



The Faroe Islands

– a nation in the Arctic

Opportunities and challenges

Strategic Assessment – a Summary



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– a nation in the Arctic

With the Arctic ice receding at an increasing pace, the nations, peoples and communities of the circumpolar North are experiencing significant changes in their natural environment. As a result, new political, economic and social challenges and opportunities are emerging. The Faroe Islands share these challenges and opportunities with their closest neighbours in the High North. As an island nation strategically placed in the West Nordic region, the Faroe Islands are taking an ever more active role in regional cooperation in the Arctic and across the North Atlantic to address the challenges ahead.

To underpin the policies of the Faroe Islands in relation to developments in the region, the Government of the Faroes

commissioned a strategic assessment in 2012 to provide a deeper and broader understanding of the challenges and potential of the Faroe Islands. The task was to examine in more detail how the Faroe Islands can best adapt to changing circumstances and benefit from new opportunities.

The result was presented to the Prime Minister, Kaj Leo Holm Johannesen on 11 April 2013. The strategic assessment outlines Faroese interests in relation to international cooperation, economic development, the environment and research in the Arctic context. It is intended as a basis for a broader political discussion on the role of the Faroe Islands in the Arctic.

THE KINGDOM OF DENMARK'S ARCTIC STRATEGY 2011-2020

The Faroe Islands are a part of the Kingdom of Denmark's Arctic Strategy 2011-2020 together with Greenland and Denmark. The strategy was prepared in cooperation between all three countries and aims to strengthen the role of the Kingdom of Denmark as an active player in the Arctic. The joint strategy deals mostly with areas of overarching interest, building on fundamental principles and broad cooperation between the parties. The aim is to ensure a peaceful and safe

Arctic, with sustainable economic development that respects the fragility of the Arctic natural environment.

Much of the joint strategy relates to areas for which the Faroe Islands have exclusive competence. The Government of the Faroes therefore decided to commission a dedicated national assessment as a basis for a national strategy, identifying and expanding on areas of particular relevance and interest for the Faroe Islands.

The strategic assessment outlines current status and future prospects in key areas, with recommendations for future priorities and measures.

The strategic assessment was coordinated by the Foreign Service of the Prime Minister's Office in cooperation with an Expert Advisory Panel with representatives from industry, the research community and relevant institutions in the areas of fisheries and maritime affairs. The Government's Standing Committee on the Arctic and Sustainable Development, in which all Faroese Government Ministries are represented, was also regularly consulted during the preparation of the assessment. A series of public events organised during the process focused on selected

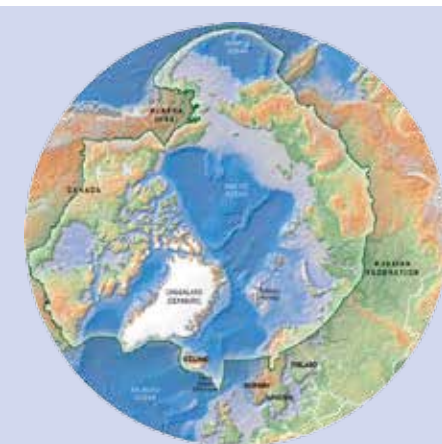
thematic areas, with contributions by relevant national and international experts. These events provided valuable discussion and input on future options and priorities for the Faroe Islands.

The Prime Minister will present the strategic assessment in the Faroese Parliament for a general debate, after which an action plan will be prepared with the aim of guiding and giving clear priority to the implementation of recommendations.

THE FAROE ISLANDS IN THE ARCTIC

The Arctic is a huge area covering some 30 million square kilometres. Four million people live in the region. The Arctic encompasses northern parts of Canada, the USA (Alaska), Russia, Finland, Sweden, and Norway, as well as Iceland, Greenland and the Faroe Islands.

The Arctic has been defined in a number of different ways. In strictly scientific terms, the definition has often been limited to the area north of the Arctic Circle, or the line north of which permafrost occurs, or where the average daily temperature in the summer does not exceed 10°C. The most commonly accepted definition is, however, that characterised by politi-



cal cooperation between the states and nations whose peoples live in the circumpolar North, and this also includes the Faroe Islands.



