
<td>1,607</td>
<td>1,821</td>
</tr>
<tr>
<td>Cod</td>
<td>6,998</td>
<td>8,629</td>
<td>9,797</td>
<td>11,467</td>
<td>15,529</td>
<td>19,895</td>
</tr>
<tr>
<td>Haddock</td>
<td>4,125</td>
<td>4,615</td>
<td>5,272</td>
<td>7,207</td>
<td>10,017</td>
<td>12,772</td>
</tr>
<tr>
<td>Rainbow trout</td>
<td>1,972</td>
<td>2,043</td>
<td>2,148</td>
<td>2,402</td>
<td>2,528</td>
<td>3,049</td>
</tr>
<tr>
<td>Monkfish</td>
<td>1,117</td>
<td>1,183</td>
<td>1,255</td>
<td>1,417</td>
<td>1,607</td>
<td>1,821</td>
</tr>
<tr>
<td>Cod</td>
<td>6,998</td>
<td>8,629</td>
<td>9,797</td>
<td>11,467</td>
<td>15,529</td>
<td>19,895</td>
</tr>
<tr>
<td>Haddock</td>
<td>4,125</td>
<td>4,615</td>
<td>5,272</td>
<td>7,207</td>
<td>10,017</td>
<td>12,772</td>
</tr>
<tr>
<td>Rainbow trout</td>
<td>1,972</td>
<td>2,043</td>
<td>2,148</td>
<td>2,402</td>
<td>2,528</td>
<td>3,049</td>
</tr>
<tr>
<td>Monkfish</td>
<td>1,117</td>
<td>1,183</td>
<td>1,255</td>
<td>1,417</td>
<td>1,607</td>
<td>1,821</td>
</tr>
<tr>
<td>Cod</td>
<td>6,998</td>
<td>8,629</td>
<td>9,797</td>
<td>11,467</td>
<td>15,529</td>
<td>19,895</td>
</tr>
<tr>
<td>Haddock</td>
<td>4,125</td>
<td>4,615</td>
<td>5,272</td>
<td>7,207</td>
<td>10,017</td>
<td>12,772</td>
</tr>
<tr>
<td>Rainbow trout</td>
<td>1,972</td>
<td>2,043</td>
<td>2,148</td>
<td>2,402</td>
<td>2,528</td>
<td>3,049</td>
</tr>
<tr>
<td>Monkfish</td>
<td>1,117</td>
<td>1,183</td>
<td>1,255</td>
<td>1,417</td>
<td>1,607</td>
<td>1,821</td>
</tr>
<tr>
<td>Cod</td>
<td>6,998</td>
<td>8,629</td>
<td>9,797</td>
<td>11,467</td>
<td>15,529</td>
<td>19,895</td>
</tr>
<tr>
<td>Haddock</td>
<td>4,125</td>
<td>4,615</td>
<td>5,272</td>
<td>7,207</td>
<td>10,017</td>
<td>12,772</td>
</tr>
<tr>
<td>Rainbow trout</td>
<td>1,972</td>
<td>2,043</td>
<td>2,148</td>
<td>2,402</td>
<td>2,528</td>
<td>3,049</td>
</tr>
<tr>
<td>Monkfish</td>
<td>1,117</td>
<td>1,183</td>
<td>1,255</td>
<td>1,417</td>
<td>1,607</td>
<td>1,821</td>
</tr>
<tr>
<td>Cod</td>
<td>6,998</td>
<td>8,629</td>
<td>9,797</td>
<td>11,467</td>
<td>15,529</td>
<td>19,895</td>
</tr>
<tr>
<td>Haddock</td>
<td>4,125</td>
<td>4,615</td>
<td>5,272</td>
<td>7,207</td>
<td>10,017</td>
<td>12,772</td>
</tr>
<tr>
<td>Rainbow trout</td>
<td>1,972</td>
<td>2,043</td>
<td>2,148</td>
<td>2,402</td>
<td>2,528</td>
<td>3,049</td>
</tr>
<tr>
<td>Monkfish</td>
<td>1,117</td>
<td>1,183</td>
<td>1,255</td>
<td>1,417</td>
<td>1,607</td>
<td>1,821</td>
</tr>
</tbody>
</table>

Source: Statistics Faroes

### Table: Domestic Fresh Whitefish Landings in Metric Tons by Species and Gear

<table>
<thead>
<tr>
<th>Species/Gear</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cod</td>
<td>6,998</td>
<td>8,629</td>
<td>9,797</td>
<td>11,467</td>
<td>15,529</td>
<td>19,895</td>
</tr>
<tr>
<td>Haddock</td>
<td>4,125</td>
<td>4,615</td>
<td>5,272</td>
<td>7,207</td>
<td>10,017</td>
<td>12,772</td>
</tr>
<tr>
<td>Rainbow trout</td>
<td>1,972</td>
<td>2,043</td>
<td>2,148</td>
<td>2,402</td>
<td>2,528</td>
<td>3,049</td>
</tr>
<tr>
<td>Monkfish</td>
<td>1,117</td>
<td>1,183</td>
<td>1,255</td>
<td>1,417</td>
<td>1,607</td>
<td>1,821</td>
</tr>
</tbody>
</table>

Source: Statistics Faroes

---

One of Faroe Seafood’s pair trawlers taking a catch of mostly saithe up the ramp.
### Faroese Seafood Exports FOB Value in DKK 1,000

**The Faroe Islands: Fisheries & Aquaculture**—a new booklet offers a comprehensive outline of the Faroese sustainability in the seafood sectors.

#### New Booklet Has Just Been Published in English

- Offers a comprehensive presentation of the elements that together form the management framework for Faroese fisheries and aquaculture.
- Subtitled “Responsible Management for a Sustainable Future,” the publication came out in April in time for the ESE in Brussels.

The 28-page booklet provides a straightforward and factual overview of Faroese fisheries and aquaculture today, with an emphasis on the main elements which together are essential to ensure sustainability.

### Published by the Ministry of Fisheries and Natural Resources

- The booklet is a must-read for anyone looking to gain good insight into what Faroese fisheries and aquaculture is all about, without having to spend many hours studying the subject.

The booklet begins with a brief introduction to the Faroese fisheries and aquaculture, before moving on to a general description of the country’s fisheries and aquaculture.

- Next, the fundamental elements of Faroese fisheries management are explained in brief—including legislation and administration, scientific assessment and advice, monitoring, control and enforcement; stakeholder consultation; and international cooperation on fisheries.
- There’s also a section explaining the effort management system in the Faroese fisheries zone.

The publication goes on to focus on fisheries in the marine ecosystem, fisheries research and development and marine environmental protection. It then moves on to sustainable aquaculture, as well as food safety and control standards in the Faroe processing sector.

The concluding sections are dedicated to the issues of health and safety at sea and employment, training and education. There is also an overview of relevant international fisheries and environment organizations in the North Atlantic in which the Faroes play an active role.

For easy reference the booklet also contains a list of web links for further information—and an overview of the main species fished and farmed in the Faroe Islands, with illustrations by the Faroese artist Astrid Andreasen.

The content of the booklet will also be synchronized with the existing Faroese fisheries information website in English, www.fishin.fo.
Calling for stability, national consensus and a long-term vision—the new Minister of Fisheries and Natural Resources vows to review Faroese fisheries legislation without changing the core of the effort management system.

IT DIDN’T TAKE LONG for Tórbjörn Jacobsen, the Faroe Islands’ new Minister of Fisheries and Natural Resources to announce his intent to act on the question of reviewing the Commercial Fisheries Act. The move is expected to deal with at least two major issues: how best to govern fishing licenses in all fisheries, and how to adjust for changes in fishing efficiency in an effort management system.

Just weeks after taking office, Mr Jacobsen formed a task force manned by representatives from industry, the administration and the scientific community, headed by former fisheries director Kjartan Hoydal, with an assignment that includes the assessment of changes in fishing efficiency over the past decade.

Taking a closer look at the now 12-year old effort management regime, or Fishing Day System, has long been a matter of political debate.

Few have, however been able to present a clear picture of what should be the main features in a revised version of the days-at-sea regime for groundfish fisheries inside the 200-mile exclusive economic zone. But there is widespread agreement that an expert assessment of the fishing efficiency today is a necessary basis for deciding on adjustments to the system and how it has been implemented since 1996.

Several other related issues have been discussed publicly, even promoted by the Minister and his Republican Party before this government was formed in February—most notably a public ‘fishing day bank’ to coordinate the trading of days at sea, to the extent that such trade is permitted.

“We need to develop a more structured approach to the allocation and management of general fishing rights, catch quotas, and fishing days. It was never the purpose of the Commercial Fisheries Act to facilitate a private capital market for fishing licenses. And certainly not when such trade tends to lure too many away from fishing, while creating debt which can threaten the fishing industry’s economic viability, and at the same time raising the financial barrier for newcomers to join the industry. In our system, fishing licenses are not private property.”

Marine resources in Faroese waters and those to which the Faroe Islands have rights through bilateral and international agreements are by law ‘the property of the Faroese people,’ as the Minister pointed out.

“We are going to look carefully at how to best restore this management system to match today’s needs as closely as possible,” Mr Jacobsen told this publication. “The system has worked well and should be self-regulating, but we now need to make sure that the concept of self-regulation is really working in practice. I believe the continued success of the system will be determined by our ability to ensure the right balance between the reality of our fishery ecosystems and the capacity of the fishing industry to create economic benefits.”

That self-regulating element is this: Instead of altering the business environment of the fishing sectors every year in accordance with the annual stock assessments, the fishing effort is constant—naturally yielding more catch when stocks are abundant, and less when stocks are less abundant.

“For our country, safeguarding the marine environment and ensuring the sustainable use of its valuable resources is more than a major responsibility—it’s an absolute necessity. A revision of today’s effort management framework is warranted, both in consideration of effort levels, technological developments and economic aspects. We must never lose sight of the fundamental aim, which is of course to ensure the sustainable use of our valuable fish stocks.”

Fishing for groundfish within the 200-mile zone are regulated by the Fishing Day System as combined with area closures, especially for bottom trawl fisheries, and a range of technical measures. Total fishing effort and the total number of fishing licenses are fixed by law. Vessels are grouped by size and gear type, and each group is allocated a set of fishing days per year, which are then allocated among the vessels in the group.

“We are not going to redesign the system but rather adjust certain aspects of it where necessary,” Mr Jacobsen said. “Work to review the legislation will be carried out with an emphasis on the need to achieve a broad consensus, the Minister underlined.

“It’s essential for the fishing industry that our regulatory framework is clear and stable,” he said. “It’s my intention to take the time to discuss issues thoroughly with the industry. Politically, any measures taken need to be backed by all parties, both those in the government coalition and those in opposition. We should be looking for measures that can be examined and put in place during the life of this Parliament, but which will extend beyond the election cycle.”
FAROE SEAFOOD: TOP OF THE SAITHE BUSINESS

Placing new emphasis on fresh products, Faroe Seafood has invested heavily in state-of-the-art fishing vessels as well as processing and product development to secure its position as Europe’s leader in portions of saithe.

“The course of the last decade, Faroe Seafood has quietly grown to become Europe’s biggest supplier of frozen portions of saithe. And with its firm entry into the harvesting side of the business, the company is now poised for the number one position in fresh portions as well.

As the largest seafood producer, processor and trader in a country where fishing is everything, Faroe Seafood has become a vertically integrated operation with its own state-of-the-art catching fleet—which means it can now offer its clients a whole new level of delivery reliability.

With a staff of more than 1,000 people, Faroe Seafood is one of the largest employers in the Faroe Islands. Exporting more than 36,000 metric tons of seafood on an annual basis, at a total value of 900 million DKK (2.3m euro)—mainly products of saithe, cod, haddock, and salmon—the company is known as a trusted supplier of quality seafood from a sustainable resource that has been fished for many years.

“We’re the number one European supplier of portions of saithe,” managing director Meinhard Jacobsen noted earlier this year. “And we’re probably also going to be the biggest in Europe when it comes to fresh portions of saithe. With our latest development programs finally in place, we’ll be in a position to shape our own strategy in terms of 100 percent utilization of every fish caught.”

He added: “We’re a preferred supplier with everything that goes with it: a proven track record, established systems with stringent regulation, good internal control procedures, excellent traceability, a legal infrastructure with a high level of accountability, and we have carefully steered clear on any association with IUU fishing.”

Faroe Seafood’s new schedule of catching and processing was put into top gear in February 2008—immediately spelling success with exceptionally good fishing.

As for 2007, the company reported a 17 million DKK (2.3m euro) loss and some extraordinary write-offs after another year of disruptions and acclimatization to changed conditions. The winter was one of the toughest in living memory, keeping fleets tied up with processing plants crying out for fish. In three short years, Faroe Seafood went from uncertainty of ownership through mergers and acquisitions to privatization.

The 2004 acquisition of fishing company Beta included its one operational team Bakur and Stelkur, and another pair under construction in Vigo. The deal included fishing licenses for three pair teams and the company purchased two similar, relatively new trawlers from Scotland and Ireland, Rokur and Lerkur, and converted them to work together. At the end of 2007, the final pair, Heykur and Falkur, was delivered to bring the fleet up to full strength, giving the company the reliable source of raw material it needed.

“We still buy from other sources,” Mr Jacobsen notes, “but we’re now able to supply ourselves to a great extent. A problem with relying solely on third party vessels is the lack of control that can leave you unable to supply your clients because someone else had a different schedule. With our own boats, it’s a different story.”

Faroe Seafood also has a two-third share in another pair, Jaspis and Amethyst, and a 50–50 percent share in the trawler Eydna, all of which contributes to the stability of supply that overseas customers look for.

As contrasted to aiming at the chiller cabinets of mainland Europe’s supermarkets, the food service sector is becoming increasingly important for Faroe Seafood.

“In the US, for instance, seafood consumption in restaurants and canteens far exceeds home consumption, so we have to ask ourselves where to best place our business. This market also doesn’t have the hypercompetition that characterizes the retail business. Whether in terms of fresh, frozen or salted products, the food service market could well become our primary outlet.”

“However,” Mr Jacobsen said, “we’re still in the retail market and intend to keep our niche there.”

Although this presents challenges in unpredictable North Atlantic winters, developing the fresh segment of its activities is a priority for Faroe Seafood, according to Mr Jacobsen.

“With a new infrastructure in place for Faroe Seafood, a whole world of opportunities is unfolding. Fresh products are one of the areas we’ll now be in a position to work more with—after all, we have put a lot of time, money and effort into development and new technology. And our new fleet of fishing vessels is already starting to make a tangible difference.”
Far Framherji, a period of consolidation is following the rapid expansion of recent years, with investments that require several years of good profits to yield returns yet still look sound and well timed.

**Vessel Owner Framherji** had a good year in 2007 after a hectic time in the previous two years that saw the company expand dramatically into one of the largest fishing operators in the Faroe Islands.

Since the acquisition of factory stern trawler Vesturvørn in 2005 and purse seiner/pelagic trawler Fagraberg (then Krúnborg) the following year, things have been busy at Framherji. According to managing director Anfinn Olsen, both ships have been doing well and the two deals combined—at an unconfirmed 600 million ðkk or about 80m €ur—have thus far proved worthwhile, and made at the right time.

“The total investment was quite substantial and we need to have several good years before the pressure will start to ease off and we can bring the debt to a more manageable level to a point where we’ll be less sensitive to hikes in interest rates,” Mr Olsen said. “But we were lucky to get sensible contracts in place before the current downturn in the financial markets. Access to this kind of financial markets is clearly more difficult now and investments of that size would also be less easy to support in financial terms. So, in that respect, we have found ourselves in a good position.”

Framherji began its pelagic operations in 1997 with purse-trawler Jón Sigurgeirsson, at a time when there were more Faroese pelagic companies with eight licenses between them. Of these, Framherji held one and Krúnborg another, making them the only single-license operators.

“It was only a matter of time when one would buy the other,” Mr Olsen said. “Especially when pair trawling became more important and it’s preferable to control your own pair and optimize the way you work. Krúnborg’s owners announced their intention to sell and we were among those presented with this opportunity. We bought the ship at the fixed asking price and she has done pretty well since we signed the deal.”

That acquisition allowed Framherji to streamline its activities, with the powerful, high-capacity Fagraberg focusing on the blue whiting that Högaberg had struggled with, giving the smaller vessel the option to concentrate on capelin and herring, according to the circumstances.

Mr Olsen expressed disappointment at the 30-percent cut in the international blue whiting quota between 2007 and 2008, dashing the Faroese fleet’s access to the species by 100,000 metric tons although an earlier agreement had called for a more gradual reduction annually.

“If we look at this fishery from a historical viewpoint, I’m afraid we can’t expect it to remain sustainable at more than 800,000 to one million tonnes. So, we can expect our share to go from the 305,000 tonnes we have today to between 220,000 and 260,000 tonnes, which in practical terms would give us just about 200,000 tonnes when all the deals are done.”

As for 2007, Fagraberg fished for 80m ðkk (10.7m €ur) in 2007, Högaberg for 60m ðkk (8.1m €ur), while longliner Stapin fished for its accustomed 15m ðkk (2m €ur). Vesturvørn, with its double quota that includes that of the old Akragberg, had a good year between starting fishing in February and ending its year on the 30th of December, bringing in 100m ðkk (13.4m €ur).

Mr Olsen commented: “We have good cod, haddock and saithe quotas across Norwegian, Russian and Svalbard areas of the Barents Sea, and TACs have been reasonably stable. Vesturvørn’s frozen-at-sea fillets accounted for sales worth just about a hundred million last year, which is good.”

Following its expansion in offshore fishing, Framherji pulled out of its activities in the aquaculture business, selling all of its interests in salmon and halibut farming to concentrate on wild fisheries.

“Right now our immediate aims are to be profitable enough to pay off our investments and for this we need to have good vessels with suitable quotas; and for this it’s important on a political level that we don’t see any changes in regulations that would limit or shorten licenses. Good ships and the opportunity to earn well are also key in keeping high standard of crews. You can’t fish well without competent, motivated officers and key personnel on board. Skilled ship’s officers are in high demand internationally and people go where they are offered the best job satisfaction, so we need to be able to attract and keep the right people.”

Framherji Toftagjógv 6, FO-650 Torf Fiskeriers, seabfood industry

Managing Director: Anfinn Olsen
Fishing vessel ownership and operations, suppliers of fish and seafood products, business holdings.

Fillet freezer trawler: Vesturvørn (5,272 GT)
Pelagic trawlers/purse seiners: ‘Högaberg’ (2,056 GT)
‘Fagraberg’ (2,812 GT)
Longliner: ‘Stapin’ (466 GT)
Frozen-at-sea products: Fillets of cod, haddock and other groundfish species; ‘jap-cut’ redfish products; Whole round gutted or filleted cod, haddock, other groundfish. Pelagic: Herring, blue whiting, capelin, mackerel.

Partly owned subsidiaries:
Nóttó venture capital fund
Bergfrost cold storage facility
UK seafood trading company: Seagold, Hull

**Framherji Sees Deals Poised to Pay Off**
GOING TO GREENLAND, PART II

With the world’s only BRC certified fillet trawler active in the Barents Sea, vessel owner JFK invests more than 100m DKK (13.4m EUR) to expand seafood harvesting and processing operations based on cod fisheries off Greenland.

KLAATVIK’S fishing company JFK is expanding operations through fresh investments in Greenland’s resurgent cod fisheries. Through a joint venture led by JFK’s managing partner Hanus Hansen and Kim Hoegh-Dam, a Greenlandic business man, three processing facilities and seven fishing vessels have been purchased in a deal believed on have very high potential. The enthusiasm that Mr. Hoegh-Dam and his brother have demonstrated from day one has been very encouraging.

