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Minister for hydrocarbon affairs - Faroese welcome to Greenland

Faroese shall be very welcome to work in Greenland, in connection with a future oil industry, said the Greenland minister for hydrocarbon affairs, Mr Ove Karl Berthelsen when he visited the Faroes recently. Awaiting a big discovery Regarding oil industry developments in Greenland he said - -We are of course hoping oil will be found. Up to now 12 wells have been drilled in Western Greenland and an active hydrocarbon system has been confirmed. It is our hope that a large-scale discovery will be made within a reasonable period. We also believe we have a good working relationship with the large oil companies taking an interest in Greenland. We have also implemented a hydrocarbon legislation Act, which we estimate creates a good cooperation basis with the oil companies and which could be an advantage for Greenland interests. Mr Berthelsen says that over the past few years, Greenland has been able to have direct contact with other Governments, although Foreign and Defence affairs reside and are administered by Denmark - -We are trying within industrial areas, in connection with the oil and mining industry, to establish a dialogue with other countries and have managed to establish a good cooperation with several oil companies. In the event an oil adventure materialises, we require to be able to cooperate directly with our neighbouring countries, taking an interest in this part of the world, for example the USA and Canada. Greenland has already a considerable cooperation with Canadian authorities and this cooperation is set to be expanded as an oil industry emerges between the two countries. Also cooperation with the USA is part of a Greenland oil industry development plan, as an ever greater interest is emerging for the whole arctic area. Oil fund Upon the question how Greenland has prepared for a future oil industry, Mr Berthelsen says they

have already established a hydrocarbon fund according to the Norwegian model. Only generated interest will be permitted to be used and will be included in the annual national budget - -We are very aware of the fact that in the event large revenues are generated from an oil industry, this will, of course, have a tremendous impact upon the Greenland society. We must not get the Dutch syndrome, where inflation runs riot. Currently, we receive billion kroner as a block with subsidy from Denmark and if we discovery Denmark oil, this amount will of course be diminished. The agreement with Denmark says that the first 75 million from oil will have no effect, but revenue amounts received thereafter will decrease the subsidy correspondingly. The minister says that they have not drawn up any tangible plans to develop the country, when and if oil arrives - -If oil is discovered, app. 5 to 10 years will elapse before a production can begin. We will use this intervening period to draft development plans for the various areas, where oil will be brought ashore. We do not yet know how oil will affect both the infrastructure and settlements. Excellent basis Regarding the possible cooperation between the Faroes and Greenland, regarding the development of an oil industry, the minister points to the forgoing historic cooperation between the two countries and believes this ought to continue - -In many ways we are quite similar. We both have a similar industrial structure, democracy and ethnically we are the almost the same with the many cultural similarities. Therefore we have a very good starting point for a cooperation, also in an oil industry context. Faroese companies are more than welcome to come to Greenland to work in this new industry. The advantage is that we already know one another and if oil should be discovered in the Faroes first, I hope Greenland companies would be equally welcome in the Faroes and be part of your development. The Greenland minister admits that if oil is discovered in Greenland, this would probably be the key for more self determination or independence - -However, we must not forget that we culturally and family-wise have had a very close cooperation with Denmark over 300 years. You cannot just sever such ties overnight, just because you have found oil and are making money. I believe that a development will continue along the same lines and that we will continue to have a close cooperation with Denmark. Statoil and Faroe Petroleum at joint meeting During the Faroe visit, Mr Berthelsen took the opportunity to meet representatives for Statoil and Faroe Petroleum. The companies explained their interest in being part of the oil exploration in Greenland and in return the minister invited the international oil companies to work in Greenland. He also explained to them the Greenland demands and wishes and added that both Statoil and Faroe Petroleum were most welcome to work in Greenland. Statoil has been awarded a Greenland exploration license, while Faroe Petroleum was unsuccessful last time round. Faroe Petroleum, however have not relinquished all hope of obtaining a future exploration license and they subsequently founded a Greenland Picture - Ove Karl Berthelsen, Minister of Industry in Greenland and Nils Sørensen, Managing Director of Faroe Petroleum. Picture - [oljan.fo/Jan Müller](http://oljan.fo/)