Absalon Hansen

The Faroe Islands as a stakeholder in Arctic cooperation

The Faroe Islands have long played an active role in regional cooperation in a range of areas, both as a part of the Nordic family of nations, through cooperation in the West Nordic region and across the North Atlantic. The Faroe Islands have been active participants in the Arctic Council together with Greenland and Denmark since the late 1990's and also took part in the environmental cooperation (AEPS) prior to the establishment of the Arctic Council. Faroese contributions to Arctic cooperation are

a natural part of the continued development of the Faroe Islands as a relevant and constructive partner in international cooperation in the region.

The strategic assessment describes the existing role of the Faroe Islands as an active participant in international cooperation in the High North and across the North Atlantic, and pinpoints how this role can be further strengthened in the future.

RECOMMENDATIONS INCLUDE

- Priority should be given to participation in the Arctic Council and all relevant working groups under its auspices.
- A more effective work structure in the Arctic Council should be promoted that enables small countries and entities in the Arctic to participate in a meaningful way.
- A joint West Nordic approach in Arctic cooperation, together with Iceland, Greenland and Northern Norway, should be promoted and enhanced.
- Participation in the Arctic Council should be used to strengthen direct cooperation with member states, permanent participants and observers.
- The Faroe Islands should have full membership of the Standing Committee of Parliamentarians of the Arctic Region.



Kaj Leo Holm Johannesen, Prime Minister of the Faroe Islands, at the Arctic Council Ministerial Meeting in Nuuk 2011.



On the Northern Sea Route: New economic opportunities

The Faroe Islands are situated strategically on the western arm of the Northern Sea Route, which is expected to have great significance for commercial development in the years to come. Shipping is clearly on the increase in the seas around the Faroes, and is likely to expand even further. This gives the Faroe Islands a unique opportunity to develop as a key maritime service and educational hub in the region. With the right framework for their operations and better coordination and marketing, Faroese companies are also well positioned to offer competitive services and expertise in activities elsewhere in the Arctic, not

least in Greenland, such as in oil and gas exploration and production, mining and fisheries. Increased tourism in the Arctic has already led to a greater interest in the Faroes as a unique destination in the North, providing much potential to further enhance the tourism sector in the Faroe Islands.

The strategic assessment describes these economic opportunities in more detail, highlighting areas where the Faroe Islands have particular strengths and potential as an island nation with competitive marine-based experience and expertise.

RECOMMENDATIONS INCLUDE

- Government authorities should work continuously to maintain and enhance the framework for Faroese businesses to operate openly and competitively in the international context in order to generate wealth and development, while giving top priority to ensuring safety growth and environmental protection.
- It is vital that necessary efforts and funding are provided to develop the Faroe Islands as an international centre for maritime industries, services and education in the North. Faroese businesses need to work together, and the Faroe Islands need to be marketed in a dedicated way as a maritime service centre in the Northeast Atlantic.
- Business development should be promoted in relation to emerging opportunities in the Arctic region. Plans to establish a Faroese Export Council should correspond with these goals.
- Relevant business education and training should be given higher priority.
- Existing close business and political relations between the Faroe Islands and Greenland should be further enhanced in support of Faroese contributions to industrial development in Greenland.

Kimberley Coole



Fisheries in the Arctic Ocean

The Faroe Islands have long experience in fisheries in the seas of the High North. It is therefore very important for the Faroe Islands to follow closely negotiations regarding international cooperation on the future management of fisheries in international waters of the Arctic sea, even though such fisheries are unlikely to develop for many years. Rights and access to participation by

Faroese vessels in fisheries that may develop in the area in the future should be secured, while also ensuring that any new fisheries can be conducted on a sustainable basis. This is also important in relation to shared fish stocks in the North Atlantic in which the Faroe Islands already have an established stake, and which may move further North in years to come.

RECOMMENDATIONS INCLUDE

- The Faroe Islands must have a clear and active role in international cooperation on the future management of fisheries in the international waters of the Arctic ocean, in order to best ensure possible new fishing opportunities.
- The Faroe Islands, through the Faroe Marine Research Institute, should participate more actively in the work of ICES (International Council for the Exploration of the Sea) with respect to scientific research and assessment of Arctic marine ecosystems and resources.
- Scientific studies in High Arctic marine areas should be given priority, in cooperation with Faroese vessels already active in areas of interest.