Mr. Hansen said that his company and other Faroese investors have hitherto invested in excess of 100 million DKK (13.4m EUR) in the new venture, with their Greenland business partner and a Spanish seafood purchaser adding their share as well. “What we do in Greenland is catching cod and a few other species and process part of it onshore as salted fillets for markets in the Mediterranean; the rest gets whole-frozen for processing in China. So far we’ve invested over a hundred million in the project so we believe very strongly in its future success.”

With growing signs of cod stocks rebounding in Greenland, the optimism could be well founded.

Mr. Hansen has been in the fishing business for more than three decades, or since he was a teenager. After a few years on longliners and trawlers as a young lad, he went to navigation school and graduated first as navigator and subsequently as master mariner. In 1982, he joined the fillet trawler Enniberg as first mate, and later became captain of the ship, which JFK had sold to Mortan Johannesen a few years earlier.

After sailing for fourteen years with the Enniberg, Mr. Hansen came ashore to work for vessel owner/operator JFK in 1996, taking office as managing director; a few years on he purchased the majority of the company’s shares.

When the 185m DKK (24.8m EUR) Skálaberg was built, in 2003, it was recognized as the world’s most advanced fillet/freeze trawler. As JFK’s fifth trawler to be named Skálaberg—the first came in 1933—is still seen as the ultimate modern-day version of the Faroe Islands’ century-old tradition to hunt cod and other whitefish in the Arctic waters of the Barents Sea.

JFK’s other fillet trawler, the Sundaberg, some fifteen years older than the Skálaberg, basically works the same waters, producing “fresher than fresh,” frozen-at-sea fillets in a similar way.

Presumably as the only fishing vessel in the world, Skálaberg recently renewed its BRC (British Retail Consortium) certificate, held since 2006—a ticket to produce portions and fillets directly to UK retailers.

“Skálaberg is extremely well equipped and I wish we’d be leveraging her superiority more to our advantage,” Mr. Hansen commented. “The BRC certification is in itself quite out of the ordinary… I’m not aware of any other fishing vessel having earned it. Well, it means we have privileged access to the UK retail market, which of course can be of high value.”

Fishing in the Arctic, whether the Barents Sea or off Greenland, has been at the core of JFK business for most of a century. The company was founded in 1913 by Joen Frederik Kjilbo, a Klaksvík local who developed an enterprise that had a huge impact on the community, employing one-fourth of the town’s then 4,000 inhabitants.

“Barents Sea cod has long been our most important source of business,” Mr. Hansen added. “This company has been involved there for generations and had fishing boats in Greenland for decades. I remember the old Faroese base—I was there in the 1970s. I think JFK had about seven vessels there at some point. So… being able to get involved again in Greenland and getting such a welcoming reception there is something we really appreciate.”
Set to become the single most sophisticated ship of its kind anywhere in the world, the new Norðborg is already starting to revolutionize the business of its owners—six months prior to delivery.

In a few months time, Klaksvík fishing company Hvalnes, best known in the Faroes as the owners of Christian í Grótinum, will take delivery of a new fishing vessel that will undoubtedly set a benchmark for pelagic operators everywhere.

They currently run conventional RSW (refrigerated seawater) pelagic purse-trawler Christian í Grótinum, and Norðborg, a purse-trawler with processing capacity. Having been lengthened, broadened and lifted over the years, Norðborg has reached its limits and is now due to be replaced with a new vessel, now under construction in Chile and set to become the single most sophisticated vessel that will undoubtedly set a benchmark for pelagic operators everywhere.

They currently run conventional RSW (refrigerated seawater) pelagic purse-trawler Christian í Grótinum, and Norðborg, a purse-trawler with processing capacity. Having been lengthened, broadened and lifted over the years, Norðborg has reached its limits and is now due to be replaced with a new vessel, now under construction in Chile and set to become the single most sophisticated vessel that will undoubtedly set a benchmark for pelagic operators everywhere.

With herring, capelin, mackerel and blue whiting fisheries on their doorstep, the new Norðborg is placed at the center of some of the richest fishing grounds in the North Atlantic and is equipped to make the most of these species, landing catches for both high-end and volume markets in Western and Eastern Europe, able to produce fillets or whole frozen products. In addition to the 1400-tonne refrigerated fish room space for frozen products, Norðborg also has a 1230m³ of RSW tank capacity, keeping open the option of landing fresh fish direct to processors.

Designed by Rolls-Royce and built by the Chilean Asmar shipyard, Norðborg is expected to operate largely as a pelagic trawler, but purse seining capacity is seen as an integral part of its activity.

Partner and operations manager Eybun Rasmussen comments that some markets prefer purse seine-caught fish and are prepared to pay for it. There is also the possibility of a future capelin fishery in Norwegian waters, with the potential that a capelin roe fishery could offer—for which purse seining is essential.

With a whole range of new product options at Norðborg’s disposal, a new sales and marketing initiative is being prepared to be underway as the new ship starts fishing, with the team bolstered by the appointment of sales and marketing executive Þórhúskjópi Hólm, recruited from Icelandic company HB Grandi.

“Our existing co-operative arrangement with the Norwegian sales company we have been working with will continue on a non-exclusive basis,” Mr Sólstein comments.

A STRONG SENSE OF DUTY: Norðborg offers every advantage over the older ship, not least with a higher engine power that will allow the ship to fish efficiently on the summer blue whiting when the more dispersed fish are deep, while also allowing the factory deck and refrigeration plant the power that these need. A fishmeal plant on board will handle off-cuts from the filleting process and some 500 tonnes of fish meal and oil can be stored on board. All of the production processes will be optimized for maximum efficiency and a high level of automation, allowing a highly sophisticated production plant to be run by a relatively small team. The factory centers around high-capacity filleting machines, computer controlled to ensure the fast throughput and the Optimar automatic plate freezers to ensure that power usage is as efficient as possible, with every frame of frozen cartons ejected automatically when the optimum freezing time has been reached. This eliminates bottlenecking in production and throughput matches the factory deck’s production, minimizing power wastage while maximizing quality with the fish spending as little time as possible between buffer tanks and the freezers.

Launched and christened in February 2008, the new Norðborg is expected to be completed for delivery in September.

“Of course we are extremely excited at the arrival of the new ship. It’s a big investment, but it gives us a platform to meet the demands that today’s consumers make in terms of sustainability and responsible fishing. All of the stocks we exploit are regulated with international quotas, and the vessel will be licensed under the tough Faroese Fisheries Act,” Mr Rasmussen says.

Alongside its 250 million Danish kroner (33.6m euros) Norðborg investment, Hvalnes is opening a new 5000-tonne cold store on Klaksvík’s North Quay. A further 25m euros investment in cooperation with Klaksvík trawler operator JFK, the cold store opens for business in early summer this year.
FMF: A PRIMARY SOURCE OF FRESH WHITEFISH

Faroe Fish Market uses high technology to enhance its telephone auction with an annual throughput of more than 37,000 tonnes of fresh whitefish delivered by the bulk of the Faroe Islands’ fishing vessels, at a total 83m EUR.

Now into a third year of successful trading since the company was reorganized into its present form, Faroe Fish Market (FMF) has embraced new technology in a way that auctions on mainland Europe can only envy.

The nature of the compact but technologically advanced society in the Faroe Islands has contributed to making the FMF able to operate entirely remotely. Add to that, a strong sense of teamwork, says managing director Jens Christian Olsen.

Mr Olsen explains that the telephone auction has been in use for a good many years, and since then changes have been made gradually in a process of evolution based on a formula that clearly works for FMF’s customer base.

“We’re using a combination of voice, instant messaging, email and web technologies to exchange vital information between ourselves, sellers, and buyers,” he says. “I believe the fact that this has worked remarkably well is not only because of technology itself, but because our staff and our partners, both sellers and buyers, are making an excellent job both when it comes to communicating effectively as a team and also in terms of being open to learning new technology.”

Although buyers can attend an auction in person, this is a rare event, and virtually everything is sold over the telephone auction at a speed that can be bewildering for anyone not used to this kind of business.

FMF’s quiet revolution came in 2005 when the auction’s ownership changed, putting it 50 percent in the hands of the vessel owners who sell through it.

A new company was formed to manage the auction while the original company—then Fiskamarkneður Fóroya, now named Landingsarmistöð Fóroya—changed its focus to handle landings and grading fresh fish at Toftir and Klaksvik.

Although FMF is watching overseas auctions carefully to monitor trends, at present the system of having a ‘shout’ auction via telephone works very well, but a switch to a purely internet-based arrangement is a possibility for the future. However, with the 70 or so registered buyers on the auction—around 40 of them buying regularly and the others on an occasional basis—satisfied with the way things are run, there is no urgency to change.

Information is the key to FMF’s successful operation. Sales information is delivered direct to the seller’s mobile phone by SMS as soon as fish has been sold, which is something smaller operators who are generally back at sea by the time their fish is sold appreciate. A similar arrangement is being developed to transmit sales data directly to larger vessels is in development. The auction’s website is also updated immediately an auction has closed so the sales data is accessible straightaway.

Values are clearly improving as the auction reported a leap in turnover from 540 million DKK (72.5m EUR) in its first year to 637m DKK (85.5m EUR) in its second year at the same time as quantities fell from 45,500 to 43,500 metric tons over the same period, largely attributable to rising prices for cod and haddock products internationally. The third year of operation saw a further rise in average prices, but 2007 was a leaner year in terms of tonnages landed with shortfall mainly in saithe landings. FMF handled 37,154 mt over the year, accounting for 34 percent of all demersal fresh fish landed in the Faroe Islands, while still yielding a highly respectable turnover of 618m DKK (83m EUR).

As part of the company’s drive to expand its work and bring more fish to the auction, a concerted effort is being made to tempt sellers from Norway and Iceland to bring their fish to the Faroese auction and in this connection efforts are underway to make the auction more accessible to foreign buyers, but without losing the current high level of flexibility that FMF has achieved.

Faroese fishing market – daily auctions at 10 am. Accessible through telephone and/or internet for domestic and international purchasers. Selling for domestic and international fishing vessels.

Main species: cod, haddock, saithe (patrick cole), redfish (ocean perch), ling, tusk (brosme), blue ling, wolfish (ocean catfish), whiting, monkfish, halibut, turbot (Greenland halibut), lemon sole (dab), plaice and more.

2007 total sales quantity: 37,154 mt (raw fish); 34 percent of total landings of demersal fish in the Faroe Islands.

Mr Olsen points out that the auction is still a domestic one, admitting that the auction being held in Faroese is sufficient barrier for most overseas buyers. “We are a local auction and this we want to continue to be, yet with increasing international participation,” he says.

“The FMF will remain anchored in the Faroese fishing industry, however with some international buyers and sellers involved. A note to foreign buyers, though, is that they’re well advised to establish local representation as the final grading of all fish traded takes place at local fish landing stations.”
**VESTSALMON’S RECIPE OF SUCCESS**

With effective temperature control as one of the key elements in the company’s acclaimed quality management, Vestsalmon increases production to help secure larger deliveries of top-of-the-line salmon and trout for its clients.

FAROESE AQUACULTURE major Vestsalmon is expanding its business activities and enhancing its production capacity after a period of focus on salmon and trout processing for client fish farmers. Following the company’s 2007 release of 2.4 million smolt into its sea cages, new equipment for processing and harvesting is expected to be purchased and installed this year, according to head of sales Bogi Johannesen.

“We’ll invest approximately 30 million [4m EUR] to boost productivity,” Mr Johannesen said. “This will generally make it easier for us to plan ahead with regard to logistics and it will help some of our clients procure more effectively.”

With an advanced processing facility for Atlantic salmon and salmon trout, Vestsalmon has developed a long-standing reputation in the marketplace for product quality and reliability. A combination of sales proficiency and expertise in handling farmed fish—from smolt to adult to harvesting, processing and shipment—has earned the company an enviable position in key markets in Japan, Russia and the UK.

Last year Vestsalmon exported some 8,000 tonnes of fresh and frozen salmon and trout.

What partly formed the basis of the business from the beginning in 1986 was its own fish farming operations.

Over the years however, processing fish raised in cages run by other aquaculture companies has grown to become a familiar part of everyday life at Vestsalmon, alongside the company’s own produce.

As to this year’s planned investments, among the items is lengthening the well boat Vesthar by 12 meters and providing it with an additional 50 percent of refrigerated seawater capacity: Currently, the vessel’s RSW tanks can hold 425 cubic meters, but 650 m³ would be more in line with today’s demand.

“Last year we released 1.1 million salmon smolt and 1.4 million trout smolt and these will all soon be ready to be harvested. With the amount of processing this will involve, our capacity will have to be increased. So we will invest in refitting the well boat and in revamping the processing facility to expand our capability to produce fresh salmon and trout.”

Over the past two decades, Vestsalmon has placed great emphasis on meeting the requirements of some of the world’s most demanding clients, notably the Japanese.

“Becoming a trusted supplier of superior-quality products takes time and effort,” Mr Johannesen noted.

“Our position has been built in close cooperation with our clients. For instance, the Japanese we’ve worked with all these years are counted among the most discerning seafood purchasers in the world. Whereas they buy vaccinated salmon and trout from other countries, the trout they get from our cages is not vaccinated.”

“This kind of working relationship is only possible with integrity,” he added, “and that in turn requires best practices throughout the process whether you’re dealing with feeding, fish welfare, processing hygiene, or reliability in grading. As far as concerns product quality… when it comes to becoming credible in the eyes of such clients, what counts is your track record.”

Cage density levels are invariably kept well below the UK ecological standard, which is maximum 25 kg of fish per m² of water. A veterinary surgeons group measured a density ranging from 11 to below 13.7 kg/m² in Vestsalmon’s on-growing cages.

As for harvesting and processing, temperature control is essential for maintaining the highest quality, Mr Johannesen said.

“Well, we use this RSW system for a very specific reason—keeping the temperature under control. So we transfer the fish from the cages to the RSW tanks on the well boat before we take them to the processing line. We make sure the chilling happens gradually and the fish are kept alive and well at below 3 degrees Centigrade. This way the fish are chilled without being stressed; it happens naturally. And it’s very thorough—the chilling is not only on the body surface but goes all the way through as the fish will be breathing air from the chilled water for a period of time while the temperature equalizes. Then the fish are introduced live into the processing line and quickly stunned, bled and gutted and, depending on the order, immediately either iced and readied for shipment or taken to the freezer tunnel.”

With the clean ocean and strong currents around the Faroe Islands taken into account, there is but one more crucial ingredient to add: top quality feed, which for Vestsalmon means marine proteins and oils with no genetically modified organisms (GMOs).

“In this environment, you’ll be sure to get an unbeatable product, if the time-tested business practices are all in place; and that of course includes feeding the fish with the best feed. The feed we use consists of 70-plus percent marine proteins og 100-percent marine oils. And it’s GMO free.”
Frozen silver smelt products are to fill an untapped need in Eastern Europe with the opening of the Atlantic facility in Vestmanna—an environmentally friendly, highly automated processing plant.

WITH ITS FOCUS on silver smelt for Eastern European markets, Atlantis, a new processing plant at Vestmanna, is due to open for business this spring. According to management, new concepts of operation are being applied to cope with restrictions implied in the current shortage of labor.

At the helm of the company, managing director Dánjal Jákup Andreasen is bringing with him a wealth of experience of the seafood processing business from his years running Vestmanna Fiskavirki and later Kollafjordur Pelagic.

Atlantic will be operating from the former Vestmanna Fiskavirki premises, which have now been extended by a new 2,400 square meter production hall.

Behind the venture are two well-known trawler owners—Tummas Christophersen runs the Fram/Vestmennurtrig pair team and Dánjal Jacobsen operates the Vesturbúgvin/Skalafosur pair, and together they own pair team Norragerstur and Columbus, all fishing from homeport of Vestmanna.

Silver smelt are fished from May to September, with around 12,000 tonnes landed annually, a fishery that has remained stable for the last 15 years. Three pair teams have been licensed to fish this species within the Faroe exclusive economic zone and, according to Mr Christophersen, they have worked closely with the national marine research institute, the Faroese Fisheries Laboratory, to assess the state of the stock as thoroughly as possible.

Before embarking on the 30 million krona (€4m, US$10m) Atlantis venture, Mr Christophersen says he sought scientific opinion on the fishery’s sustainability. “I talked to the director of the Faroese Fisheries Laboratory, Hjalti i Jákupsstovu, and he said that their research into the silver smelt concludes that the fishery is sustainable—although they haven’t yet gathered enough statistical data to present their findings to ICES.”

“There’s little doubt that this is indeed a sustainable fishery with only three pair teams allowed to take part,” Mr Christophersen adds. “After all, it’s a fishery that is limited to what these six boats can take over a five-month season.”

According to Mr Andreasen, Atlantic’s silver smelt production is to be based around wholefrozen, H&G (headed and gutted), and minced fish. He says the company has signed an agreement with Faroe Seafood to take over their silver smelt mince production, which will be integrated into the Atlantis plant.

A great deal of attention has been paid to reaching a suitable way of operating, including planning the layout of the new freezing, processing and cold storage systems.

Onshore processing in the Faroes is a tough business due to shortage of labor and high costs involved in staffing a processing plant. This is an ongoing problem in the Faroes, with many people leaving fish processing and reforms that would open the market to foreign labor still absent after a decade of debate. To circumvent this political bottleneck, in industry is increasingly seeking less labor-intensive production methods.

Just about as much thought has gone into designing the Atlantis factory and its 1800-tonne capacity cold storage facility as went into business strategy plans.

“Employees will be supervising, monitoring and controlling various systems and units rather than doing anything physically laborious. So what we’re doing is not merely cut costs—the idea is also to attract people by making work as interesting and convenient for them as possible.”

One thing is optimizing for cost and comfort, another to bring maximum environmental care into the equation. One-tenth of the entire project investment has gone into eliminating organic waste and reducing CO2 emissions down to just about zero, according to Mr Andreasen.

“We wanted to make sure from the outset that this production plant was going to be environmentally friendly,” he says.

Sophisticated automation, based on a recognition system to differentiate between color-coded packing, is at the heart of production, with freezing systems from an Italian, packing lines from a Danish, and cold storage solution from an Icelandic supplier.

“As well as silver smelt, we will also handle saithe from our own vessels and other pelagic species, if raw material is available,” Mr Andreasen says.

“Our strategy has been to seek out markets that have a requirement for differently-prepared seafood. Silver smelt production in the Faroes has for many years been focused on an exclusive segment that is prepared to pay for a value added product. The problem here is that adding this value also results in two-thirds of each fish being either discarded or sold as low-cost offal. But in targeting other markets, we can meet demand there for whole fish, H&G or mince, which in the final analysis yields a higher overall value.”
Feeding its salmon manually and using top quality marine feed, Faroe Farming are confident theirs is the best farmed salmon in the world—with exports growing at healthy pace, set to reach an annual 4,000 tons of fresh produce.

Watching Faroe Farming feed their salmon at one of their on-growing cages in the Vágsfjörður fjord, Suðuroy, would give you a sense of their fish farming philosophy. So we get ourselves on board a workboat custom fitted for delivering food to the salmon, together with managing partner and co-founder Erhard Joensen and two of his staff.

The vessel is stuffed with just about 10 tons of expensive feed and Mr Joensen is about to explain one of the best kept, open secrets in the aquaculture business.

“It’s in the feeding method and in the feed itself,” he says to the sound of the feeder spraying over the cage. One of the lads has immersed an underwater camera 7-8 meters down inside the cage and watches a monitor in the wheelhouse showing salmon swimming back and forth. “As soon as the camera starts capturing feed particles sinking down, we know the fish aren’t eating everything they get and that means it’s time to stop the feeding,” he says.

Mr Joensen fills him in. “It’s of paramount importance to dose correctly not only because the amounts of feed you use is a major financial factor, an even more serious side of the issue is that overfeeding causes sediments to build up on the seabed underneath with a disruptive effect on the ecological balance in the marine environment—which in turn can be devastating for the fish. And besides, it can cost you the license to release any smolt into the area for the next couple of years.”

