

# STAYING ON TOP

*Framherji's fishing vessels Fagrabergr and Vesturvón continue to perform well amid changes in the pelagic fishing industry and concerns over Faroe-Norwegian trade relations.*

TOFTIR-BASED Framherji may have an unassuming presence in its modest offices overlooking the quayside. But this is a significant player in the Faroese fishing industry and one of the vessel owners that has seen the most dramatic expansion over the last decade.

Framherji's total sales for 2010 came to 215 million DKK (29m EUR), with most of that revenue brought in by pelagic vessel Fagrabergr and filleting trawler Vesturvón. Over the course of the year Fagrabergr performed marginally better than Vesturvón in financial terms, according to managing director Anfinn Olsen.

The acquisition of the two vessels in 2005 set the pace and put Framherji at the centre of both groundfish and pelagic sectors of the Faroese fishing industry.

Indeed, with the investments amounting to as much as an unconfirmed 600m DKK (80m EUR), financially sound management was required from

the very beginning, and perhaps a wee bit of luck as well.

It was going to take a few years of good financial results for the pressure to ease off with the debt brought down to make the company less sensitive to hikes in interest rates.

"We were lucky to get sensible contracts in place before the current downturn in the financial markets," as Mr. Olsen noted back in 2008.

Overall, both vessels have met expectations with good fishing, few disruptions, and operations generally running smoothly with few disruptions, providing a healthy cash flow to pay down financial obligations.

But as the pelagic business began to experience trouble a couple of years ago with the decline of blue whiting, Framherji found itself forced, in 2010, to dispose of its smaller pelagic vessel Høgaberg.

Framherji originally joined the

pelagic business back in 1997 with the purchase of purser-trawler Jón Sigurðsson, which later was replaced by Høgaberg. With the acquisition of Krúnborg, renamed Fagrabergr, the company could consolidate its position with two pelagic fishing licenses combined and a large, powerful and well-equipped vessel.

**NEW INVESTMENTS:** Today, things are changing again with the new mackerel fishery in Faroese waters while blue whiting has virtually disappeared as a targeted fishery for the time being.

A side-effect of the international controversy over mackerel quotas has been that relations with Russia, which were rather frosty a year ago, are seen to improve with a Faroese-Russian deal



*Fagrabergr arriving at Fuglafjørður; Vesturvón discharging frozen seafood to Bergfrost (opposite).*

that gives the Russian fleet mackerel in Faroese waters.

Norway, meanwhile, has closed access to its waters to the Faroese freezer trawlers, leaving Framherji's Vesturvón with its only access to Barents Sea cod in the Russian zone.

"Last year we saw cod prices fall and naturally this was nothing we'd wish for, but more recently there has been an improvement in prices," Mr. Olsen said.

"The loss of the 5,000 tonne joint whitefish quota in the Norwegian sector of the Barents Sea is a concern and we now only have the quota in the Russian sector, which gives the Faroese fleet a total 12,500 tonnes of whitefish there.

"So we are hoping to see an improvement in trade relations with Norway."

As to cod fishing in domestic waters, this year Framherji has made changes to its fleet with its static gear vessel Stapin sold to Norwegian operator Hansen Rederi in Tromsø, where it has been renamed Tromsøy and is operating as a longliner/gillnetter. It has been replaced by the former Eystnes FD-750, which is optimized for fresh fish landings rather than its operation being based around freezing capacity, as was the case with the old Stapin. This makes the new Stapin a more economic vessel for the purpose of longlining for whitefish to land fresh.

## 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 subsidiaries:  
Faroe Origin – fishing, seafood processing  
Bergfrost – cold storage facility

UK seafood trading company:  
Seagold, Hull

The new Stapin is expected to land fish for a similar amount as its predecessor, or about 15 m DKK (2m EUR) per year, however at a lower operating cost.

In a separate development, Framherji, together with its Icelandic partner Samherji and pelagic fishing company Varðin in Gøta, has launched Faroe Origin to run the three former Faroe Seafood pair teams and four processing facilities to produce groundfish products for fresh, frozen and saltfish markets.

Faroe Origin's purchase of Faroe Seafood's main assets brought to an end a period of uncertainty, answering a great many questions over the future of the trawlers and factories.

"This is of course a large investment and we are very keen that it should prove a successful venture," Mr. Olsen commented on the deal.