Research and Education

Faroese researchers have been participating for many years in scientific projects in the Arctic, both through the working groups of the Arctic Council as well as in other Arctic and Nordic contexts. Research areas range from Arctic flora and sea birds, marine biology and climate change, environmental pollution and radiation monitoring to human health, social development and governance. Like other nations and communities in the Arctic, the Faroese society, economy and way of life is very close to, and dependent on, nature. These commonalities provide an excellent basis for focused and effective international research cooperation in the region. Such cooperation is abso-

lutely vital for small countries such as the Faroe Islands with limited research capacity but specialized and highly relevant contributions to make through collaborative and comparative projects.

The strategic assessment describes specific areas, in which Faroese researchers contribute to and benefit from such cooperation. The potential for a more active Faroese role in circumpolar educational exchange and cooperation is also highlighted. The overall conclusion is that the Faroe Islands should continue to strengthen participation in all relevant areas of Arctic research and education cooperation.

RECOMMENDATIONS INCLUDE

- The continued development of Faroese research capacity and expertise requires sufficient research funding. Priorities should be based on well-founded considerations that ensure full support for relevant research, projects, cooperative partnerships and educational programs.
- Dedicated financing should be provided to the Research Fund for which institutes and researchers can apply as their own contribution to international research programs that are also financed by external sources.
- Clear priorities for participation in appropriate programs and networks for Arctic cooperation should be set, and adequate funding made available to enable this participation. This should be based on a thorough outline of existing activities and potential new areas of cooperation on both political, administrative and research levels.
- Educational cooperation in and about the Arctic region should be promoted and implemented.
- Priority should be given to distance learning in cooperation with other partners in the Arctic region.





The Environment



Oil pollution from ships is considered to be the greatest threat to the marine environment in the Faroe Islands, in particular the risk of large oil spills between the

islands and close to shore. Oil and chemical pollution is a constant threat to the marine ecosystem. The economic viability of Faroese fisheries and aquaculture, which are the very basis of the economy, depends on clean and productive seas.

The strategic assessment outlines necessary measures and actions to ensure the best possible level of emergency response to possible oil spills, both in relation to the existing framework for environmental protection in the Faroes, as well as identifying gaps in legislation and technical capacity that need to be addressed.

RECOMMENDATIONS INCLUDE

- The national contingency planning for oil spills at sea should be formally adopted and given top priority politically. Contingency planning with respect to petroleum activities is a prerequisite for:
 - conserving biological diversity in marine and coastal ecosystems
 - safeguarding the vital fisheries and aquaculture interests of the Faroe Islands
 - enabling appropriate response to oil pollution at sea, regardless of whether it derives from vessels, installations or other sources
 - the Faroe Islands to adhere to and implement their responsibilities in international, Nordic and Arctic agreements on international cooperation on emergency planning and response
- making it possible to limit the spread of an oil spill while awaiting assistance from neighboring countries.
- An Exclusive Economic Zone (EEZ) should be established for the Faroe Islands which will allow increased powers of inspection with regard to vessels under foreign flags.
- Consideration should be given to establishing a PSSA (Particularly Sensitive Sea Area) around the Faroe Islands. Such status would allow specific shipping lanes to be defined, and would make it possible to require formal notification from vessels.