This is something that not only the veterinary authority is keeping a sharp eye on—it’s a hard learned lesson.

**Into Retail Market?** Mr Joensen has himself many years of experience in the aquaculture industry; when he joined a consolidation effort in the local Vágur industry to form Faroe Farming in late 2003, the business took over licenses and salmon smolt from others, only to find out months later that the smolt had caught a disastrous disease.

“The entire years of 2004 and 2005 were spent in a desperate fight to stay afloat. Luckily we managed to convince investors that raising the capital would be worthwhile because we knew we could turn this into a sound business. Since 2006 things have been moving steadily in the right direction and we’re now approaching maximum biomass.”

That will be about one million individual salmon distributed over 13 to 14 on-growing cages, corresponding to approximately 4,000 metric tons of head-on, gutted salmon, exported fresh to the UK and continental Europe.

“Farming salmon is pretty much like farming anything else—you have to keep close watch and pay attention every day.

“That’s another reason why we do the feeding manually; it enables us to monitor the process properly.”

The market for fresh whole salmon is known as highly volatile with prices fluctuating to make planning difficult. For this reason, processing for the retail sector at lower, more stable prices could become an attractive option.

“One of our colleagues has shown the way here,” Mr Joensen notes. “They’ve been exporting fresh portions for quite a while and with good results. We’re in fact considering our options and depending on a few things related to logistics and labor, we’ll start small-scale production of portions before long in order to evaluate more closely whether we should enter that market.”

**Rich in Omega 3?** Looking a bit further into the future, farmed cod could be a supplement to salmon. Ongoing research and development, both private and public, is indicating good potential and competitive advantage for farmed cod from a Faroe Bank broodstock.

“We’re sure keeping an eye on cod, too,” Mr Joensen says.

“‘Best farmed salmon in the world’

Faoro Farming
Vágsvigur 41, FO-900 Vágur
E-Mail: farming@post оф altitude
Tel.: +298 374 325
Fax: +298 374 327
Managing Director: Erhard Joensen
Salmon farming — from smolt to processed salmon
Production capacity: 3500 tons per year
Main product: Atlantic salmon
Farming is of the highest quality, made
from fishmeal and marine oil without vegetable substitutes.
I believe marine food with lots of Omega 3 fatty acids is the best a salmon can get. It’s the natural diet and it gives the meat that high quality and a healthy look, with the right color, and the right taste.

“The feed we use is always fresh from the Havsbrún factory, never imported.

“There’s no other feed that we know of that contains as high percentage of marine ingredients so this is what we want for our fish. It’s simply the best.”

4,000 tons of fresh produce.
Feeding its salmon manually
and using top quality marine feed, Faroe Farming are
confident theirs is the best
farmed salmon in the world—
with exports growing at healthy pace, set to reach an annual
4,000 tons of fresh produce.
The leader of the dryfish segment of the Faroese seafood industry prepares to take more on-demand orders from clients around the world—with its processing capacity further increased and a new production hall added.

As Faroe Marine Products (FMP) completes another round of expansion, the company’s rapid growth is becoming more visible than ever. A business based on green technology and unorthodox utilization of resources, FMP since its founding some seven years ago has turned heads in more than one sense of the word, establishing a unique history of success.

The addition of a 2,500 square meter production hall to the company’s premises earlier this year is placing FMP on track to receive more on-demand orders from international clients looking to produce dried seafood or derived products of various kinds, said managing director Eirikur á Húsamörk.

While dried fish heads for the Nigerian market remain at the core of the business, FMP has worked to broaden its revenue base by constantly enlarging and refining its production capacity. Yet, with the exception of the well-established niche the company has carved for itself in Nigeria, pushing its own brand and unorthodox utilization of resources, the company has carved for itself in Nigeria, pushing its own brand

DRIED FISH FOR BEST USE OF AVAILABLE RESOURCES

Back in 2001, FMP was established with the expressed aim of getting more food out of fish landed in the Faroe Islands after assessments and studies had indicated a high percentage of that fish wasn’t being fully utilized.

“Only half of each fish landed was used for human consumption,” Mr. á Húsamörk commented. “So we thought it was time for some change.”

Today, FMP ships thousands of tonnes of dried seafood every year. That recognition was rewarded in 2005 by the Faroe Industry Association’s Company of the Year award for successful and innovative use of natural resources and green energy in a financially sound business.

So in addition to the positive principle seen in utilizing landed fish more fully at a profit, the award was attributed to FMP’s use of otherwise wasted heat from a nearby combustion station in order to sort, clean and dry its products.

“A lot has happened since we received that award,” Mr. á Húsamörk commented. “We have refined the production further with the help of advanced technology. We have much more space now, too, and more equipment—and we’ve had a lot of ongoing development in terms of products and processes. Still being able to inform all our clients how this whole system is based on green energy is of course a privilege.”

The versatility of FMP’s processing plant makes it an option for pet food manufacturing as well.

“After all, pet food is not that different from the food we humans eat. And just as pet owners around the world are constantly looking for good natural ingredients, so are pet producers. Here too, dried fish is unbeatable.”

Mr. á Húsamörk added that FMP’s advanced drying process allows for a versatile concept suited for a wide variety of products.

“Our value proposition is three-fold: produce the most healthy food at the most competitive price in the most environmentally friendly way possible. We have a highly skilled workforce, an excellent facility and a proven infrastructure. We produce to orders from around the world and we’re able to deliver at an unbeatable quality/price ratio. Our arrangements are very flexible and tailored according to the needs of the customer. Many of the elements involved in such orders, like packaging and distribution, are typically outsourced to third parties. Well, we know what we’re able to deliver and it’s all based on what the customer needs.”

Mr. á Húsamörk pointed out that the health benefits of dried fish products are “hard to overstate” as all vital ingredients are kept intact with no boiling involved, nor salt or other additives.

“Do you know any other food as healthy, full of vitamins and proteins, as packed with Omega-3, and at the same time as tasty and ready to eat? It’s hard to overstate this—it’s a very convincing case.”
Over more than a decade, seafood trader Landshandilin has built a strong position as a specialist supplier of fresh fish from the Faroe Islands. Shipments of mostly fresh whole salmon, fillets of saithe, redfish, and monkfish tails are sent weekly to overseas fish markets.

Placing special emphasis on product quality and delivery reliability, Landshandilin has built a loyal customer base in Europe, Russia, and North America, says managing owner and director of sales Finn Rasmussen. A combination of market expertise and independence in relation to sourcing partners has helped Landshandilin develop an effective system for managing sales, procurements and logistics, according to Mr Rasmussen. “It’s about getting exactly what the client needs and we can do that because we’re able to coordinate the best from selected sources on the right terms—we offer the best combination of uncompromising product quality and the right product specifications, and we do it on time and on budget.”

Landshandilin also offers frozen and salted seafood but fresh represents the bulk of the business. “When it comes to fresh fish, we have developed specific routines in order to ensure maximum freshness,” Mr Rasmussen said. “In the same way, we meet stringent quality standards with regard to frozen and salted products.”

The ability to meet the exact requirements of the customer and deliver on target is crucial for Landshandilin, he added. “Because we know the industry very well and cooperate with many vessel owners and seafood processors, we also have the advantage of being able to respond quickly and precisely to the requests of our customers.”

Those requests can vary a great deal—from the odd species ordered, to the special request with regard to size, weight, or quantity.

“Each customer is unique and each market has its own characteristics. We are well experienced in serving many Western, Central and Southern European markets as well as the United States and Russia, and in the last few years other markets have also joined the list. The range of products from Landshandilin comprises both farmed—notably salmon—and wild fish, all from sustainable, responsibly managed sources. “Every piece of fish we offer comes from a completely sustainable source. Where it’s not farmed, it’s fished in some of the world’s richest waters where these resources abound and harvesting is managed rigorously.”

The Faroe Islands Fisheries Inspection monitors all fishing activities within the 200 mile Faroese exclusive economic zone (EEZ). This includes fish farming and landing of fish, shellfish and crustaceans within the area as well as the activities of Faroese fishing vessels in foreign waters. It’s our job to:

• Ensure that all Faroe Islands fishing laws and regulations are observed;
• Help Faroese and foreign vessels in need of towage or pumping assistance;
• Conduct pollution inspection and control inside the Faroese EEZ including clearing up oil pollution;
• Inspect safety equipment on vessels;
• Train cadets in navigation;
• Operate a diving school and provide for treatment of the bends;
• Provide information to fishermen.
WITH COMPETITIVENESS in the global economy taking prominence as an overriding theme throughout the last few years, there’s virtually no end to what companies innovate, adapt to, learn to live with, and thrive on. Among the major subheadings of this theme: environmental awareness, smart technology, responsible management. Now couple one or two of the buzzwords with something that relates to the sea or the maritime industry, add some prospects of profitability, and you’ll see the Faroese all fired up with enthusiasm.

It may be argued that sometimes people can’t see the wood for the trees. In this respect, assuming a more active role in the business of international shipping has been highlighted extensively in the Faroe Islands. The fact that new developments are taking place in this field is seen as not only natural in a country wedded to the sea, but vital for its economy.

“‘This year marks the 200-year anniversary for the death of Nólsoyar Páll,” said Prime Minister Jóannes Eidesgaard during a conference on shipping organized by Fóroya Banki earlier this year. Nólsoyar Páll, or Paul of Nólsoy, the national hero that the Prime Minister referred to, was a sailor and a merchant who upheld the rights of his countrymen during the oppressive Trade Monopoly.

“As many of us know,” the Prime Minister said, “Nólsoyar Páll together with others built the royndin Fríða in Vágur in 1804, and this was the first ship built in the Faroe Islands and owned by Faroese people since the Middle Ages.”

Somehow the royndin Fríða (‘Fair Effort’) says something about Faroese entrepreneurship that resonates in our time.

Mr Eidesgaard added: “Nólsoyar Páll was above all a man of vision who fought to establish free trade in the Faroe Islands. With the Royndin Fríða he sought to create business opportunities and economic progress in the Faroese community.”

Two centuries on, after unnumbered changes have affected the lives of generations, many principles known from the past nonetheless stay the same. But since former US President Bill Clinton, together with former UN weapons inspector Hans Blix, made his appearance in Tórshavn last summer, things seemed to take a new turn, as in “All of sudden big-time events are perfectly doable here!”

While few may know today how profound this change may prove in the future, the organizers of the event, the Faroese employers’ association, obviously inspired others to follow suit and keep the ball rolling. A few months later, an international conference featuring Nobel Peace Prize winner and former US Vice President Al Gore was announced by organizers House of Industry, Bitland, SamVit, and NORA. The TransAtlantic Climate Conference 2008, held on 7th and 8th April in Tórshavn—just as this publication went to press—focused on climate change, particularly as related to the ocean, energy and environmental issues.

With the level of interest generated, the conference looked poised for huge success. The build-up to the event highlighted some of the participating business-people—who represent a new generation of companies offering solutions for saving fuel, reducing emissions and securing sustainability. Surely, this way even more good reasons are presented for doing business with the Faroese.
With one newbuilding completed and a second soon to follow, FaroYard is ready to take on more orders for offshore support vessels built to international standards, while investing in a new slipway to ramp up repairs and services.

WHEN FAROEYARD ON 1ST February hired Eyðfinn Egholm as new chief executive, there could be little doubt that the intention was to signal change. After all, founder Kjartan Mohr and his successors had been running the business since 1936, and sold the company in 2004 to venture capital fund Notio. Meanwhile Runavík-based FJM, a mechanical workshop and lead manufacturing of seafood processing lines made of stainless steel, was acquired to become a vital link in FaroYard’s integrated service offering.

Combined, their three yards at Tórshavn, Skála and Vestmanna had delivered more than a hundred vessels of various sizes, and thousands of repairs and overhauls, mainly to the domestic fishing industry but also to foreign clients. Moving with the changing times, the company refocused its business through the 1980s and 1990s, betting on services rather than newbuilding.

As a recent non-executive chairman of FaroYard, and former managing partner of a Tórshavn consulting firm specializing in ship design, Mr Egholm looks well fit for his new job.

The first thing he did as head of FaroYard was to deliver the completed Thor Alpha to its proud owners, Thor Offshore. This was the first vessel built at Skála since 1987, with a second order from Thor currently under construction, and a third possibly underway.

Next thing in line for Skála: a new 2,000-tonne slipway to replace the old one, which could tow 1,200 tonnes. “This is a major upgrade and it’s going to improve our logistics,” Mr Egholm commented.

“It means we’ll be able to make more effective use of this yard and to free up capacity for the dry dock—after all, it can take vessels up to 115 meters long.”

By comparison, the yard in Tórshavn is equipped with two slipways, one with a capacity of 2,500 tonnes, the other towing 1,000 tonnes, whereas the Vestmanna yard has one 800-tonne slipway.

Leaving his position as chief engineer at Denmark’s food and beverage giant Danisco, Mr Egholm a few weeks after taking office made it clear that FaroYard will be looking to offer its shipbuilding expertise to international operators in need of new steel hulled vessels up to 60 m in length.

The basis for his optimism is partly anchored in the booming oil industry and the related business generated for Norwegian shipyards, many of them reportedly receiving more orders than they can handle. What’s more, the construction of the Thor Alpha proved a resounding success—a vessel built to the latest international standards and a first reference for clients in the offshore business.

“I knew we had what it takes to be competitive within the 60 m range,” Mr Egholm said. “Now we’ve had it demonstrated as well, and I believe this is a niche for FaroYard to pursue. It’s surely a different type of shipbuilding than what we’ve been used to but we have a very skilled workforce.”

He added a word of caution: Since many suppliers in the maritime industry are being pushed to the limit, the time factor has become exceedingly important.

“Be well-prepared and place orders well ahead of time—that’s the best piece of advice we can give these days, as anything from a ship’s propeller to spare parts can take months to get hold of. For those who consider building a new vessel, or even revamping an existing one, it’s crucial to enter into a dialogue as early in the decision process as possible.”

Catering to the needs of the numerous fishing vessels based in the Faroes remains on the top of FaroYard’s agenda. Mr Egholm added. Among the services offered: repairs, conversions, upgrades, blasting and painting, to name some.

“My predecessors built a strong service platform and we’re going to continue the process of developing that platform. Our main client base consists of Faroese trawlers and longliners together with a few other vessels, as well as foreign ships visiting Faroese waters.”

An effort will be made to streamline the entire organization, Mr Egholm said.

“Although international standards in certain areas differ from our national standard for fishing vessels, the level of quality that we put into our work is the same. But we’ll be placing more overall emphasis on health, safety and the environment. And we want people to be happy working for us, wherever they are in the organization. So we will also make a fresh effort to integrate our units into a single entity.”
The new Shefa-2 submarine fiber optic cable is making the island communities of Faroe, Shetland and Orkney better connected with the rest of the world than ever—while offering revolutionary communication perspectives for offshore oil and gas rigs.

As the Shefa-2 submarine fiber optic cable becomes operational in the first quarter of 2008, Faroese Telecom’s 120-million DKK (16.1m EUR) investment is adding a whole new dimension to telecommunications in the region between Iceland and the UK. For the Faroe Islands, the increased data transmission capacity offered by the new link is set to open up new business opportunities while at the same time making communication services more stable.

Meanwhile, for the first time in history, the Orkney and Shetland Islands north of Scotland are getting the high-speed, high-quality connectivity that only fiber optics can offer.

The Shefa-2 complements two other cable connections which, together with satellite links, have provided the sole basis of the Faroes’ overseas telecommunications: Parice, placed in 2004 from Iceland via Faroe to Scotland, and the Cantat 3, Canada’s 1994 transatlantic connection.

By November 2007, only a month after the new cable had been beached in Shetland, British Telecom signed a 15-year contract with Faroese Telecom to secure priority access for its clients. According to a statement, it was a deal worth double-digit millions of toa.

In cooperation with BT and other telcos, Faroese Telecom can now offer an array of broadband communication services to oil and gas platforms in the area southeast of Faroe and west of Shetland, according to Páll Höggaart Vesturbú, managing director of FT Net, the company that operates the Shefa-2 cable.

As stated on the new Shefa.fo website: “From PoPs (points-of-presence) in the Faroe Islands, Ayre of Care in Orkney and Banff in Scotland, Faroese Telecom offers high capacity, low latency fiber-optic submarine cables to the offshore industry sites located in the North Sea. Via the PoPs in Aberdeen and London, communication services are available directly from platform to head office.”

“We carefully considered costs and benefits before embarking on this ambitious project,” Mr Vesturbú said. “BT committed itself early on to participate in the cable route was planned accordingly. However, there is still much more capacity available.”

He added: “Oil companies may differ immensely with regard to policies and practices, but there is clearly a global trend toward utilizing the power of broadband connectivity to streamline operations—and here’s an opportunity to greatly enhance efficiency as well as working conditions by using communication technology.”

Mr Vesturbú said the new connection opens up prospects of significant cost savings for offshore operators. “A communication link of this caliber can greatly reduce costs inasmuch as the need to have expert personnel stationed on the rigs can be brought down to a fraction of what it is currently. In this way, cooperation between rigs and headquarters can be made much more effective, as large amounts of data can be transmitted in real time. Mobile IP telephone systems and rich media Internet can likewise be offered—companies will actually be able to follow operations from onshore communication centers using live video links. All this is made possible because of the huge capacity the Shefa-2 offers compared to satellite connections.”

In Shetland and Orkney, not surprisingly, the new connection has been welcomed. “The completion of the first ever subsea, fiber link to the Northern Isles is great news for Scotland’s telecommunications landscape,” said Jim Mathers, Scottish Government Enterprise Minister. “I would encourage everyone involved to maximize the cable’s potential, to ensure that all businesses and householders in Orkney and Shetland are able to reap the benefits.”

Faroese Telecom chief executive Kristian Reinert Davidsen stated: “For any community to remain competitive in the face of globalization, reliable and effective communications are essential.”

On another note, after its acquisition of marine electronics company Vikmar, Faroese Telecom has enhanced its satellite-based services for vessels at sea. Among the offers, full-fledged VoIP (Voice over Internet Protocol) solutions for fishing vessels and merchant ships.

“Together with Vikmar, we’ve had a number of services developed in the last few years,” Mr Davidsen said. “These include web and email access at sea, and, more lately, a special telephony solution developed for the fish industry, adding VoIP to existing satellite-based broadband systems on board ships—which means seafaring people can be on the phone with their loved ones at home at landline rates, using a regular phone number. We’re dealing with a highly scalable solution that includes the option of integrating vessels at sea and offices on shore in one IP communications package.”
The last few years have seen a revolution in connectivity enjoyed by those at sea as well as the land-based, with vessel operators saving tens of thousands of euros in telephone bills annually. As technological advances are making it possible to use satellite links in ways that were too costly and cumbersome earlier, new broadband services are popping up to offer high-speed connectivity at sea, at flat-rate fees.

A leader of the pack, Tórshavn-based marine electronics firm Vikmar, is reporting record levels of installations, even to the extent where traditional intercom (internal communication) systems are being skipped in new vessels to give way for digital communication networks.

Boosted by a new level of cooperation with its now 40-percent shareholder Faroese Telecom, Vikmar has focused for years on developing affordable and technically feasible solutions for Internet connectivity at sea.

“We recently received the first order for installing our new, integrated communication system on board a ship that’s under construction,” said Vikmar managing partner Jan Egholm. “Instead of doing it the traditional way, which is letting the shipyard deliver the old analog intercom system as part of the basic interior before electronics, our client chose to make it an integrated part of a comprehensive digital package.”

In other words, the whole works—broadband Internet, internal communications, telephony, radio and television—will be part of the same connectivity package.

“Not every vessel owner will be going to such lengths for the sake of communication but I think this should give an indication as to where things are going,” Mr. Egholm added.

