

# RISE AND REFORM OF A TRADING POINT

*Faroe Fish Market, the newly reshaped fish auction gives fishing vessels of all countries equal opportunity for offering their catch through its trading system, and purchasers from around the world fair access to the freshest fish—yet grading remains local.*

WITH SUPPLIES year round and a range of species that's second to none, the Faroe Fish Market, the new and only fish auction of the Faroe Islands, could be poised to become a trading point for growing numbers of international purchasers of fresh fish. According to managing director Jens Chr. Olsen, the establishment of the Faroe Fish Market has been highly successful with turnover reaching DKK 530M (EUR 71M / GBP 49M / USD 86M) during 2005, the first year of operation. The ambition, Mr Olsen says, is to gradually attract foreign fish producers and purchasers into the trading system in order to complement the current domestic dominance.

Based on its predecessor from 1993—the national fish auction known as Fiskamarknaður Føroya—the establishment of Faroe Fish Market is the result of a recent reform of the auction, which was worked out in parallel with legislative changes. A major limitation of the earlier system was seen in the fact that it barred foreigners from participat-

ing in trading, whether selling or purchasing.

Another subject of reform was the relationship between operations of the fish auction itself and landing stations; to liberate the auction from non-core business processes, these activities were split into two separate companies—the one being Landingarmiðstöð Føroya, operator of two fish landing stations at Toftir and Klaksvík, owned by local labor unions and the powerful fishermen's union (FF) together with a land based seafood processor, the other being Faroe Fish Market.

The ownership of Faroe Fish Market is split 50/50 between Landingarmiðstöð Føroya and the Association of Faroese Fish Producers (Føroya Ráfiskaseljarafelag).

"The auction was originally designed to secure fair price for the fish on the one hand and equal opportunity for fish purchasers on the other," Mr Olsen said. "It worked well during the first years but changes in the business environment eventually made reform necessary." Mr Olsen, who has experience from fish auctions in Hull and Grimsby as well as from seafood trading in Ålesund, was hired to

*Managing director Jens Chr. Olsen (center); auctioneer Oskar Joensen with account manager Sigga Olsen (left); fresh caught Atlantic cod (right).*



MARIA OLSEN

head Faroe Fish Market when it first opened for business in early 2005, with the legislative change that allows foreign participation in the system coming into effect a few months later.

He explained that since he took office a number of routines have been streamlined in order to strengthen the foundations of the auction.

"We have reinforced rules of clarity and basic auction principles—the highest bidder wins, there is no such thing as selling under special reservations, and if there are no bids that meet a minimum price required for an item, the item remains formally unsold and it will be entirely up to the seller to either

withdraw it from the auction or change the minimum price."

Mr Olsen added: "I think most people agree that the new system is not just working according to the plans, it's actually working better than many of us were expecting for the first period of time. Our message of transparency, fair play and full traceability has come across strongly and it seems the electronic trading system is functioning well too."

As to the prospects of foreign participation, this has not materialized to any significant degree as yet, although a number of foreign purchasers participate regularly using local agents or representatives.

The potential is nonetheless there, according to Mr Olsen, who predicts that foreign vessels sooner or later will begin offering their catch through Faroe Fish Market, and that foreign traders will start purchasing through the system. But whereas Faroe Fish Market is working toward becoming an international auction, the practicalities of quality grading give it a domestic or local label: the fish is sold 'as is'—that is, final grading is conducted in the Faroes or, in other words, at one of 24 fish landing stations approved by the HFS (Food, Veterinary and Environmental Agency).

## FAROE FISH MARKET

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Fresh fish market – three daily auctions. Accessible through telephone and/or internet for domestic and international purchasers. Selling for domestic and international fishing vessels.

Main species: cod, haddock, saithe (pollock/coley), redfish (ocean perch), ling, tusk (brosme), blue ling, wolffish (ocean catfish), whiting, monkfish, halibut, turbot (Greenland halibut), lemon sole (dab), plaice, grenadier, black scabbardfish, nephrops, greater silver smelt (argentine).

2005 total sales quantity: 45,000 tonnes (raw fish) – 37 percent of total landings of fresh fish in the Faroe Islands (exclusive of pelagic sector).

"Faroe Fish Market is not involved in the grading process, and the moment a sold item has been processed through an HFS certified landing station, the grading conducted has effectively been accepted and the delivery has legally been completed as far as Faroe Fish Market is concerned; the rest is between the purchaser and the contracted transport company or representative. But such matters can be arranged very smoothly and besides, on an international level, we'll be looking for options in networking."



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