Maritime Safety and Emergency Response in Faroese waters

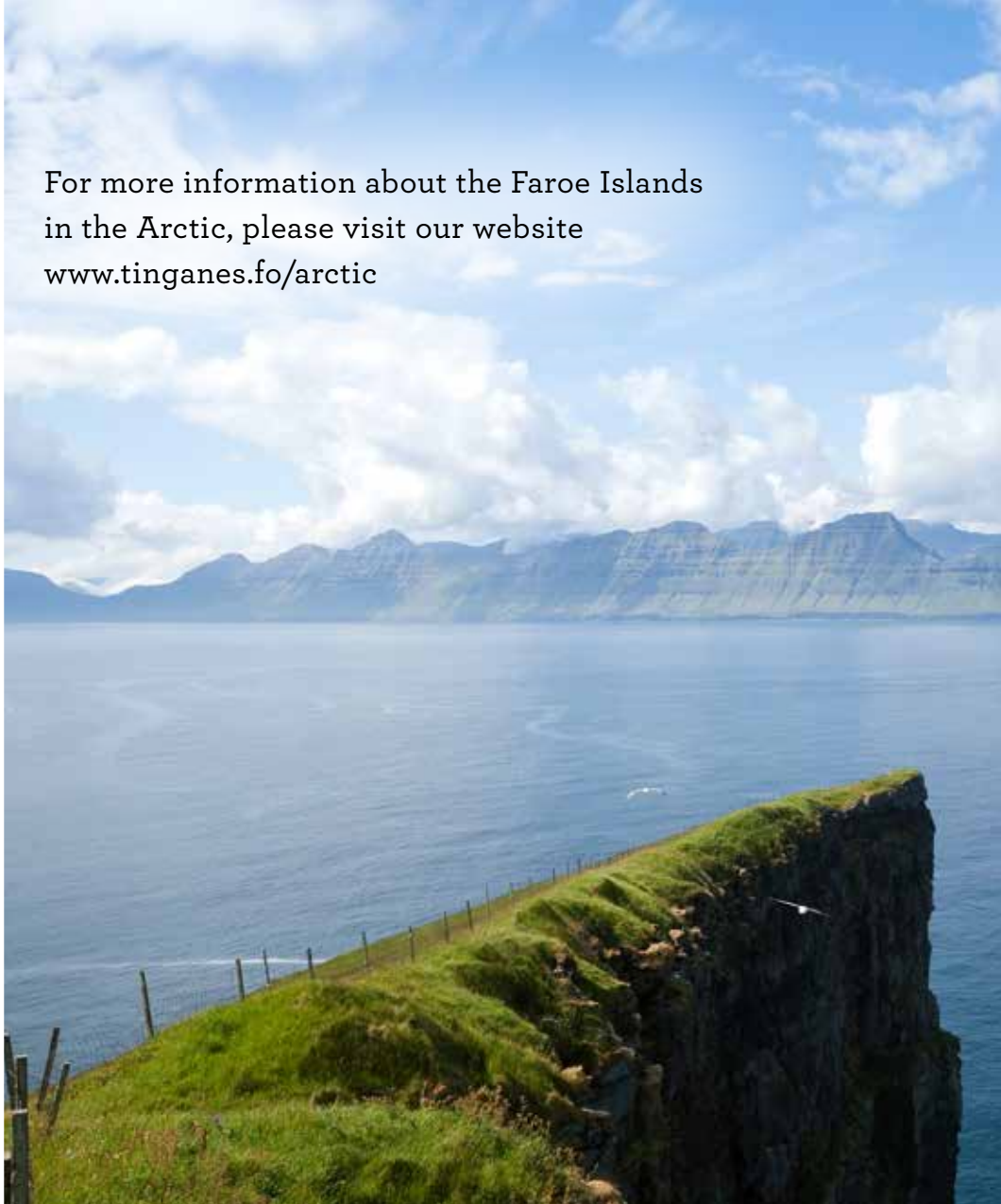
More intense human activity in the circumpolar North over large marine areas brings increasing risks and a growing demand for the best possible level of contingency, preparedness and safety standards to safeguard human life and protect the natural environment. The strategic assessment outlines the existing legal and institutional basis for Faroese contingency planning, also highlighting relevant instruments and standards adopted by the IMO, in which the Faroe Islands actively participate as

associated member, as well as the agreements on SAR and oil spill response, concluded under the auspices of the Arctic Council and co-signed by the Faroe Islands. A number of key gaps are identified in relation to both national regulations as well as the implementation of relevant international instruments.

RECOMMENDATIONS INCLUDE

- The Faroe Islands should become a member of the Paris Memorandum of Understanding on Port State Control, so that the Faroese Maritime Authority can carry out Port State Control in accordance with these international provisions.
- Shipping lanes in the Faroese maritime jurisdiction should be assigned and managed as soon as possible.
- Faroese authorities should consider implementing control and reporting systems for ship traffic in the seas around the Faroes similar in particular to the GREENPOS system.
- MRCC/Tórshavn, together with the Faroese Maritime Authority, should take an active part in Nordic cooperation on the AIS and LRIT satellite systems.
- The authorities with overall responsibility for contingency planning should work with the relevant Faroese emergency services to organize regular exercises on board passenger ships and other ships, to ensure that they, together with the ship owners' own contingency experts, adequate training in fire-fighting and evacuation of passengers and crew.
- Responsible Faroese authorities should wherever possible take part in relevant Working Groups under the Arctic Council, as well as through Nordic cooperation, including the Copenhagen Agreement and NORDRED.

For more information about the Faroe Islands
in the Arctic, please visit our website
www.tinganes.fo/arctic



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FAROESE
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CONSCIOUSNESS