All in all, that record order was received from a loyal customer who knew what to ask for, both in terms of communication, navigation, and fish finding electronics.

But it’s not only the most state-of-the-art vessels that are discovering the benefits of broadband—and the VoIP (Voice or Internet Protocol) option it brings. “I’d say some 80 percent of the pelagic fleet and some 50 percent of the filletre trawlers are now using Viknet Broadband and that’s quite understandable. These vessels are relatively large and often fish in distant waters, which means they can easily see the economic advantage in subscribing to a service that allows them not only to be online twenty-four seven but to talk on the phone at landline rates.

“A growing number of vessel owners have also discovered the advantage of our comprehensive solution which integrates their offices and their vessels into a single communication network. IP telephony technically makes telephone usage just about the same thing as surfing the Internet or sending or receiving email. In practical terms it means all internal phone calls within the organization are free and the rest is usually much cheaper than using a landline. So the seafarers will be paying just about the same as a normal landline rate when they talk to their loved ones at home.

“The alternative would be talking through a satellite phone, which buys satellite air time by the minute and that’s extremely expensive. I happen to know that some of these vessel owners save hundreds of thousands (100,000 DKK equals just about 13,410 EUR) in telephone charges on an annual basis.”

So the key to Vikmar’s success in the IP phone business has to be the combination of using satellite subscription services optimally for Internet connectivity to its ocean going clients and applying the appropriate telephone systems, switchboards and handsets.

“Our cooperation with Fóroya Telecom makes good sense,” Mr. Egholm noted. “As to the large number of smaller fishing vessels that don’t find it necessary to stay connected to the Internet all day long, Vikmar has another package, Viknet. This was in fact the predecessor of the Broadband solution and is still a highly popular Internet content delivery service.

“Viknet is perfect for many. It provides fishermen and other seafarers with a daily download of digital news and information including radio and TV, without the need to buy much satellite capacity.”

Another Vikmar subscription service has to do with AIS, automatic identification systems that provide information about ships to other ships and to coastal authorities using VHF signals. Since the Faroese government, like other governments of small countries, doesn’t operate a service to cover this function, Vikmar developed the Live AIS Web Ship Tracker, a system that offers real-time display of vessel positions with details on a graphic interface over the Internet.
VÓNIN BOOSTS R&D IN TOUG HENING MARKET

Knowing what goes on below the surface of the ocean is key to getting it right in the business of fishing gear, according to Vónin managing director Hjalmur Petersen. A case in point, the recent success of a new trawl model for blue whiting and horse mackerel was initiated as a challenge: identify and neutralize any unwanted cross-flows that can lead fish to escape through the large meshes of a pelagic trawl.

“It’s all about effective design,” Mr. Petersen explained, “and the key factor is the way the netting is cut to minimize water resistance and get the flow right all the way down to the codends, eliminating any cross-flows inside the gear that can occur along the edges of the trawl bellies.”

Together with computer design processes, the use of underwater cameras to monitor how gears and fish behave under real conditions has long contributed to Vónin’s R&D programs. The company currently cooperates with the Faroese Fisheries Laboratory in funding PhD student Fröði Skúvadal’s research into the dynamics of water flows and fish behavior in connection with trawling.

All design and development takes place with direct participation of skippers and fishermen, Mr. Petersen pointed out. “Most of our customers are skippers and so are many of our staff. We speak the same language and in many ways share the same goals.”

Having stayed very much at the forefront of the fishing gear business, Vónin is noting an increase in overseas market shares in the international fishing gear business amid fierce competition and despite mixed outlook for regional fishing fleets.

Vónin expands its research and development efforts—keeps winning market shares in the international fishing gear business amid fierce competition and despite mixed outlook for regional fishing fleets.

In the overall scheme of things, a growing requirement for less invasive fishing gear and lighter ground contact is being noted; and more urgently, the need to reduce fuel consumption inasmuch as oil prices look set to stay high.

Vónin’s net loft in Tórshavn, opened several years ago for the construction of shrimp trawls and bottom gear, is now to be followed by a new pelagic net loft on reclaimed ground on the north side of the Fuglafjørður harbor. With construction scheduled to commence in 2009, the new hall will have the 100-meter working area needed for handling the large meshes of pelagic trawls. While expecting to sell the old premises in Fuglafjørður, Vónin will hold onto the present purse seine storage facilities there with its 32 eight-meter deep containers that the pelagic fleet relies on for keeping nets safe from sunlight and rodents—a precaution that pays as time consuming and costly repairs are avoided.
INJECTOR MOVES TO ATTRA CT MORE TRAWLER FLEETS

The success of Injector’s Scorpion trawl doors in the international market for benthic trawling could be followed by that of newer models for pelagic and semi-pelagic trawling, notably the Stealth F-15 and the X 10.

AFTER THE HIGHLY successful introduction of its Scorpion model for benthic trawling, Injector is widening its product range with a number of benthic, midwater and semi-pelagic trawl doors. According to managing director Jan-Allan Müller, the success of the Injector Scorpion has helped the company put renewed efforts into research and development to boost its offerings further.

Mr Müller said that the Stealth F-9 and Stealth F-15, both introduced last year to pelagic fishing vessels, have proved to be a major success as these doors are reported to outperform anything else.

With the Stealth F-15 concept of a steel cover over a lightweight door, it seems that Injector has made a breakthrough in getting closer to the ultimate design.

As reports are coming from Faroese skippers on the excellent handling and performance of the Stealth doors, Irish trawler Father McKe is still showing a 5 to 6 percent increase in efficiency after having replaced conventional 15m² doors with 13m² F-15s. Skipper Michael Cavagnagh reports getting a spread of between 85 and 91 fathoms between the doors in rough weather and strong currents, during which the doors also shot away and stayed stable when taking a turn.

Scottish pelagic vessels Chris Andrea and Antares have also been able to go down in door size from 14m² and 13.5m², respectively, to 12m² and report similar improvements in efficiency.

Among the latest addition to Injector’s range of trawl doors: the X 10 semi-pelagic design, which according to Injector has set a new record with the highest coefficient lift/continuous drag values of any such product on the market. The first full-scale pair of X 10 doors is currently at the beginning of a long process of testing at sea under real conditions that follows the already long design process. In late May this year when Faroese shrimp trawler Arctic Viking sailed for Greenland fishing grounds, the prototype X 10 will be on the deck.

Designed primarily for shrimp trawlers as doors capable of spreading shrimp gear on a variety of grounds at relatively low towing speeds, the X 10 design is intended to take out all of the ground contact that other doors need to provide part of the spreading force. The X 10 is the product of a decade of experience and the aeronautical understanding of chief designer Helgi Larsen and the design team he heads. Computer modeling shows a clean flow with remarkably little turbulence around the doors, and flume tank testing with scale models has confirmed the computer results.

“The first pair of doors are on Arctic Viking now and by August we expect to have the results and to be ready to go into commercial production. The pair they have on board are almost 3m² smaller than the 14m² Shark doors they’ve been using, but we are confident that the hydrodynamic principles and the tunnel that is a feature of our designs will perform as we expect.”

“It’s a long test period,” Mr Müller added. “But we need to see four or five months of hard use across different grounds to get a realistic picture of performance and simply to be certain that the doors really are tough enough.”

Mr Müller said that investing in the design team is vitally important, enabling them to keep a step or two ahead of the competition with new models, such as the X 10 doors, the F-15 Stealth pelagic doors introduced last year and the Scorpion bottom doors that have done extremely well. “We have most of the bigger vessels in the Norwegian fleet using these now, and what skipper Per Odd Myklebust has said about the Remøy saving between 1500 and 2000 liters per day represents a huge saving over a whole year.”

When aeronautical engineer Helgi Larsen turned his attention to fishing gear ten years ago, the result was the original Shark design that raised the bar across the board with the application of scientific principles to produce truly hydrodynamic doors.

The Scorpions have proved a worthy successor to the original Sharks, and these can now be seen adorning the stems of trawlers from the Arctic to Australia. Mr Müller noted that these versatile doors can be used deep or shallow, on rough, sand or mud grounds with excellent results. A special reinforced version is available for the hardest grounds.

“This is a tough business and we can’t afford to produce something that isn’t up to standard. At the same time, we’re continuously striving to set new standards—just as we did when the original Shark doors hit the market.”

Managing director Jan-Allan Müller, front, with inventor Helgi Larsen; pelagic vessel Fugroberg with Stealth F-15 doors mounted in the run (above); shrimper Marcus uses the Scorpion (left).
Investing in New Berths

and a container yard at the fast growing Kollafjörður harbor, the Port of Tórshavn is further consolidating its position as the cargo hub in the Faroe Islands, while at the same time remaining the country’s most popular port of call for cruise tourism.

Changes in traffic patterns with major developments in the national road network have made Tórshavn the only Faroese port to receive container ships on a regular basis. Meanwhile, adding more business to the port, a noticeable growth in cruise tourism is reflected in the number and size of cruise ships heading Tórshavn’s way. According to harbor master Jónsvein Lamhauge, the capital of the Faroes was set to host a record 45 cruise liners throughout the year, extending the chartered cargo ferry operated by Smyril Blue in a harbor to receive container ships.

The terminal has been constructed at the end of the fjord, a few hundred yards from Kollafjörður container yard. With the completion of this terminal expected later this year, the Port of Tórshavn will increase its total container storage capacity by approximately 20,000 square meters while adding 150m of quay with an alongside water depth of about as much as 12m. The terminal has been constructed at the end of the fjord, a few hundred yards from Samskip’s cold storage terminal, which was extended last year to offer a total 500m of deepwater quay.

“We’re seeing a lot of changes,” Mr Lamhauge said. “Vessel replacements, changes in time schedules, mergers and acquisitions… You never know; there’s always movement. For instance, when the old coasters were sold and new container ships took their place at the beginning of this year, a lot of traffic was funneled to Tórshavn.”

He added: “Everybody is looking to save valuable resources and I think it’s becoming clear that the more the islands are inter-connected, the more specialization we’ll have as far as harbors are concerned. Good road connections enable operators of most sea vessels to save time, effort and fuel; they will probably prefer to have one harbor serving their particular needs and get all of their supplies and repairs in one place.”

Another Container Yard for Port of Tórshavn

That operator is Faroe Ship, a subsidiary of Eimskip. Since January 2008, after two new container vessels had replaced two old freighters, Faroe Ship’s sailing schedule was streamlined to use Tórshavn as the only port of call in the Faroes. That means service to and from the smaller communities is now handled by road transport instead.

On the political level, what started as the spectacular openings of two undersea tunnels, in 2002 and 2004, respectively—bringing 85 percent of the population within an hour’s drive of one another—would in fact mark the end of the traditional coast-to-coast schedule that used to take goods to and from five domestic ports.

Samskip, another major container liner operator, will use the new Kollafjörður container yard. The growing number of large cruise ships, which is good for business,” Mr Lamhauge said. “Vessel replacements, changes in time schedules, mergers and acquisitions… You never know; there’s always movement. For instance, when the old coasters were sold and new container ships took their place at the beginning of this year, a lot of traffic was funneled to Tórshavn.”

He added: “Everybody is looking to save valuable resources and I think it’s becoming clear that the more the islands are inter-connected, the more specialization we’ll have as far as harbors are concerned. Good road connections enable operators of most sea vessels to save time, effort and fuel; they will probably prefer to have one harbor serving their particular needs and get all of their supplies and repairs in one place.”

“Samskip is suited to take place outside Tórshavn. The area is home to the country’s biggest power plant as well as an asphalt processing plant and has a combustion plant in the vicinity. With 215m of quay length, the Sund harbor is used for a number of activities, some of which are better suited to take place outside Tórshavn. The terminal has been constructed at the end of the fjord, a few hundred yards from Samskip’s cold storage terminal, which was extended last year to offer a total 500m of deepwater quay.”

“We’re seeing a lot of changes,” Mr Lamhauge said. “Vessel replacements, changes in time schedules, mergers and acquisitions… You never know; there’s always movement. For instance, when the old coasters were sold and new container ships took their place at the beginning of this year, a lot of traffic was funneled to Tórshavn.”

He added: “Everybody is looking to save valuable resources and I think it’s becoming clear that the more the islands are inter-connected, the more specialization we’ll have as far as harbors are concerned. Good road connections enable operators of most sea vessels to save time, effort and fuel; they will probably prefer to have one harbor serving their particular needs and get all of their supplies and repairs in one place.”

“Samskip is suited to take place outside Tórshavn. The area is home to the country’s biggest power plant as well as an asphalt processing plant and has a combustion plant in the vicinity. With 215m of quay length, the Sund harbor is used for a number of activities, some of which are better suited to take place outside Tórshavn. The terminal has been constructed at the end of the fjord, a few hundred yards from Samskip’s cold storage terminal, which was extended last year to offer a total 500m of deepwater quay.”
In this business, especially if you have the right combination of services at your fingertips—which our clients have.

As market leader in the domestic shipping agency business, Faroe Agency offers an array of services ranging from crew change to supplies, storage, repairs, port operations, clearing and forwarding.

“We work closely with the ports, the transport and logistics sector, the various authorities, and many industries and services,” Mr Reynheim said. “Some of the ports are well equipped for transit transport, with liner traffic, container terminals, cold storage facilities, stevedoring services, and trucking, all in one place.”

More Business: In this business, effective coordination is everything and, therefore, something that calls for the expertise of experience.

“Professionalism, reliability and knowledge of the business are among the most important qualities... And you have to be very well connected, both locally and globally. Our clients trust us to handle their affairs, which is both a privilege and a responsibility. Essentially, what we do—in cooperation with our business associates—is making sure our clients get everything they need, goods or services.

“This means we have to work both here and... anywhere else in the world, for that matter.”

Together with his partners—managing director Árni Dam, who is also the Honorary Consul of Russia to the Faroe Islands, and finance manager Maria Lava—Mr Reynheim founded Faroe Agency to serve foreign vessels visiting the Faroes. Making between five hundred and one thousand calls at Faroese ports throughout the year, most of these vessels are Russian. A former sea captain, Mr Dam is credited for pioneering the agency business more than thirty-five years ago when he, as a director with Faroe Ship, set out to take care of foreign, primarily Russian ships entering Faroese waters. Like his older partner and friend, Mr Reynheim is also a former master mariner, with decades of experience in domestic and international shipping.

“We’ve been very busy since we opened,” he said. “We’ve employed new staff lately... However I’m afraid the question is not if, but when we’ll have to hire additional people.”

Providing supplies has also been a growing source of revenue in recent months, partly because more ships are berthing more frequently, and partly because many of them have become more modernized.

“Most of our client vessels have started to make more use of the available harbor facilities and therefore they’re getting more familiar with the various services that are available. At the same time, we’ve seen considerable port development taking place lately and also, new services are being offered...”

FHARO Business Report 2008 - 67
Balmoral's fast-growing international transport company Samskip has put up of- fices in the Faroes, a symbol of the highly successful venture, taking shape at the Kollafjörður harbor, the home base of the company’s Faroes operations. Here, a new 20,000-square meter container storage area is being readied at the end of the fjord for the company’s use later this year (2008), dwarfing the 3,500m² hitherto dedicated to the same purpose. Meanwhile the Kollafjörður terminal currently used by Samskip for cargo services including client access to the company’s cold storage facility has been expanded and enhanced with the infilling and alignment of existing quay sections, to now offer 540m of continuous, deepwater quay. That alone has considerably helped ease the pressure of growing customer demand, says Samskip Faroe Islands managing director Joel undir Leitinum.

“The additional deepwater berthage now available by the cold store has enabled us to improve customer service dramatically,” he says. “Whereas earlier we could have a maximum two relatively small ships docked at the same time in this harbor, we’re now able to have several. In terms of time efficiency, this is a tremendous difference as the ships don’t have to wait any more before they can berth. It means more effective operations on the whole and because of that we can provide quicker and better service.”

Nonetheless, much of the business earned by Samskip should, according to Mr undir Leitinum, be attributed to a professional, quick, and hasslefree service. And whereas an increased share of the domestic import and export market may explain part of the company’s rising stature here, other contributing factors weigh in as well.

“The Faroes is a key location in the North Atlantic, at almost equally short distance from the UK, Norway, and Iceland,” undir Leitinum says. “We’re right on the way for liners going between Iceland and the European Continent. This place is of interest because of the Faroese seafood exports as well as Eastern European and other international vessels discharging fish here. This is a growth market and a crucial part of our success story in the Faroes.”

Close to the capital of Tórshavn and the Airport at Vágur, and not far from the industrial areas of Eysturoy and Klaksvik, Kollafjörður has lately become the object of increased traffic and industrial activities. This trend picked up steam a few years ago after the construction of the road tunnels that link Kollafjörður to Tórshavn and Vágur, respectively. Adding to the momentum was the incorporation of Kollafjörður into the municipality of the capital and the subsequent development of the harbor under the umbrella of the Port of Tórshavn. The entry of Samskip at the harbor and the company’s success in the marketplace is obviously playing a part.

In 2005, the company purchased a 7,000-tonne capacity cold store located at the harbor, as part of a larger international deal between it and Kloosterboer, involving a number of reefer centers acquired in Europe. That year saw Samskip acquire several companies, including Great North Sea Line and Seawheel. Previously, Samskip had acquired Van Dieren Maritime and a share in Silver Sea. And only a few months ago, Samskip announced the acquisition of Icepak, a leading global reefer logistics company with offices in Europe, North America, and Australia.

In Kollafjörður, the new container storage area now underway — scheduled for completion by the end of 2008 — is set to mark a milestone for Samskip’s progress in the Faroe Islands. It will include a 150m quayside with a 12m water depth alongside.

“This new container terminal will dramatically increase our capacity here,” Mr undir Leitinum says. “Not only will it free up a lot of space at the main harbor area and generally make operations smoother and quicker; it will increase our ability to do much more for many more customers.”

Founded in 1990, Samskip has grown to become an international ac- tor in transport and related services by land, sea and air. The company today employs about 1,400 people in more than 20 countries and is one of the largest container transport companies in Europe. It comprises two divisions: Samskip Multimodal Container Logistics, and Samskip Reefer Logistics & International Forwarding.

With weekly departures from the UK, the European mainland and Scan- dinavia, Samskip offers a liner service to Iceland and the Faroe Islands.
The Port of Klaksvík—the best sheltered in the Faroes—could be poised for large increases in throughput as it extends the new North Quay by another 100 meters of deepwater berth to accommodate commercial development.

KLAKSVÍK, the biggest whitefish port in the Faroe Islands, is placing more bets on its newly developed North Quay. In early 2008, the terminal was extended by another 100 m of berth space to facilitate efficient loading and unloading next to a 5,000-tonne capacity cold storage facility set to open there in the spring.

Also known as the Ánír Cargo Terminal, the now 300 m long North Quay was opened in 2005 and subsequently equipped with a 30-meter wide ramp to accommodate ro-ro (roll-on/roll-off) ferry traffic. A 20,000 m² container storage area alongside the North Quay likewise contributes to the recent upgrade of the Port of Klaksvík.

Easily accessible in all weather conditions, with 12 m depth alongside its entire length, the North Quay is ideal for receiving freezer trawlers, container ships and cruise liners, according to Hans Hendrik Mikkelsen, a construction engineer with the Municipality of Klaksvík.

As the man charged with overseeing the technical side of Port of Klaksvík harbor development, Mr Mikkelsen is in the final stages of planning a customs clearance area for inbound passengers at the North Quay. While sharing the belief that the North Quay could generate added business for Klaksvík, he nonetheless warns that success depends on effective marketing.

“We may have the best port in the country in more than one sense, and we have been the leader in whitefish activity for many decades,” he says.

“Since the last few years we’ve been on a path of renewed growth, with a greatly enhanced capacity for handling cargo, a large deepwater berth, a new cold store and even a submarine tunnel that connects us with the rest of the country.”

