

ADJUSTING TO UNCERTAINTIES

With the 2010 outlook improved, Framherji has gone through tough adjustments to offset the impact from cuts in the blue whiting quota amid growing uncertainties over future opportunities.

FRAMHERJI, one of the heavyweights of the Faroese fishing industry has seen a tough year but predicts a better 2010, as adjustments made in late 2008 and early 2009 will now be reflected on the bottom line.

“We made a loss in 2008, mainly due to financial costs, just about broke even last year, and expect to be in the black this year,” said managing director Anfinn Olsen.

Framherji’s key vessels, Fagrabergr and Vesturvón, last year landed catches valued at 147 million DKK (19.8m EUR). But like everyone in the pelagic business across the North Atlantic, the company has been forced to adapt to changes in the blue whiting fishery.

“The Faroese blue whiting quota in total is now only 41,000 tonnes. In our best year, Framherji alone had 76,000 tonnes; in comparison our current share is only 16,000 tonnes.”

The Faroese pelagic fleet has gone from eight to five vessels in little more than a decade with every operator having

had to adjust. While the newly awarded MSC certification of Faroese herring fisheries is seen as a positive development, the mackerel situation is tense with demands for a larger share of the total allowable catch.

“It’s obvious that the Faroes has too small a share of the fishery at only 5 percent,” Mr. Olsen said. “This does not reflect that the mackerel are now increasingly abundant in Faroese waters and spend a longer time each year around the islands where they also eat a lot.”

“But this is a complex international issue that may take some time to settle,” he added.

“Although we feel that our share of the mackerel fishery should be higher, I don’t think we should leave the present joint agreement. This has to be settled between the coastal states.”

Reduced opportunities on pelagic species meant that Høgaberg was sold to Iceland, while the crew were laid off and licenses transferred to Fagrabergr.

“It simply wasn’t viable to keep Høgaberg in operation,” Mr. Olsen said. “But even with a combined fishing license, Fagrabergr still spent more than four months idle last year.”

An ongoing debate within Faroese fishing and politics revolves around the longstanding exchange with Russia, in

which Faroese factory vessels have access to Barents Sea cod in Russian jurisdiction, while Russian vessels get blue whiting in Faroese waters.

‘A BETTER 2010’: Said Mr. Olsen: “Blue whiting used to be so abundant that we didn’t have the capacity to fish much of it—and we didn’t have a lot of interest in it either. Back in the 1970s it seemed an excellent bargain to let the Russians have our blue whiting in exchange for their cod.”



MARINA OLSEN



Framherji managing director Anfinn Olsen; pelagic vessel Fagrabergr (above); longliner Stapin (right); factory filleter Vesturvón (far right).

Framherji

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

Fillet freezer trawler:
‘Vesturvón’ (2,114 GT)

Pelagic trawlers/purse seiners:
‘Fagrabergr’ (2,832 GT)

Longliner:
‘Stapin’ (466 GT)

Frozen-at-sea products: Fillets of cod, haddock and other groundfish species; ‘jap-cut’ redfish. Fresh iced products: Whole round gutted or filleted cod, haddock, other groundfish. Pelagic: Herring, blue whiting, capelin, mackerel.

Partly owned subsidiary:
Bergfrost cold storage facility

UK seafood trading company:
Seagold, Hull

and we will undoubtedly see more, particularly in the longline fleet.”

Framherji’s longliner, the Stapin, has not been operating normally for a couple of years, which means the time has come to either put it back to work or sell it.

“Everyone in the business has had to make adjustments. Even our office staff has been reduced from four to three. But the changes we have made will make 2010 a better year than 2009.”



But since then there have been changes with blue whiting becoming a more important species as raw material for fishmeal. This was followed by cuts in the years after international agreements were made to manage the blue whiting fishery.

“Blue whiting became a far more commercially important species to everyone, not just the Faroese,” Mr. Olsen said.

In addition to the pelagic sector, Framherji has interests in the Barents Sea cod fishery; the company’s factory trawler Vesturvón is one of three distant water filleters left in operation after two Faroese vessels were taken out of the fleet last year.

A toughening of relations between Russia and the Faroes could affect Fram-

herji’s activities, either at home or in the Barents Sea.

“We have seen the price of cod fillets fall, which affects Vesturvón’s operations,” Mr. Olsen said. “At the same time, relations with Russia have become more difficult.”

A controversial arrest and detention of Skálabergr in Murmansk was the case in point.

“It was essentially unprovoked. There was no overfishing taking place. But such factors could make renewal of the agreements with Russia more fraught. There’s a lot of new uncertainty in the business and there are further changes afoot.”

Meanwhile industry consolidation is likely to continue, Mr. Olsen said.

“We have already seen consolidation,