

## Faroe Agency

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Shipping agency, ship management company; specializing in serving vessels calling at Faroese ports.

Cost-effective services, manning and technical management, forwarding, chartering, operations management, multi-service representation.

All types of ship calls, from freighters and tankers to cruise liners to fishing vessels.

Arrangements for supplies, bunkering, repairs and health care, safety related issues.

# FAROE AGENCY EYES GROWTH IN OIL AND GAS

Last year's record breaking volumes of transit cargo via Faroe are not likely to recur in 2009, yet today's downturn might be offset by future marine traffic from Barents Sea oil and gas.

THE FAROESE shipping scene is likely to change considerably in the coming years as the effects of a dramatic reduction in the blue whiting fishery has set in to the tune of economic decline at the global level. According to Faroe Agency partner Karl-Erik Reynheim, the prospects of increased traffic related to oil and gas development in the Barents Sea could be vital for future business success—the key being the Faroe Islands' geographic location.

"Tankers on their way from the Barents Sea to the southern regions of the Atlantic use the major sea lanes that go along the Faroese area," Mr. Reynheim points out. "Already today, this traffic

is considerable; with the current pace of development in the Barents Sea, the traffic can only increase. We're talking about exports of crude oil, refined oils, and liquefied natural gas on a massive scale, which means the traffic coming this way is going to increase hugely in a few years time."

Translating sea traffic from offshore oil and gas into business opportunities in the Faroe Islands will require a number of things, including a greater local supply of services and a more comprehensive legislation with regard to e.g. environmental hazards.

Says Mr. Reynheim: "We have a very good service infrastructure in place already, but that doesn't mean that all systems are go for coping with increased sea traffic. As far as I know, new legislation to cover issues of health, safety

and the environment is in the process of being drafted, which is very important. Beyond that we will need some more specialized services."

2008 saw record levels of transit cargo handled in Faroese ports but the outlook has become bleaker in the face of the global economic crisis. One political factor which has had a negative effect on several industries including shipping is the dramatic cutback over the last few years on the NEAFC (Northeast Atlantic Fisheries Commission) managed blue whiting fishery.

A third source of disruption has been what Mr. Reynheim calls "unsustainable" pricing in transport services.

"We're still optimistic," he adds. "Our services are in high demand among foreign vessels, including Russian trawlers, freighters from around the world, and offshore support vessels working in the North Sea. Many of them know what kind of professionalism to expect from us, and they respect the emphasis we place on the long-term perspective. It's important to resist the temptation to engage in unsustainable price competition."

ABOVE: Faroe Agency partners Árni Dam, Maria Láva, and Karl-Erik Reynheim.

LEFT: Client vessels berthed at Runavík.