“But we will need to do more to attract new business to the North Quay. The harbor is excellent and offers an unmatched maneuverability for large vessels, in any kind of weather. Whether it’s freezer trawlers, container ships, ro-ro ferries or passenger cruise liners, this harbor is second to none in the Faroes; but the message has to be spread.”

At the Klaksvík Town Hall, information officer Johann Lützen has similar views on the Port and its prospects. “The North Quay has a location that makes it a great natural harbor,” he said. “It means we’re now equipped to receive all kinds of ship calls, throughout the year.”

The steep mountain landscapes surrounding the Port of Klaksvík, not least the North Quay, provide shelter against the occasional fury of the elements, and even offer other benefits.

“For instance, the time needed for a large passenger ship to take fresh water will depend on pipeline pressure,” Mr Lützen said. “The water pipelines from the slopes of these mountains can deliver as much as 450,000 liters per hour.”

He adds: “We are aware of the benefits that cruise ships can bring to our community and we’re therefore looking into various ways in which we can step up marketing efforts to attract more of them. Well, in September we’ll be hosting the 2008 Smyril Line International Sea Angling Cup, a major international sea angling competition. We hope and expect that there will be a lot of people coming and of course, we want them to become our ambassadors when they leave, eager to tell all their friends about the pleasant experience they had in Klaksvík.”

Believed to be the safest in the Faroes, the Port of Klaksvík is sheltered by high terrain on all sides and is approachable regardless of weather.

Always buzzing with activity, the port—in addition to the North Quay at Ánír—consists of three terminals. By the Maru Seafood processing facility, closer to the center of the town of Klaksvík, the

Port of Klaksvík
Klaksvíkar Havn
PD Box 26, FO-700 Klaksvík
www.kklavík.is (Port of Klaksvík)
www.kklavík.is (Town of Klaksvík)
E-Mail: kklab@post.is
Tel.: +298 455101 or +298 455081
Fax: +298 457340

Habor Officer: Mainhard Petersen
Information Officer: Jóhann Lützen

North Quay (Ánír Cargo Terminal): quay length 300m, depth alongside 12m; ro/ro ramp 30m wide; high pressure water supplies (12” tubes). Maximum ship length 200m LOA.

Fuel Quay: Tanker terminal, quay length 65m; depth alongside 8m.

West Quay: Dedicated terminal for container ships, general cargo, fish landing and cruise ships. 300m of quay, depth alongside 8.75m. Maximum length of ship: 160m LOA.

Kósin Quay: Dedicated terminal for fish landing and general cargo. Total quay length 260m, depth alongside 8-9m. Maximum length of ship: 160m LOA.

Kósin Quay handles huge amounts of fish landed to the seafood processor and the neighboring fish landing station; the 260 m long terminal has depths between 8 and 9 m alongside, allowing vessels up to 180 m to dock there. A couple of hundred yards therefrom, by the center of town, is the lively Fishing Marina. On the opposite side of the fjord, the West Quay, 300 m long with a depth of 8.75 m alongside, Klaksvík’s main general-purpose berth. And finally, toward the north lies the 55 m Fuel Quay, with 8 m depth alongside.
Fast-growing MP Teknik retains marine electronics as part of core business while extending focus to cover maritime safety in a broad sense—with a new ace up their sleeve: an unbeatable clean agent fire extinguishing system.

WHEN IT COMES TO moving with the times while at the same time staying focused and committed to success, there’s one up and coming Faroese company that invariably comes to mind: MP Teknik. As the newly appointed Faroe Islands and Greenland representatives of a promising fire extinguishing system designed to replace older, often dangerous and less environmentally friendly installations, Klaksvík’s marine electronics startup is expanding into safety at sea.

Already backed by several dealerships in marine electronics, including one that gives access to a global service infrastructure and covers virtually every port at which ships call, MP Teknik is now looking to further broaden its business base.

A window of opportunity came up when the Faroese Maritime Authority earlier this year announced a series of new rules and regulations to increase safety at sea.

“The recent toughening of safety regulations means that a lot of fire extinguishing systems will have to be replaced within the near future,” MP Teknik managing partner Petur í Gong said.

So this opportunity triggered MP Teknik’s response: introducing the Clean Agent Fs 49 C2. That registered trademark may have an anonymous ring to it, yet a closer examination of the name reveals that it’s a widely recognized fire extinguisher—approved, accepted and tested by a host of highly respected bodies such as the IMO (International Maritime Organization—the United Nations Agency concerned with the safety of shipping and cleaner oceans), the Swedish Armed Forces, the Norwegian Armed Forces, major maritime classification societies, and the maritime authorities of major countries.

It’s been approved by the Faroese Maritime Authority as well, Mr í Gong said.

“This means we have a very attractive offer for ships and boats in the Faroes as well as and Greenland. Since the system has been approved by the authorities here, we’re ready to introduce it to the fishing fleets and the merchant fleets including the offshore sector.”

Developed and manufactured by a Swedish company in close cooperation with public research institutions, the Fs 49 C2 is believed to be one of the fastest extinguishing systems on the market. What’s more, this is a clean agent and poses no hazards whatsoever to neither people nor the environment.

“The business is growing so fast that we’ve been having a hard time,” he said half laughingly, half seriously. “Luckily most of us are still young and energetic.”

SUCCESSFUL START UP ENTERS SAFETY AT SEA

In another piece of news, MP Teknik has been approved to inspect marine equipment for GMDSS (Global Maritime Distress Safety System) compliance. “Now, there’s some catch up to do,” Mr. Olsen commented.

From left to right, partners Petur í Gong, Willemoes Olsen, Malvinus í Gong; servicing a Klaksvík fishing vessel (below).
FOR DECADERS, they’ve been building a reputation for producing the best, most versatile detergents in the world. The saying goes that once you’ve tried one of their heavy-duty cleaning agents on a dirty or greasy surface, you’ll stick with it for the remainder of your life. And the same goes for rust—depending on severity, just apply that Rust Solvent or Rust Wash and wipe it off.

Meet Kemilux Industri, a Faroese company recognized as the leader in its field. Since 1965, Kemilux has produced soaps, detergents, degreasers, solvents, and other substances for Faroese consumers and industrial clients in a growing number of countries.

Among the most important groups of clients: the fishing and shipping industries. “We’ve worked for many years with the North Atlantic fishing industries and, to a growing extent, also the merchant navies,” says Kemilux sales director Arni Gunnarsson.

Mr. Petersen says he plans to continue getting the product introduced on more ships.

“You can save fuel by cleaning the hull to reduce water resistance. On the other hand, if you want to spend more on fuel, you keep painting over rusty surfaces, increasing the deadweight of the ship—whereas in most cases you can save the paint and skip the added weight by simply washing off the rust instead, using one of our proven products. It will save you huge amounts of money and your ship will shine like new as well.”

A few months ago, Kemilux Industri acquired packaging supplier Sirius, extending its product range significantly, and bringing in Páll Kjærbo, former Sirius managing owner, as new partner.

“With the wide range of packaging materials covered in the Sirius concept, our customers will be offered a much more convenient service,” Mr. Petersen says. “Whether it’s carton, paper, clothing, plastics…”

Sirius, much like Kemilux, is based on a deep knowledge of the maritime and seafood industries, Mr. Kjærbo points out. “We believe this will create some interesting synergies,” he says.

Kemilux Industri places great emphasis on environmental responsibility, Mr. Petersen adds. The company is certified in accordance with the ISO 9001:2000 quality standard, and set to achieve the ISO 14001 environmental standard in the near future.

To ensure that all products continuously adhere to EU rules and regulations, and that user information is kept current and comprehensive, Kemilux cooperates with ALTox, a Danish compliance consultancy specializing in chemicals.

“Our products are powerful and incorrect use can be harmful for the user. So we are very serious about providing clear and thorough documentation to ensure that the products have good guidance and directions of use. We’re uncompromising in maintaining this policy, which is why we have outsourced all product labels and data sheets to ALTox who guarantee that the directions given always comply with the EU standards.”

Kemilux sales director Arni Gunnarsson comments: “Our products do the cleaning like none other and our customers know it.” He holds up a series of before and after photos to demonstrate his point. “Look at this one,” he says, showing a large surface on a ship, covered in rusty brown. “And here’s after they wiped it with Rust Wash…” Clearly, a greater contrast can hardly be imagined—the area wiped with the substance looks snowy white.

“Now, when you have a situation where the rust has started to eat away at the metal yet still hasn’t damaged the structure seriously, you use Rust Solvent—it’s a bit tougher than the Rust Wash, and you bet it works!” Another pair of pictures accentuates his point.

The ultimate Kemilux classic? That would be the S-1 Extra. A multi-purpose cleaning agent, this detergent has been used for a long time by fishing vessels, seafood processing plants, and transport companies, to name some. “Most customers want this one because it’s the most versatile product on the market,” Mr. Gunnarsson says. “It will make any dirty, greasy or fat surface squicky clean in no time.”

To remove more serious oily contamination, the H 79 degreasing agent is used. “Every chief engineer I know of keeps a container of H 79 near the engine room. I’d say the S-1 Extra will suffice in most cases, even when dealing with oil contamination of a less serious character. The H 79 is tough on the air but if you really need to make an oily engine part shine like new, it’ll be the H 79 that does the job.”
As a new HFO bunkering facility opens at Fuglafjørður, the Faroe Islands’ deepest port continues harbor development work with massive land reclamation for fishing gear manufacture and servicing—more in the pipeline.

At the busy port of Fuglafjørður, expansion work in the northern part of the harbor could be set to continue in the coming years. In the second quarter this year, 64 meters of new quay with as much as 14m depth alongside will open to serve the new Faroe Bunkers and its maritime clients, while land reclamation work further north is clearing the way for Vonín’s new net loft for pelagic trawls—the latter requiring a colossal 240,000 metric tons of rock to be tumbled into the sea to reclaim 7,000m² of land. Elsewhere in the same neighborhood, an expansion of the Cold Quay is set to take place in the near future, with more in store according to the port authority, the Municipality of Fuglafjørður.

“We’ve already appropriated as much as 26 million [3.3m EUR] since last year for this harbor development project,” says the mayor Sigurð S. Simonsen. “As to the question of further investments and the time frame in which they may be made, I think the will of the Municipal Council will largely be determined in the months ahead by the level of activity and the sense of urgency seen. But the fact of the matter is that we may well need to invest another 24 million [3.2m EUR] before too long.”

How long, says Mr Simonsen, should depend on whether the projected level of new business will materialize as the new heavy fuel oil bunkering facility commences operations.

“The ships calling at this port tend to get bigger and that trend is likely to accelerate with the new bunker station. If we’re going to see the kind of activity that some of these people are predicting, we’ll need to take this to the next stage or else we won’t have sufficient berthing space to offer. So we’re now in the process of doing all the necessary calculations and drawings that go with a readymade plan for an extension of the Fuel Quay, so that we can move quickly should that be necessary.”

So with an additional 130 meters of berth, the optimum solution envisaged by the mayor would be in place, bringing the port authority’s total commitments toward the dock that will be connected to the planned net loft for pelagic trawls.

The harbor sections from the Fuel Quay to the planned Trawl Quay are supported by a huge ramp that stretches all the way down to a depth of 30 meters—the ramp consisting of hundreds of thousands of tonnes of big chunks of rock used to reclaim land for the development.

The harbor sections from the Fuel Quay to the planned Trawl Quay are supported by a huge ramp that stretches all the way down to a depth of 30 meters—the ramp consisting of hundreds of thousands of tonnes of big chunks of rock used to reclaim land for the development.

“By extending the new Fuel Quay toward the dock that will be connected to the planned net loft for pelagic trawls, we will solve three problems at once: the bunkering facility will have sufficient area for its traffic, the fishing gear company will have the necessary berthing space, and the pelagic fishing vessels will be able to receive trawls and nets while at the same time taking fuel.”

The harbor sections from the Fuel Quay to the planned Trawl Quay are supported by a huge ramp that stretches all the way down to a depth of 30 meters—the ramp consisting of hundreds of thousands of tonnes of big chunks of rock used to reclaim land for the development.

The harbor sections from the Fuel Quay to the planned Trawl Quay are supported by a huge ramp that stretches all the way down to a depth of 30 meters—the ramp consisting of hundreds of thousands of tonnes of big chunks of rock used to reclaim land for the development.
I

T WOULD BE pretty impossible to imagine a cold store with a higher level of operational stability than Bergfrost. Carved into the Borgin mountain at the harbor area of Fuglafjörður, the Bergfrost cold storage tunnel is insulated by enormous layers of rock and effectively protected against essentially any potential threat.

Opened in 1996, Bergfrost has worked for a decade to build a broad business growth, with hopes of getting an additional berth in order to serve two large vessels at the time if necessary. Ongoing infrastructure developments at Fuglafjörður have cold storage facility Bergfrost looking to accelerate its business growth, with hopes of getting an additional berth in order to serve two large vessels at the time if necessary.

Atlantic and Fuglafjörður is like a homeport for a large number of pelagic fishing vessels from many countries. They get everything they need here, from landing their fresh catch and unloading their frozen goods to renewing their fishing gear. With Faroe Bunkers now opening for business next door, we can offer any blend of fuel as well. So it’s convenient and it makes sense. Our clients trust us to take care of their cargo and they’ll save time and money because they’ll be able to optimize their logistics.”

In addition to keeping their frozen goods safe in a 29,000m³ giant cold store, temporary or long term on behalf of their customers, Bergfrost offers a range of services related to storage and cargo handling including stevedoring, forwarding, and customs clearance. A hundred yards from the mountain tunnel, the Cold Quay, a purpose-built terminal, allows vessels from many countries. They get their fresh catch and unloading their frozen goods to renewing their fishing gear.

Bergfrost has recently been recapitalized by a group of local and regional business investors. According to Sivertsen, this will give the company more leverage in marketing, customer relations management, and customer service. He adds that the company will continue to have services available 24 hours a day, seven days a week.

“I think the company’s basic strategy has been good and on that level we’ll not be making too many changes. Our product is unique and we believe very strongly in it. Like any other business, however, we need to constantly develop and to improve wherever possible; for that matter, it’s time to renew some of our equipment. But we’re going to stay focused on quality management, good planning, effective communication, and close cooperation with our clients. And we’ll stay tuned to the needs of the industry.”

Breaking the ground

On the ground floor, Bergfrost’s new managing director, Símin Pauli Sivertsen, sounds confident with regard to the company’s business outlook.

Assuming the management of Bergfrost last September, Mr Sivertsen was recruited from his previous job in Iceland’s aquaculture industry. His predecessor Janus Rasmussen was hired to run neighboring enterprise Faroe Bunkers, a new facility established to offer heavy fuel oil.

“Iceland’s fleet of freezer trawlers is doubtlessly an interesting market segment for Bergfrost,” Mr Sivertsen comments. “We’re already serving Icelandic ships but I think there are more growth opportunities in that market.”

In addition to Faroese and Icelandic trawlers, Bergfrost likewise has an eye on vessels from Greenland, Norway, Russia, and the EU.

“Our clientele is international. What we offer is a service that is quick, flexible, and comprehensive. The Faroes is located perfectly central in the North Atlantic and Fuglafjörður is like a homeport for a large number of pelagic fishing vessels from many countries. They get everything they need here, from landing their fresh catch and unloading their frozen goods to renewing their fishing gear. With Faroe Bunkers now opening for business next door, we can offer any blend of fuel as well. So it’s convenient and it makes sense. Our clients trust us to take care of their cargo and they’ll save time and money because they’ll be able to optimize their logistics.”

In addition to keeping their frozen goods safe in a 29,000m³ giant cold store, temporary or long term on behalf of their customers, Bergfrost offers a range of services related to storage and cargo handling including stevedoring, forwarding, and customs clearance. A hundred yards from the mountain tunnel, the Cold Quay, a purpose-built terminal, allows vessels from many countries. They get their fresh catch and unloading their frozen goods to renewing their fishing gear.

Bergfrost has recently been recapitalized by a group of local and regional business investors. According to Sivertsen, this will give the company more leverage in marketing, customer relations management, and customer service. He adds that the company will continue to have services available 24 hours a day, seven days a week.

“I think the company’s basic strategy has been good and on that level we’ll not be making too many changes. Our product is unique and we believe very strongly in it. Like any other business, however, we need to constantly develop and to improve wherever possible; for that matter, it’s time to renew some of our equipment. But we’re going to stay focused on quality management, good planning, effective communication, and close cooperation with our clients. And we’ll stay tuned to the needs of the industry.”
SBW INCREASES CARGO TON NAGE

After a severe winter that brought disruptions for Iceland in particular, freight forwarder Smyril Blue Water moves to secure more capacity for its North Atlantic transport service—while gaining market share in the Faroes.

IN SPITE OF OPERATIONAL disruptions caused by heavy weather during the winter of 2007/08, North Atlantic freight forwarding company Smyril Blue Water pressed ahead with plans to increase its charted tonnage the following season.

Director Bent Rasmussen told this publication in March that Smyril Blue Water, in addition to its year-round slot charter agreement with Smyril Line superferry Norröna, had decided to charter a second ro-ro (roll-on/roll-off) ferry for “a more extensive period” compared to last season. In order to secure sufficient capacity for its cargo service to restore service in Iceland and meet growing demand in the Faroe Islands, Smyril Blue Water was working to charter a suitable vessel to offset potential bottlenecks caused by overlap between freight and passenger traffic, Mr Rasmussen said.

An extraordinarily stormy winter brought chaos more than once to the North Atlantic region, forcing Smyril Line to temporarily cancel scheduled sailings. On 31 March, the Norröna was set to resume the summer-half schedule but it remained unclear whether the ferry operator would reinstate winter sailings with regard to the stretch between Iceland and Faroe.

Smyril Blue Water, however, appeared determined to honor commitments in Iceland.

“We’re looking at offering a year-round service for our Icelandic customers and that means the period from the beginning of October to the end of March will have to covered,” Mr Rasmussen said.

“We are already investigating the market to locate the perfect ship,” Smyril Blue Water announced earlier as the Norröna was going out of service for repairs.

“Until successful, we have agreed with Smyril Line that the freight capacity onboard Norröna will be expanded again.”

Founded in 2005, Smyril Blue Water was established as a joint venture between Blue Water Shipping and Smyril Line to handle freight activities related to the Norröna. Some 130 trailers can be loaded on board Smyril Line’s ferry and the arrangement enables Smyril Blue Water to offer transport direct from shipper to consignee in an unbroken reefer chain without reloading of temperature-controlled goods.

With its large vehicle deck, the Norröna is seen as an unbeatable combination of passenger/freight ferry, ideal for the rolling cargo concept offered by Smyril Blue Water to link Scandinavia, Europe and the North Atlantic countries. For chilled or frozen seafood, using reefer trucks and a ro-ro ferry is by many exporters considered the fastest and safest way for their products to reach clients on the European continent.

“To secure as stable conditions as possible throughout the process, we use pallet wide trailers that move on wheels,” Mr Rasmussen said. “It’s a system that offers a quick and secure service in an unbroken chain.”

But with North Atlantic destinations becoming increasingly popular, summer tourism is placing growing numbers of passengers with cars on board the Norröna, jostling with cargo.

“We’ve been chartering a second ro-ro ferry to supplement the Norröna during the peak of the summer season,” Mr Rasmussen said.

“To cope with growing demand for transport and logistics services, we’ll be signing a contract for a more extensive period this year. We’re planning for a six-month chartering agreement rather than the three-month period we got last year.”

Another reason to charter more tonnage than earlier: the resurgent aquaculture industry in the Faroes. “We’ve been expecting an increase in the export of farmed salmon which started to pick up last year; it’s obvious that shipments will be more frequent this year with larger quantities.”

While moving goods from the Faroes to continental Europe is keeping Smyril Blue Water busy throughout the year, transporting cargo the other way around has taken on a growing importance as well. SBW Express, the company’s airfreight and courier service division has proved highly successful, establishing itself at the top of the market.

“We have noted a dramatic growth in imports to the Faroes in the past two-three years or so. The bulk of the volume is of course surface cargo but airfreight has been growing at a surprisingly high rate. SBW Express has full access to the worldwide Blue Water infrastructure and Blue Water has long been an IATA agent, all of which contributes to make our service competitive.”

As he came to the Faroes to temporary replace the former general manager who jumped ship to join a Tórshavn wholesaler, Mr Rasmussen commented: “In this business, the only sure thing is that everything keeps moving.”
PORT OF RUNAVÍK BRACES FOR REVOLUTION

After eight years of successfully serving oil and gas exploration, Runavík is looking to allocate an area to which offshore will be invited to set up an international supply base for operations in Faroese and neighbouring territory.

The Port of Runavík is preparing for developments of historic proportions as a behemoth submarine tunnel between the Skálafljótur area and Tórshavn draws closer to earthwork. The Port has embarked on a long-term development plan that involves the allocation of a major supply base for the offshore oil and gas industry in the Faroes as well as areas adjacent to Faroese territory.

The plan, according to harbor master Jón Nónklett, makes use of Runavík’s share of excavated rocks from the tunnel construction, which is expected to commence in a year or so—some 700,000 square meters of landfill material. Mr Nónklett said in February that a few areas were being identified as candidates for a selection process and that the choice was likely to fall on some uninhabited area not far from the Skála Shipyard.

This will be the most comprehensive, long-term development program ever to be worked out for the Port of Runavík, he said. Sheltered by the longest fjord in the country, the port has seen dramatic development in recent years. A few years ago the port authority—the Municipality of Runavík—was expanded to include Skála and Skálaborður, ranging from midway on the western coastline toward the end of the Skálafljótur fjord, in addition to the harbors at Runavík, Saltangará and Glyvrar on the eastern side of the fjord.

As synergies between Runavík and Skála are becoming increasingly visible, the number of Russian ships calling at the Port of Runavík is growing. “The advantage this port has to offer is obvious to many but there’s no doubt that the annexation of Skála into Runavík has made it easier for us to coordinate activities,” Mr Nónklett said.

With more business generated by foreign vessels docking, the Runavík is looking to increase the pace of port development.

“Whether it’s for saving fuel, taking supplies or making repairs, berthing activities are having a stimulating effect on our economy. Well, we could use some more berth-space—and there’s plenty of deepwater coastline along the fjord.”

In 2001, when exploration for oil and gas took off in the Faroes, participating oil companies jointly chose Runavík for domestic supply base. To serve that purpose, a new terminal was built close to the Saltangará cargo terminal.

On another note, Kongshavn, a second deepwater quay was subsequently constructed next to the area to handle cruise passenger ships.

With years of experience in the merchant navy and with a master mariner degree, Mr Nónklett is himself able to contribute to the new Port Development Program being drafted, taking awareness of the offshore industry as a priority market to a new level.

“…contributing to the new Port Development Program being drafted, taking awareness of the offshore industry as a priority market to a new level.

…there will be a number of elements in the Program,” he noted. “For instance when it comes to cruise tourism, which we expect to grow in particular when the tunnel between the Skálafljótur and Tórshavn has been completed, we’re looking at areas close to town to accommodate passengers. As to the future supply base for the offshore industry, we’ll be allocating a large, non-inhabited area along the coast, relatively close to the shipyard.”

Mr Nónklett pointed out that offshore operators will be likely to consider the distance to the nearest land, which will be the Faroes as far as concerns several activity centers. However, he said, the Port Development Program is a long-term plan and a number of conditions will have to be met before any such supply base project can be considered in detail.

“We’re talking about a major supply base for the oil and gas industry in and around Faroese territory. Of course, several stages need to be completed before reclamation work can even begin and there are legislative issues as well. At a later stage, we’ll start inviting major players in the UK, Norway and elsewhere to consider setting up an international supply base here.”

Harbor master Jón Nónklett in front of offshore support vessel Mærsk Feeders; Russian vessels docked at Runavík (below); cruise ship ‘Deutschland’ visiting (bottom left).
Aided by a board of directors that boasts several well-known industry veterans, Supply Service has been awarded a five-year offshore contract well ahead of receiving three state-of-the-art PSVs, fresh from the shipyards.

As Leirvik-based Supply Service is set to receive a trio of brand new platform supply vessels in the course of this year and next (2008-2009), the Faroese will be marking another milestone in their effort to secure a position in the international arena of maritime services.

A quick look at the deal—a bargain investment worth more than a whopping 650 million dkk (€77 million)—reveals that the three newbuildings are made to comply with the strictest standards of environmental responsibility.

Supply Service meanwhile, as the first Faroese vessel operator, has been certified according to the ISO 14001 environmental standard.

According to managing director Jens Meinhard Rasmussen, all of the PSVs have been fitted for maximum hazard safety and packed with the latest in marine technology for working efficiency.

Mr Rasmussen said: “In the offshore business, competition is fierce on multiple levels; but new technology and care for health, safety and the environment have become very prominent factors, and these vessels are designed with that in mind.”

At the same time, it’s becoming increasingly difficult for companies to recruit qualified personnel, and the design of Supply Service’s new vessels should also be viewed as part of the competitive picture, according to Mr Rasmussen. “We’ve taken great care to make sure we’ll be able to attract some of the most competent people,” he said, and we do realize that we have to make a commitment toward that end. For instance, crew comfort was a major consideration already at the design stage and it will of course remain a top priority.”

Some of that may already have paid off. According to information from Supply Service, a five-year contract has newly been secured for one of the vessels. As a master mariner with a Masters degree in law, Mr Rasmussen has a unique combination of maritime and legal knowledge—doubtlessly a major reason why the Justinussens hired him shortly after Supply Service was formed in 2006.

On its board of non-executive directors, the company has several persons with extensive maritime industry experience: principal partner Osmundur Justinussen, a longtime trawler skipper and founder of fishing company Sjøborg; Mr Justinussen’s longtime friend and associate Per Sævik, a Norwegian maritime industry magnate who pioneered the offshore business there in the early 1980s; and Tage Bundgaard, a Dane who recently quit A. M. Møller-Mærsk after a stellar 35-year career that included the position of President at Maersk Supply Service & Maersk Contractors (2001-2005), and CEO at Maersk Tankers (1999-2001).

“Having access to the knowledge of persons with such experience is a tremendous advantage,” Rasmussen added. He referred to the three experienced seniors as well as Mr Justinussen’s son, Tummas Justinussen—a former trawler skipper who has played a key part in building a diversified family business that encompasses commercial fishing, seafood processing, car dealerships, tyre services, and a hotel. As a key partner and manager in both the family business and Supply Service, Mr Justinussen junior works closely with Mr Rasmussen.

North Sea operations: As to the three PSVs, all of them are double hulls with engines equipped with the NOx reduction catalyst system. “This industry has had some very good years in result of the recent boom in the oil and gas sector,” Mr Rasmussen said. “However our optimism is cautious.”

He acknowledged that some insiders fear the offshore service industry is in for a period of downward adjustment.

“I think it’s clear by now that we’re in a period of uncertainty. We are aware of the risks involved but we are prepared, and we believe we’ve made a sound investment. We are in this business with a long-term perspective as opposed to the mere intention of making a quick profit.

“This means we aim to secure our long-term success with a conservative risk profile and with limited exposure to the spot market. I’m pleased to say we have a five-year term contract in place for one of the new vessels. And I think such a contract signed before becoming operational is a good start for us.”

The vessels are built to operate worldwide however they’ve been specially designed for the North Sea. The three vessels—all 78.6 meter Hayvard 832 CD designs—are being built in Norway, one at Solstrand Yard and two at Fjellstrand Yard. Solstrand is having the hull built in Portugal while Fjellstrand has the two hulls built in Turkey.
THE PORT OF TVÖROYRI is working to boost its business with foreign vessels in the near future by highlighting an extended infrastructure and an enhanced array of services. According to harbormaster Chris Jan Michelsen, areas of expected export growth are fishing industry, maritime services, and cruise tourism.

Mr Michelsen said that by focusing on three distinct markets—fishing vessels, workboats, and small cruise ships—the port is hoping to realize its growth potential by getting more foreigners to make use of its resources and facilities. Among those, the extended Drelnes Terminal with 170 meters of quay and possibility for some 35,000 m² of adjacent land area for cargo.

On the opposite side of the fjord, the Fishing harbor offers 300 m of quay, and a host of services including a fully licensed fish landing station. The station is receiving about 12,000 metric tons of fresh whitefish on an annual basis. “The volume could increase if more fishing boats were landing here,” Mr Michelsen said. “And we’ve got a direct transport connection to Scotland every week.”

The Port of Tvöroyri comprises two harbors on the northern and the southern side, respectively, of the well protected Trongisvágur fjord. The fjord is known as a very accessible natural harbor with two lighthouses and a roadstead that is well suited for anchorage.

Only 65 miles away from recent drilling action, Tvöroyri is ready to serve the offshore oil and gas industry, according to Michelsen. “The Drelnes Terminal has been fitted to accommodate supply vessels as well as small to medium sized freight ships, and likewise small to medium sized ferries and cruise liners.”

As to transport and logistics, a full range of services is offered, as are mechanical and electrical repairs, fishing gear with full services, and marine electronics. Freshwater, electricity, ice, and provisions are available 24 hours a day. Customs and immigration services are likewise found locally and for those who need health care there’s a regional hospital in town.

Located on the island of Suðuroy, Tvöroyri has about 1,500 inhabitants, with the oldest settlements dating back to the Viking period or around the year 1000. During the 20th century, Tvöroyri was the undisputed hub of the Faroese fish industry for decades. The old Salt Warehouse, a symbol of that era which ended in early 1960s, is now being converted into an entertainment and culture center.

Tourists will typically be offered a visit to the local museum and a fishing trip, as well as a historical excursion—and of course, experience the unspoiled, breathtaking nature only minutes away from town.
FAROESE SOCIETY HAS undergone a period of dramatic change in the past decade. During this period, increased activity in the domestic industrial sectors has led to increased activity in the social sectors. The business sectors which have been the prime movers of the economy are construction and the service sectors, including public services. Several other industries have also shown progress and the financial sector is one which has flourished. The current situation of almost zero unemployment has created a demand from the fishing industry, and other businesses, to bring a foreign workforce to the Faroe Islands.

WAGES BY SECTOR: In general, wage payments have increased in the sectors that operate mainly in the domestic market. On the other hand, wages in the export sectors have fallen as a percentage of the overall wage payments for the country, and it is my belief that this is not due to increased efficiency in the industry.

The problem is that the industrial structure of the country has changed very little and few steps have been taken to increase revenue from alternative sectors. As shown in the table below, there are no significant new business sectors creating a rise in wage payments. However, we see a fall in the wages paid within the fishing industry whereas there is an increase in the domestic service sectors, and in particular the public service sector.

The continuous growth in the public sector raises the question of how we can continue to finance this sector if we do not get a reasonable balance between the domestic sectors and the wealth-creating export industries.

The table also clearly shows the rate of decline in the wage payments in the primary industries, compared to the public service sectors. For the first few years, the difference was around 200m dkk but in past years the public wage payments have been 800-900m dkk higher than those of our primary industries. So the question is whether an imbalance has arisen in the total spectrum of industrial sectors or if there is an urgent need for alternative industry to support the welfare society.

EXPORT AND TRADE BALANCE: 95 percent of the value of Faroese exports derives from fish products, although in some years this may be slightly lower due to the sale of fishing vessels, etc. Faroese export patterns resemble those of developing countries and this export pattern has characterized the Faroese economy for many decades.

With an increase in domestic industry in the past 5 years, we have experienced a loss in the balance of external trade. The question is when will exports rise to the same level as imports and which export industry will create the difference.

APPROPRIATE INDUSTRIAL SECTORS: It is natural to expect that increased exports will stem from business closely related to the primary industry, namely equipment for fishing and fish processing. This is what marks industrial progress in many countries: technologies are developed which are closely linked to their main industry. At the same time, it is quite obvious that we should have a vibrant shipping industry where investment is made in ships and in the on-shore support staff as well; but the current situation is that many hundreds of our mariners are employed in neighbouring countries. High fuel prices also raise the question of why there is no public Faroese oil company. These have been established in several neighbouring countries with good results and could likewise be a worthwhile invest-
that we should be less dependent on direct economic support from Denmark and less reliant on Danish education.

**Desire for Globalization:** The country has a strong desire to become more global and to increase revenue from diversified industries. This refers to the creation of business within the “experience” economy, such as tourism industry. In the political arena, there has been discussion about increasing research in the public sector and establishing more higher education opportunities within the Faroe Islands.

Politically there is also great interest in innovation and a willingness to devote resources to this end. Faroese society wishes to become more international. This is reflected in the development of closer ties with neighbouring countries — Iceland, Norway and the United Kingdom, both in terms of business ventures and higher education. At the same time, there is a clear political indication that following the big economic crisis in 1992-93, companies, industrial buildings and boats were traded at very favorable prices for the buyers and hence 10-12 years later, the buyers are in a good position to sell.

Our current situation has likewise been linked to share prices on the international market which have influenced sale prices of Faroese companies, even if these were not registered on the stock exchange.

Good liquidity in Faroese banks also made it easy for new businesses to finance expensive industrial projects.

The big question is why the former owners opted to sell their companies. Is this due to an unsatisfactory political framework regulating industries such as fishing? Signes are entrepreneurs within the primary industries, namely fishing and fish processing, feel marginalized.

This seems to indicate a trend in society where the business environment for owners in traditional industrial sectors experience difficult conditions whereas people operating in modern industrial fields receive praise and positive publicity.

Such conditions for those involved in the primary industries have resulted in several boat owners opting to sell their boats.

**Trading of Companies:** In this period of enormous change, many companies are being sold and prices are usually high. Fishing boats are sold involving foreign interests; downstream subsidiaries of oil companies have been sold; shipyards, building supply stores, wholesale firms and smaller businesses have been changing hands in great numbers. In addition, the Faroese banks have increased their business both at home and abroad.

**From Savings Book to Shares:** The desire to become more international has also had an effect on individuals, great numbers of whom have started to invest in shares. Also, several Faroese companies are listed on the Icelandic stock exchange and, generally speaking, there is a feeling of optimism in the country as opportunities for both individuals and industry to gain loans have been very good. This has led to a high number of bank loans to individuals and to businesses.

**How Did It Happen?** There are several factors which have combined to bring about these changes in ownership and the dramatic increase in the cost of the means of production. One reason is the foundation for continuous growth of the welfare society. The greatest assets we have are intelligent and capable people, including young people, who can go anywhere in the world to work and study. It remains to be seen whether the political system, investors and the finance sector will manage to capture and transform the knowledge that emerges from this so that individuals and businesses have the conditions to create new, sustainable industries in this country.

The business environment looks positive if one plans to establish a diversified business. Company tax is low, around 18 percent, though there are some indications that the business year 2008-2009 will not be as good as many expect. The global financial crisis is having an impact on us as well; record high oil prices, increasing food prices, increased bank interest charges combined with possible stagnation in fish prices can lead to a combination of circumstances that will have a negative effect on the Faroese economy. In addition, there is the issue of how the two main fishing and fish processing companies will cope since they are the biggest players in the market with regard to the purchase of saithe and haddock for processing. They also process cod, although there are other, smaller factories which also process cod.

A substantial proportion of the haddock is sold abroad, non-processed and fresh. However, for the Faroese community, it is of utmost importance that the two major companies are active in the market. A question which entrepreneurs ask themselves relates to the Faroese banks’ loan capability, liquidity and solvency.

It will be very interesting to see how the companies which have been traded in the past five years will manage to survive.

Another very relevant question is how people with available investment capital will operate. In this context we can mention the seize net fleet, new Faroese investment companies and the New Rich of the Faroe Islands. The question is if they will invest in the Faroe Islands to the extent that the industry can continue to flourish and be the foundation for continuous growth of the welfare society. The greatest assets we have are intelligent and capable people, including young people, who can go anywhere in the world to work and study. It remains to be seen whether the political system, investors and the finance sector will manage to capture and transform the knowledge that emerges from this so that individuals and businesses have the conditions to create new, sustainable industries in this country.
FAS: SEIZING AN OBVIOUS OPPORTUNITY

The Faroese open ship registry, the FAS, could grow quickly and substantially to enlist hundreds of merchant vessels, if it were to be made more competitive in the global marketplace—at last, an action plan in the works with a clarified vision.

WHAT STARTED BACK in 1992 as a means to stop the then Faroese merchant fleet from flagging out, could finally now be on track toward becoming an international, open ship registry in the competitive sense of the word. In its coalition agreement, the new Faroese Government makes a revamp of the open ship registry, known as the FAS (Faroese International Ship Registry), one of its clearly stated objectives.

Admitting the inadequacy of the current shape of the FAS, the Minister of Trade and Industry, Björt Samuelsen, said that it’s “necessary to change the registry radically in order to make it competitive.”

The Minister told a gathering of shipping professionals at a March 2008 conference: “When the new Government was formed, the administration of the FAS was transferred (…) to the Ministry of Trade and Industry, which immediately commenced work on developing the registry.”

Ms Samuelsen quoted what this government has outlined in its plan, “(…) to develop a new source of revenue within the maritime sector, where we are more experienced than most others. Therefore, the Faroese International Ship Registry is to be reformed so as to make it competitive with other similar registries throughout the world.”

Before the current government took office, there was talk of change forthcoming as a task force report was handed in early 2006 to the last administration. Based on the now widely known findings of that report, as well as other documents produced since then, there seems to be little doubt as to the bulk of the reform underway: reduction of red tape and taxes combined with the formation of a permanent agency to manage and market the FAS.

A round of legislative changes was to be tabled in the Faroese Parliament early in the second quarter of 2008, preparing the way for an urgent revamp of the registry.

“I think it’s becoming clear that this registry has reached a crossroads,” Ms. Samuelsen told the Annual Business Report. “We’ll either be watching it go down, or we’ll have to face up to the challenge of making it truly competitive. The Government has made a conscious decision in regard to this, and some of the changes in the taxation code will be tabled after Easter.”

According to industry sources, the registry could be headed for rough waters unless its fiscal regime changes. After modest progress brought the total number of ships registered in the FAS to 38, signs of stagnation have appeared in recent years with clouds gathering on the horizon—fears that the small but important segment of Faroese merchant ship operators could be about to move away because of comparative disadvantages in the fiscal regime.

“The current fiscal regime for the FAS discriminates improperly between Faroese and foreigners, and between crews working under the FAS and those working under competing registries,” Ms. Samuelsen duly noted at the ‘Shipping Fóroyar’ conference.

She echoed industry sentiment. Meanwhile in the cards is the continuation and consolidation of a strategy to position the FAS as a quality registry that adheres to international standards while shunning substandard vessels. This shouldn’t be too difficult for the Faroese—after all, their experience from their own stringent national registry, with hundreds of rigorously regulated commercial fishing vessels, doubtlessly provides relevant insights.

With 3,400 trained navigators and marine engineers—more than 12 percent of the Faroe Islands’ entire workforce—the Faroese are natural in the maritime industry, invariably brought up in touch with the sea.

Mr Samuelsen said: “We want to build a registry that is competitive and therefore the existing tax refund system will have to be improved and competition-distorting fees abandoned—we are currently looking at this together with the Ministry of Finance. Additionally, the administration of the FAS is to be arranged in accordance with the ‘one-stop shopping’ principle. It is to be very simple to register ships and receive the necessary service, all in one place.”

A representative for the organizers of the Tórshavn shipping conference said that a follow-up group was being formed to liaison between industry and government.

“One of the objectives is to have 500 vessels registered in the FAS by 2015,” he said.

As to the total ship registry market, an estimated 31,000 merchant ships with a gross tonnage of 1,000 and above roam the world’s oceans.
EIK GROUP had a stellar year in 2007, reporting the strongest financial results in its history with net profit from financial operations increasing by two-thirds from the previous year to 807.9 million krona (108.5 million euros). The year consolidated Eik as the largest commercial bank in the Faroes and made it the number one online bank in Denmark.

Several strategic acquisitions, substantial capital gains, and healthy growth across the board helped revenues and profits soar—profit before tax rose by 51.5 percent to 465.3 million krona (62.5 million euros), while profit after tax came to 393 million krona (52.8 million euros), up 56.9 percent.

Due to massive overall increase in activities, enabled by the acquisition of Denmark’s largest Internet bank, SkandiaBanken, and Kaupthing Bank’s Faroese branch, total assets jumped to 21.7 million krona (2.9 million euros), from 11.8 million krona (1.6 million euros).

Likewise affected by the SkandiaBanken deal, deposits grew by 116.8 percent to 5.1 billion krona (680 million euros), while lending increased by 88.8 percent to 15.6 billion krona (2.1 billion euros).

Capital gains, mainly from shares in Iceland’s savings bank Sprón and Faroese oil company Atlantic Petroleum, amounted to 192 million krona (25.8 million euros), against 66 million krona (11.5 million euros) in 2006.

This was indeed “the best result in the history of Eik Banks,” CEO Marner Jacobsen noted. “In short, 2007 has been a very good year for the Eik Group with considerable growth,” he said with reference to the annual return on equity, which by year begin was 32.5 percent after taxes, compared to 27.3 percent the year before, well above the 15-percent target. “This will provide a good basis for continued growth,” he said.

As to the outlook for 2008, the bank expected “limited growth” on both of its key markets, the Faroes and Denmark. “Our strong strategic position is meant to ensure further growth in the coming years,” Mr Jacobsen added.

“In 2008 the Eik Group will lay emphasis on achieving the expected synergy effects of the increased activities and the acquisitions,” he said. “Particular focus will be on economy of scale and for synergies, for instance, within the IT area of the Group.”

Pressure on the interest margin is being caused by deposit rate hikes in the Faroes as well as increasing inter-bank rates in the global financial markets. “It is in this respect that the investments which the Group has made in other companies have proven to have a solid and positive effect on the results,” Mr Jacobsen said.

On liquidity, he stressed that Eik has not participated in subprime funding. “However, turmoil on the international money market is making it more expensive to borrow money,” and good liquidity more important—“and in this respect Eik is in a favorable position.”

The bank’s 4.4 billion krona (590 million euros) liquidity position at year-end 2007, compared to 2.5 billion krona (336 million euros) one year earlier, by far exceeded the statutory minimum requirement of 2 billion krona (268 million euros). 2007 earnings per share were 51.57 krona (6.92 euros) after taxes, compared to 36.02 krona (4.83 euros) in 2006.

Eik Banki has approximately 11,000 shareholders in 26 countries, the majority of them Faroese, with most of the shares issued in the last couple of years. By July 2007, the bank became publicly listed on the OMX Nordic Exchange Iceland as well as the OMX Nordic Exchange Copenhagen—a major event in the Faroes, reflected in huge media attention and widespread interest in share trading.

Shortly before the initial public offering, Eik raised its capital by about 100 million krona (13.4 million euros) to prepare its purchase of the Danish division of Sweden’s SkandiaBanken, which included a 120,000-strong customer base.

By December, the merger of that division with Eik Bank Denmark, and Danish investment broker Privestor together with its newsletter FinansNyt, was completed.

Meanwhile in the Faroes, Eik Banki signed an agreement with Iceland’s Kaupthing to take over its corporate and investment banking operation there.

Eik decided in early 2007 to become listed on the OMX stock exchange in Copenhagen as well as the VME-OMX exchange in Reykjavik. The dual flotation, as opposed to exclusively betting on the Faroese/Icelandic market, was designed to strengthen Eik’s presence in Denmark, according to Mr Jacobsen. He accurately predicted that Danish investors would show a greater interest in the share once it became listed in the market of their choosing.

As one of the oldest financial institutions in the Kingdom of Denmark, Eik Banki could wholeheartedly celebrate its 175th anniversary in 2007, as it for a third consecutive year produced record-breaking results.

Eik Banki, PO Box 34, FO-110 Tórshavn
www.eik.fs
E-Mail: eik@eik.fs
Tel.: +298 348 000
Fax: +298 348 400
Chief Executive Officer: Marner Jacobsen
Managing Director: Bjørn Olsen
Marketing Manager: Olavur Jensen
Information Officer: Per Höggaard

Serving private and corporate clients with financial services products including banking, lending, investments and financial planning, Eik Banki is the largest commercial bank of the Faroe Islands. Founded in 1839, Eik Bank is also the country’s oldest financial institution. In 2007 Eik Banki was awarded ‘Bank of the Year’ by the international finance magazine The Banker and Company of the Year by the Faroese Employer’s Association.

National network of branches: Number of employees: 260
Number of shareholders: Approx. 11,000
Fully owned subsidiaries: Inni — real estate brokerage (Faroese)
Eik Bank Denmark — Internet bank (Denmark)
EXPECT MORE Mergers and Acquisitions

As inquiries for investment increase, big changes are set to continue in many Faroese companies—meanwhile a change in the ownership of venture capital firm Notio may not make very much difference for its own management.

Observers familiar with the Faroese business environment may be puzzled at the thought of what the recent ownership change in Notio will mean for the firm known as ‘the first private Faroese venture company.’

At the end of 2007, the then 50-per cent owner of Notio, Iceland’s Kaupthing Bank, sold its entire Faroe Islands operation to Eik Banki, after which the management of Notio was transferred to Eik Banki’s head quarters in Tórshavn. As a matter of agreement, Notio’s other 50-per cent owner, Fram Invest, will reduce its share to 10 percent at the latest this summer, making Eik Banki the 90-per cent owner of the investment firm.

In his new office, managing director Kristian Petersen noted that no dramatic changes should be expected as a result of the transfer, neither in the way Notio conducts general business nor the way its investment portfolio is managed.

“The fact that we’re based in the Faroe Islands doesn’t prevent us from investing in overseas markets. You may say our primary focus is on the Faroese and neighboring countries to the extent that we feel sufficiently informed of potential risks and benefits. But we encourage entrepreneurs to think globally because we believe that’s where the future is—the world is shrinking very fast and everyone can see it, even islanders in the middle of the North Atlantic.

“Well, generally speaking, our investment decisions are made on a case-to-case basis. What we do is ask: Are we looking at an exciting investment opportunity? Now, that opportunity can be anything—a new business idea with good potential for development; or some innovative value addition in products and services. Or something else; essentially there’s no limit.”

Arguably due to increased access to cash, a growing number of Faroese companies have been traded in recent years, something that is seen as remarkable when compared with earlier times. Since 2002, the year Notio was established with Eik Banki as one of the founding partners, mergers and acquisitions have rocked the Faroese more than once—in what is widely viewed as a period of radical change.

“These changes are far from over,” Mr Petersen said. “We are in fact receiving more inquiries than ever.”

Why do people sell their businesses?

“The reason for selling a private company varies according to circumstances. More often than not, such moves are linked to generational change but there are many other reasons too. For instance, an owner wants to quit because of a career change, or perhaps two or three partners want to dissolve a partnership for whatever reason… By far most of the companies here are small family businesses and in such companies, maybe to an even greater extent than in larger companies, ownership change and management change are two sides of the same coin.”

Obviously, generational change can represent a serious challenge to an organization and is often very time consuming.
**STIRRED NOT SHAKEN**

*As a versatile people used to volatility, the Faroese can be competitive anywhere in the world—and as consolidation continues, Faroese companies will become stronger and more fit for international business, says VMF’s Sigurd Poulsen.*

**WITH THE CURRENT** turbulence in the international money markets, the Faroese Securities Market, or VMF (Víðingbrautarmarknadar Fóroya), is not expected to see much activity, if any, in terms of initial public offerings in the immediate future. However, according to VMF president and CEO Sigurd Poulsen, ongoing consolidation in most sectors of industry and commerce could pave the way for a successful introduction of the First North small cap market.

While getting more foreign investors and capital market consultants familiarized with the Faroes comes as a natural next step, the Faroese themselves may have to get more used to securities trading, VMF information activities include seminars and courses to help people learn more quickly about the fundamentals of investment. "After all, we're still quite new to this as a nation," Mr Poulsen says.

He adds that in the current climate of international turmoil, OMXIFOGI (OMX Iceland/Faroese Securities Market) shares have behaved basically like comparable shares in neighboring countries.

OMXIFOGI is the new general index for the shares of companies quoted on the OMX Iceland/Faroese Securities Market.

"We have four companies quoted on the OMXIFO as yet and we know others are working to become listed in the future. With regard to the ongoing privatization process in the last few years, our new political leadership has signaled that it will not push forward at this point—and given the current situation with high levels of uncertainty, waiting for things to settle could be wise. Of course, this means it will probably take some more time than expected say a year ago, before we see more flotations."

Strengthening the shareholder culture of a country like the Faroes could take long, although things have moved quite rapidly in recent years. One of the tasks ahead: presenting the First North, the OMX Nordic small cap market. This market is based on a similar principle as London’s AIM (Alternative Investment Market)—that is, slightly different reporting and capital requirements compared to the main market however with the same regulations applying for trading. Another difference is that whereas on the main market the listed companies are fully liable themselves when it comes to compliance with reporting requirements, companies listed on the First North market are instead represented by fully liable, third-party consultants. That means the companies won’t have to have their own staff performing time consuming, compliance related tasks but can buy such services from specialist consultants instead—which again means First North companies can be smaller and leaner.

"Experience from AIM shows that once companies get listed there they tend to stay there—it’s more flexible and less burdensome administratively than the main market and it offers protection against hostile takeovers."

If small is beautiful, Faroese companies indeed qualify. The average number of employees—counting private businesses and public organizations—is five.

"We’ve had ongoing consolidation for a while now in virtually every sector but the smallness of our companies suggests that there’s some very good potential for more mergers and acquisitions."

For a community familiar with volatility, like the Faroese, navigating through turbulent times shouldn’t be too difficult, when compared to others who may need a more stable environment to work from, Mr Poulsen said.

"Like many other countries, the Faroes is being affected by the subprime crisis firstly by the reduced confidence in the financial sector as such—not particularly in our institutions but in the whole sector on a global scale—and secondly, in result of that, by the fact that credit is generally becoming more expensive, with higher risk fees."

"But such are markets—they tend to go too far and that’s something one has to learn to live with. In today’s international economy, declines and gains have no regard for national borders and there are different kinds of reactions to financial news that affect the prices of shares."

"The trick is building up sufficient strength to withstand periods of market stress and that will require that companies have more capital. In times when equity is more expensive than debt, that would imply reduced competitiveness but on the other hand… Companies based in a volatile environment need to achieve a position that enables them to survive those periods of turbulence that tend to occur every once in a while. Faroese companies could then gain a competitive edge that would set them apart from others. However, their shareholders would need to be able to understand the nature of such competitiveness, which would probably mean that many of the shareholders would have to be locally based."
2007 produced a healthy 180 million DKK (24.2m EUR) pre-tax profit for Fóroya Banki, marking the first-ever public listing of a Faroese financial institution, as well as the privatization of the bank—now owned by 15,000 shareholders.

Fóroya Banki, one of the two leading commercial banks of the Faroe islands, reported a pre-tax profit of 180 million DKK (24.2m EUR) for the financial year 2007; that's a slightly lower profit than the 193m (25.9m) posted in the previous year, yet no sign of decline when taking into account the considerable write-offs from earlier that were reversed to adjust the 2006 bottom line.

Accordingly, the 2007 net income decreased to 144m DKK (19.3m EUR), from 159m (21.3m) the year before.

Boosted by large increases in loans and growing fee revenues, the year's net interest and fee income amounted to 339m DKK (45.5m EUR), a 23-percent jump from 275m (36.9m) in 2006. At the same time, the result from net financials came to 364m DKK (48.8m EUR) for 2007, leaping by 30 percent from 280m (37.6m).

Due to the establishment of a subsidiary bank in Denmark, set to commence operations this year, higher payroll-related expenditures made employee and operating expenses increase by one-third to 266m DKK (37.6m EUR). 

CEO Janus Petersen commented: “In conclusion, the result for 2007 is good and we intend to continue this way.”

Fóroya Banki’s loans totaled 7.5 billion DKK (1bn EUR) at 31st December 2007, a 39-percent increase from the previous year. According to the bank’s annual report, the increase is mainly funded through long-term loans from financial institutions.

The bank’s solvency ratio was 17.9, falling from 23.8 percent. An increase in risk-weighted items from 5.2bn DKK (0.7bn EUR) to 7.4bn over the same period was primarily attributable to lending growth, the bank stated. Return on equity after tax was 11.1 percent at year's end, slipping from 13.7 percent, while earnings per share after tax came to 14.4 DKK (1.9 EUR) compared to 15.9 (2.1) the year before.

Shareholder’s equity increased slightly from just below 1.3bn DKK (approximately 0.2bn EUR) to just above that figure, reflecting the recognition of the profit for the year after tax and the deduction of a 45m DKK (6m EUR) dividend, or 31 percent of the net income, in line with the bank’s dividend policy of a minimum 30-percent payout ratio.

Total assets rose by one-third to 9.6bn DKK (1.3bn EUR) whereas liquidity decreased, however remained well above the statutory minimum.

Mr Petersen expressed confidence in the face of international turmoil triggered by the so-called subprime mortgage meltdown. “In recent months, financial markets have been heavily affected due to the subprime crisis,” he noted. “However, this crisis has not affected Fóroya Banki, and at the end of 2007 liquidity was 103 percent above statutory requirements.”

He went on to present the 2008 outlook, forecasting a financial result similar to that of 2007. “Fóroya Banki expects a pre-tax profit for 2008 in the range of 165m to 185m DKK (22m to 25m EUR) net interest income is expected to increase by 8-14 percent in 2008 based on a growth in the loan portfolio. Fee income is expected to increase by 8-12 percent. Employee and administrative expenses are expected to increase by 0-5 percent, mostly due to expenses connected with the establishment of a subsidiary bank in Denmark. Loans and deposits are expected to increase by 5-10 percent in 2008 in correspondence with the expected economic growth in 2008.”

It took a few years for an overhaul of Fóroya Banki’s organizational structure to pave the way for a changed identity. As 2007 drew to a close, the century-old institution came out a new organization, from being fully owned by a governmental fund to attracting a shareholder base of 15,000 and becoming publicly listed on the OMX Nordic stock markets in Denmark and Iceland.

Founded in 1906, originally as a Faroese subsidiary of a Danish commercial bank, Fóroya Banki was later—during the early 1990s financial debacle in the Faroes—merged with its main rival and taken over by Fjölgingarfundin fra 1992 (The Financial Fund of 1992).

After years of ambiguity at the political level, two-thirds of the ownership of the bank was privatized and, on 21st June 2007, floated on the Reykjavik and Copenhagen stock markets.
On October 22nd 2007, the fourth generation rig Transocean Raider started drilling the first exploration well on the William Prospect (Faroes License 007) in 743m of water. The rig was still on location 120 days later, with no clear indication as to when the probe would complete. With operator BP maintaining strict communications discipline … even a blackout … media leaks regarding William have been eliminated. Not even in the Faroes has anything slipped out regarding progress. In a brief statement issued for this review, BP said: “The well was scheduled to be a 120-day program and is expected to continue through to mid March as we have experienced some bad weather.”

“We’re drilling a single sub-basalt exploration well as part of our commitment to the license. Drilling commenced in October in an area adjacent to where we drilled the previous well in 2001.”

Jan Müller of Sosialurin, arguably the best-informed media source in the Faroes said: “They have had problems I know with very bad weather, but I can’t get any information.”

The main reservoir objective in William is located towards the flank of a known basalt rock sequence, approximately 20km northwest of the Longan exploration well that was drilled by BP in 2001 and which encountered thick reservoir quality sandstones in multiple objectives … but neither oil nor gas.

While it is likely that the well will have been completed prior to this review being published, the black-out is likely to remain in place for some time, unless of course a significant hydrocarbons column is encountered, in which case it would be highly appropriate for the Faroese Government to get excited and issue a statement as soon as possible.

Partners in William are BP (50 percent and operator), Shell (20 percent) and Anadarko (25 percent).

With only one well completed in 2007 (Brugdan), the same this year and just one scheduled for 2009 (Ann Marie), with nothing firm scheduled thereafter, once again the offshore Faroes outlook appears less than encouraging.

**ANALYZING BRUGDAN:** However, there is talk of Chevron, teamed up with OMV, StatoilHydro and DONG, drilling the Sulon prospect on the Faroese side of the UK-Faroe boundary, adjacent to Chevron’s large Rosebank oil & gas discovery, perhaps next year subject to suitable drilling hardware being available.

The purpose of such a probe will be to learn whether the geology that has delivered Rosebank/Lochnagar extends westwards across the line.

Meanwhile, to the north of most earlier Faroes sector activity, Sagex Petroleum (60 percent) is working with Atlantic Petroleum (40 percent) on the PL13 and PL14 licenses that, the partnership claims, are home to at least two “Rosebank analogues” … Stella Kristina and Marselius.

In 2006, Sagex and Atlantic completed a 1,800km long-cable 2D seismic survey and Sagex notes in a February 2008 presentation that surrounding licenses are to be drilled within the next two years.
That data continues to be worked on, including integrating information garnered from the unsuccessful Brugdan well.

Indeed, Statoil-operated Brugdan on license PL13 & 14 is seen as crucial to understanding the geology of PL13 & 14. Atlantic says in its 2007 annual review, published February 2008: “It is believed that there is remaining potential for hydrocarbons at deeper levels than the total depth reached by the (Brugdan) well (4,201m).”

“The well is significant for future oil & gas exploration in the Faroes, as the well determined the thickness of the basalt on the East Faroe High and has provided significant experience and knowledge of drilling through basalt.”

Once satisfied with the seismic modeling, Sagex (formed in 2007 by merging Geyser, Inoil and Sagex) and Atlantic intends to invite interest from potential farm-in partners, thereby spreading risk during hoped-for eventual drilling. Under licensing rules, the partners have to drill by 2009 or drop the PL13 & 14 licenses, though it is hard to see the Faroese authorities enforcing this; rather the granting of an extension may be the pragmatic way ahead.

Meanwhile, Atlantic, which has successfully mitigated risk of late by investing in UK and Irish assets, and Geyser intend to participate in the Third Faroese Licensing Round.

THICKER TOWARD WEST: However, the persistently low level of activity coupled with serial disappointments begs the question as to what the real level of interest will be in the forthcoming Third Round where, in essence, oil companies are being asked to take their pick of the Faroese Continental Shelf. Even if the William well was a success, there is a danger that the pessimists will hold sway.

But to dissolve into gloom at this stage is surely ill-advised, given the way in which UK activity West of Shetland is showing signs of warming, even hotting up.

All eyes are especially on Chevron’s Rosebank discovery, a reserve with estimated said to be more than 400 million barrels of oil, plus significant quantities of natural gas.

Throughout the past winter, there has been intermittent speculation around Aberdeen about when Chevron will declare Rosebank commercial, notwithstanding that a further appraisal well is planned.

It is no longer a question of if, rather it is when the US major will push the button on what must surely be the most exciting project thus far on the UK Atlantic Frontier from a Faroese perspective, because it is only a short distance from the dividing line.

Surely the Norse gods would not be so cruel as to deny hydrocarbons on the Faroese side, which is why the intended Súlan probe, about which virtually nothing is known, is so important.

Meanwhile, at Chevron, Rosebank development concept studies are under way, evaluating the options that basically distill down to a floating production unit and a suite of subsea wells. A production vessel (FPSO) is the most likely option as ship specialist BW Offshore has carried out work on the project.

It was in late 2004 that Chevron, with Statoil, OMV and DONG as partners, made the Rosebank/Lochmager discovery on UK block 213/27. Well 213/27-1z drilled the crest of a large anticlinal structure named Rosebank. Two oil and gas accumulations were encountered with that well.

They were identified within a 3-400m thick Palaeocene volcanic rock sequence, in particular an approximately 100m thick unit of inter-bedded basaltic lava flows.

Rosebank has “proven crestal hydrocarbons” in several separate zones on a large structure. The big challenge is taking full account of the volcanic rocks…basalts that get progressively thicker towards the west— and of course the Faroes. Indeed, basalt remains and will always present the greatest challenge to detecting hydrocarbons anywhere on the Faroese Shelf.

While there remains a lack of clarity over just how many exploration/appraisal wells might be drilled this year outside the core UK West of Shetland producing fields.

Clair and the Foinaven/Schiehallion cluster, should there be at least size four and perhaps as many as six or seven, some of which are highly relevant to the Faroes.

Shell is due to drill South Uist using the super-rig Leiv Eiriksson, newcomer Chrysaor wants to drill Solan in a bid to revive the moribund discovery, Faroe Petroleum plans to appraise Freya subject to a suitable farm-in deal and a rig being secured, and Hess is apparently going back to probe Cambo again.

SOUTH UIST: Shell has said hardly a thing about this probe, even when approached for a statement. This prospect is located on block 214/21a and lies north of the Torridon gas discovery and east of Rosebank. It IS BEING drilled using the Norwegian super-rig Leiv Eiriksson as part of a three-well sequence—one each on the UK and Irish Atlantic sectors and the third in Norwegian waters. Unfortunately the program was already running several months behind schedule … even before drilling on South Uist started.

SOLAN: It was in 1990 that Amerada Hess made the Strathmorer discovery (well 205/26a-3), closely followed by the Solan find (well 205/26a-4) in 1991. But the initial excitement gave way to a hard slog and failure to formulate a commercially credible project. The acreage was ultimately relinquished back to the British government.

That might have been it, but for former Hess man and successful exploration & production company entrepreneur Phil Kirk who, in 2007, went to the UK authorities to negotiate securing 100 percent control of the block containing Solan/Strathmorer.

The upshot is that he is planning an appraisal well in July this year in a bid to firm up reservoir size with a view to moving rapidly towards development, either as a standalone though most likely a tieback to the nearby Schiehallion field operated by BP and which is itself scheduled for a major revamp that will involve a major overhaul of the current production ship, or maybe even replacement.

The rig Byford Dolphin has been contracted to drill Solan with Senergy of Aberdeen managing the project.

CAMBO: Also very close to the Faroe sector, the 204/10-1 Cambo well drilled by Hess in 2003 has been the subject of much speculation. It seems that what is known in the trade as a “four-way dip enclosure” will also be drilled this year. Rumors are persistent but, as yet, no hard evidence has come to hand.

FREYA: Another hopeful for drilling this year, Freya is running many years behind schedule, bearing in mind that operator Faroe Petroleum once thought it could be developed and onstream by 2005.

However, this analogue and near neighbor to BP-operated Clair will only be drilled if 100 percent interest holder Faroe can entice a farm-in partner to spread the risk, which is low as a significant column of hydrocarbons was encountered when the field was initially drilled by Mobil in 1984.

Among the several other possibilities for drilling in 2008 is OMV-operated Tornado. Even if the timetable slips another year, the view is that success on this prospect could transform the Sulliven (UK) and Marjan (Faroese) corner by offering scope for joint development.

And will Total be back to appraise its 2007 discovery Tomform, which appears to offer the key that should finally unlock the French group’s long planned Laggan gas development?

So, yet another mini-annual review ends with a distinct lack of tangible results in Faroese waters. But never forget the saying “hope springs eternal,” nor should it be forgotten that, despite over 35 years of exploration, 141 exploration wells, and a number of significant discoveries, UK acreage West of Shetland has yet to fully realize its potential.
THE MAKING OF A GREEN ISLAND

Together with StatOilHydro, Enercor and other key partners, Jarðfeingi is considering a project designed to create a truly sustainable and independent power and heating supply for the island of Nólsoy, based on renewable energy.

IT’S BEEN TRIED with success in a more limited scope and on a much smaller scale on the Norwegian island of Utøya but now the time could be right to take it to the next level: Making a 100-household island community self-sufficient with regard to energy—sustainable energy, that is.

For the Faroe Islands, the number one source of renewable energy would be wind. Well, the 265-inhabitant Nólsoy is a distinct community located 5.5 kilometers east of the Faroese capital of Tórshavn, or some 20 minutes by boat. A maximum 2.3 kilometers wide with only a couple of hundred yards at its narrowest, the island stretches 9 kilometers in a northwest-to-southeast diagonal. And there’s plenty of wind.

But wind is not a stable source of energy. Unlike water, for instance, you can’t easily collect and contain wind to achieve a controlled output of power. For one thing, the existing grid infrastructure can hardly tolerate the uneveness of non-interfaced power imports from remote wind turbines—appropriate means will be needed to even out the spikes and fill out the gaps. Besides, sustainable means economically viable too.

A feasibility study of the Nólsoy Project suggests that all this is perfectly possible as far as power is concerned. However, the community’s total heating demand requires a 10-percent backing of imported fossil fuel, if the bounds of practicality are not to be exceeded.

Headed by Jarðfeingi—the Faroese Earth and Energy Directorate—together with Norway’s hydrogen experts StatOilHydro, Germany’s windmill manufacturer Enercor, Faroese utility monopoly SEV, and local authority Municipality of Tórshavn, the Nólsoy Project promises major progress in the quest for sustainable energy supplies.

“If successfully carried out, this project will open up some very interesting perspectives,” said Jarðfeingi’s renewable energy specialist Tejti Durhuus.

The Nólsoy Projects falls in line with the Faroe Islands’ new energy policy, as proposed in a task force report co-authored and delivered by Jarðfeingi to the Faroese government. Among the most tangible recommendations of the report: 20 percent of the country’s total energy consumption on land to be based on renewable energy sources by 2015; and the fuel consumption of the nation’s fishing fleet to be reduced by 15 percent in relation to the total volume of catch.

Besides, the Faroe Islands’ new utility bill encourages less fossil fuel dependency, recommending more use of renewable energy sources and competition as far as concerns the production of electricity.

“Wind power is envisaged to be outsourced via competitive tenders,” Mr Durhuus said. “It’s the only economically credible alternative for power generation in many places, not least in the Faroes. We have a huge potential here. If we manage to stabilize wind power, we’ll largely be able to supply Faroe’s energy need. But this is a challenge inasmuch as wind is an unstable power source.”

The solution: even it out with hydro—produce hydrogen in periods with excess wind power; store it and convert it back to electricity in periods with insufficient wind power.

In spite of the fact that economic success hasn’t been achieved yet, the up and coming hydrogen technology is capturing the imagination of the energy sector across the globe with massive vindication.

“So we are looking at hydrogen to stabilize power output,” Mr Durhuus added.

“The Nólsoy Project will be economically viable if surplus energy can be exported to the existing grid—that is, when the hydrogen storage is full with sufficient energy being generated at the same time, if that surplus can be exported to the SEV grid, then this will be economically viable, based on today’s energy prices. And the heating will be taken care of using heat pump technology, either geothermal or air-to-water. In other words, the people of Nólsoy will be paying the same for power and heating as they do now.”

Interesting perspectives? From a Faroese point of view, making the system a success, then scale it up for the whole of the country, would indeed make a difference.

From a StatOilHydro and Enercor point of view, the underlying incentive should be seen in a global business context. “As to the hydrogen produced by electrolysis with power from the wind, this can be used to power more electricity or as a fuel.” And if the new Nólsoy ferry “Ritan” gets the go-ahead, it will be completed in about two years—prepared for using hydrogen in conjunction with diesel to produce electricity for driving the propulsion.

Jarðfeingi’s renewable energy advisor Tejti Durhuus; SEV’s power station at Sund (below); view of the island of Nólsoy (bottom left).
DENMARK’S RISING energy giant DONG Energy has long been building a significant presence in the Faroes as part of placing big bets on the northeast Atlantic Margin. The vast region stretching from Irish and UK through Faroe to Norwegian territories comprises large structures that haven’t been drilled yet and there is growing consensus that it’s likely to yield huge discoveries in the years to come.

Active in the Faroes from the start of offshore exploration here in 2001, and present in the UK since the same year, DONG Energy through its DONG E&P subsidiary is recognized as one of the leaders in the Faroes/West of Shetland area, with a 21-percent combined share of total exploration and development licenses.

“Our exploration and production activities are focused in two major areas,” Senior Vice President Jan Terje Edvardsen explained. “These areas are the mature North Sea and the Atlantic Margin. The center of gravity of our E&P business is to produce a substantial share of total exploration and development licenses.”

Our exploration and production activities are focused in two major areas,” Senior Vice President Jan Terje Edvardsen explained. “These areas are the mature North Sea and the Atlantic Margin. The center of gravity of our E&P business is to produce a substantial share of total exploration and development licenses.”

In Tórshavn, Faroe Islands, DONG E&P’s representative Regin Hammer added: “As part of the Atlantic Margin, the Faroes is obviously included in our long term strategy to secure oil and gas at the upstream level. And when we engage in an area, we are thorough and persistent.”

After decades of effort, understanding the geology here—and good at combining data from Denmark, Norway, the UK, Faroes, and Greenland, to apply the specialized knowledge and perspectives needed for successful operations. On average, we’ve had a 50-percent exploration success rate, at low cost.”

When it comes to production, DONG Energy is seen as a top quartile operator. “In fact, we’ve one of the top three most effective drillers in the North Sea,” Mr. Edvardsen said.

The mature North Sea is about pursuing a hub driven strategy to maximize value creation from the existing infrastructure, whereas the Atlantic margin is viewed in the context of “long-term, larger gas reserves in areas with substantial potential.”

Another DONG E&P “future potential area” is seen in the company’s commitment to a high risk/high reward Greenland venture.

Holding 65 licences in Greenland, Denmark, Norway, UK, and Faroe, DONG E&P has a strong market position in the North Sea and the Atlantic Margin. The company produces approximately 50,000 barrels of oil equivalents per day, with more than 20 years of production worth of known reservoirs in possession.

DONG ENERGY: IN IT FOR THE LONG HAUL

For the offshore exploration and production division of DONG Energy, the Atlantic Margin represents long-term prospects of large gas reserves, ranking alongside the mature North Sea as one of two major areas of focus.

DONG Energy’s strategic interest in the region has become exceedingly evident since its 2005 purchase of a 10.34 percent share in the gigantic Ormen Lange gas field off mid Norway. With Ormen Lange on stream since late last year, DONG’s 2 billion USD investment is now returning enviable access to an energy source in high demand. DONG Energy’s share of the estimated reserves in the field amounts to a staggering 40 billion cubic meters of gas—that’s roughly the equivalent of Denmark’s total gas consumption for a whole decade. The company is also part owner of Gasled, the Norwegian gas transport system through which massive streams of gas are channelled to the UK and other overseas markets.

Technical challenges posed by tough weather conditions in the winter and, at times, layers of basalt rock contribute to making drilling costly. However, with a well-informed team of scientists and engineers, DONG Energy is able to take advantage of its special knowledge of Atlantic Margin geology, according to Mr. Edvardsen.

“Geologically, we’re looking at basins and structures irrespective of geographical borders,” he said. “As far as the Faroes is concerned, we’ve been involved in two wells, one of which had very thick layers of basalt to work through. Experiences such as these help us build a unique knowledge base; and as technology has evolved lately, more useful seismic images of sub-basalt sediments are becoming available. The basalt problem isn’t going to go away just like that but it’s becoming less of a block.”

DONG’s success rate in exploration wells is remarkable, he noted. “We’ve placed emphasis on becoming basin master, meaning we’re very keen on understanding the geology here—and good at combining data from Denmark, Norway, the UK, Faroes, and Greenland, to apply the specialized knowledge and perspectives needed for successful operations. On average, we’ve had a 50-percent exploration success rate, at low cost.”

When it comes to production, DONG Energy is seen as a top quartile operator. “In fact, we’re one of the top three most effective drillers in the North Sea,” Mr. Edvardsen said.

The mature North Sea is about pursuing a hub driven strategy to maximize value creation from the existing infrastructure, whereas the Atlantic margin is viewed in the context of “long-term, larger gas reserves in areas with substantial potential.”

Another DONG E&P “future potential area” is seen in the company’s commitment to a high risk/high reward Greenland venture. Holding 65 licences in Greenland, Denmark, Norway, UK, and Faroe, DONG E&P has a strong market position in the North Sea and the Atlantic Margin. The company produces approximately 50,000 barrels of oil equivalents per day, with more than 20 years of production worth of known reservoirs in possession.
2007 was substantial business growth and field development investments for Atlantic Petroleum—with first oil expected this summer as the Chestnut and Ettrick fields come on stream after months of weather related delays.

TO THE SOUND OF FIRST oil flowing, international upstream oil and gas company Atlantic Petroleum will celebrate its 10-year anniversary at some point in 2008. The landmark achievement for Atlantic Petroleum will represent a day of realizing the industry expertise necessary and resources have been invested into obtaining the Chestnut Field in the UK sector of the North Sea (below). complete, with Atlantic Petroleum’s expected share of the total development cost coming to 260 million DKK (34.9m EUR).

“Work is also ongoing to determine whether the North Ettrick and Jarvis discoveries can be tied into the Ettrick development,” the company added. According to the Annual Consolidated Financial Statements, total assets amounted to 411m DKK (55.1m EUR) at year-end 2007, while the financial year’s cash investments in exploration, development and acquisition activities reached 220m DKK (29.5m EUR).

In addition to participating in one exploration well and one appraisal well last year, Atlantic Petroleum farmed into the UK Marten discovery, however the year’s most significant investments were related to Chestnut and Ettrick development and production assets at 156m DKK (20.9m EUR). The company’s total investments in these fields amounted to 313m DKK (42m EUR) at the end of 2007 with half the amount invested in the previous year.

Meanwhile 2008 investments directly related to Chestnut and Ettrick field development were set to decrease as completion approached. Likely to become the first year in the black as a result from Chestnut and Ettrick production, 2008 was expected to see a profit of about 100m DKK (13.4m EUR) after tax, before deduction of unsuccessful exploration costs and exchange differences.

“We are disappointed that operational delays are putting back the date for Chestnut first oil,” chief executive Wilhelm Petersen commented. “However,” he said, “the considerable upside oil accumulation, with good quality oil recovered from target reservoir zones.”

On the outlook, the Atlantic Petroleum chief executive said, “Funding, realizations of license agreements and larger steps. In order to be in a better position to follow the Group’s growth strategy in the short term, a share capital increase is being considered to take place during the course of 2008.”

Atlantic Petroleum PO Box 1228, FO-110 Tórshavn www.petroleum.fo E-Mail: petroleum@petroleum.fo Tel.: +298 350100 Fax: +298 350101 Chief Executive Officer: Wilhelm Petersen Founded in 1998; the Faroes’ first independent upstream oil and gas company. Participates in exploration on the Faroese Continental Shelf (four licenses) and exploration and development of oil fields in the North Sea (UK) and the Celtic Sea (Ireland). Fourteen UK licenses inc. Chestnut (in stream in second half of ’08), Ettrick (in production mid ’08), Perth (in production after ’08). Five Ireland licenses inc. Lennox/ Crosby and Blackrock developments.

Atlantic Petroleum chief executive Wilhelm Petersen, view over Tórshavn’s East Harbor; FSO (Floating Production, Storage and Offloading) vessel Stenhammar installed at the Chestnut Field in the UK sector of the North Sea (below).
As a joint association for oil companies that have been granted license to explore for oil and gas in the Faroes, FOIB provides a single point of contact on matters of broad policy and on general operational issues.

DE-RISKING THE FAROESE CONTINENTAL SHELF

The Faroese Continental Shelf is complicated and takes time but real progress has in fact been made. Indeed the William exploration well operated by BP marks the latest major step along the road, with another major step, the proposed Third Faroes Offshore Licensing Round marking the next major stage.

Indeed, the drilling of the William well completes fulfilment of the First Round commitments. A well planned by ENI, most likely to be drilled in 2009, though on First Round acreage, is a result of the de-risking process and is not a commitment well.

While drilling has been one of the signatures of the First Round, there are no such commitments built into the Second Round. However, the licensees have carried out a great deal of de-risking work on the acreage, where basalt is the major challenge.

The Third Round is most likely to be announced in July (2008), with submissions for bids around September. This Round covers an area and oil companies will be invited to table submissions as to their preferred blocks.

But that Round is in the future, meanwhile, unless the BP well encounters clear evidence of oil and/or natural gas, the First Round Marjun-1 well offers the most positive sign of a hydrocarbon system on the Faroese Continental Shelf.

Basalt remains a big challenge, but so too is attracting sufficient investment from petroleum companies that have the global stage to invest on; also drilling hardware.

It is well recognized that the Faroese sector is a tough area to explore, plus there has so far not been a commercial discovery.

Few rigs are equipped to drill out in the North Atlantic... the operational season tends to be short and long planning lead times is necessary. While there are rigs capable of working "out of season", this is a costly option.

It is important to realize that there is a proven hydrocarbon system and it is possible to drill through the basalt. However, in the context of the basin itself, the greatest issue remains "seeing" through such volcanics, even with the state of art seismic technologies and interpretation techniques that are now available.

Of course, it is excellent news that there have been successes on the UK side of the Faro-Shetland Channel, most notably the large Rosebank/Lochnagar discovery being appraised by Chevron; but also Cambo.

Fortunately, the Faroes have been successful in attracting international oil companies and, of course, they are hopeful of making large discoveries. It is good that they are active in UK West of Shetland waters. From a Faroe Oil Industry Group (FOIB) perspective, it is good that all the oil companies active in the Faroe area are members of the organization. There are currently 11 in membership.

Indeed FOIB has played an important role in the hunt for hydrocarbon resources offshore the Faroes. It started life in 1997 as a single point of contact with the Faroese authorities and institutions, of course, it is excellent news that there have been successes on the UK side of the Faro-Shetland channel regarding Chevron’s Rosebank/Lochnaga and its likely development, and with other companies planning further drilling, these are exciting times on the Atlantic Frontier.

But it should not be forgotten that this is an industry where progress is measured in years; it takes time and patience. One day the oil prize will also surely be realized for the Faroes.

Partial views of the villages of Strøndur and Innan Glyvur on the western arm of the Skála-fjörður fixed (left); area map as proposed by Jörðfeingi for Third Licensing Round (below).
LOCATED in Tórshavn, the capital of the Faroe Islands, Reveal International – FaroeLink is a diversified company providing a variety of professional services to the Faroese and international business communities.

We can help you navigate the complexities of international commerce to achieve the success you desire in your international strategy. Our services include:

- commercial negotiations
- letters of intent, memorandums of understanding and/or contracts
- international commercial law issues, especially UNIDROIT
- international copyright
- country specific import/export regulations and directives
- specialized market research

We also offer these important language and intercultural services:

- quality translation or proof-reading of English, Faroese or Danish commercial, financial, academic or governmental documents
- advertising and marketing your products in English
- customized English-language instruction – helping you to build business conversation skills or develop technical language proficiency
- TOEIC benchmarking: We are the authorized representative of TOEIC, the worldwide benchmarking examination designed to evaluate corporate English-language competence, developed and distributed by the respected Educational Testing Service.
VOIP for ships!

With a high speed of 2Mbit, you’ll be well connected with your loved ones. No worries about long conversations, as the rate per minute is the same as on our regular fixed lines. The technology is tested with very successful results.