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Cooperation on oil industry development in the far North Atlantic

While the Greenland minister for tourism and hydrocarbon affairs visited the Faroes in connection with Travelmart, he also took the opportunity to say hello to his counterpart party's chairman, Mr Høgni Hoydal, to discuss cooperation options between the two countries. Mr Hoydal has both as an MP and member of the Danish Parliament highly prioritised the existing conditions between the two nations. He does so not least today as both nations await a first commercial oil discovery. Cooperation; a matter of fact. We asked Mr Hoydal first what thoughts he had regarding a future cooperation on oil issues with Greenland. I have cooperated much with Greenlanders up through the times, also with the party chairman Mr Kuupik Kliet. I have always carried the notion that the far northern countries, i.e. the Faroes, Greenland and Iceland and if we could incorporate Norway also, the whole of the North Atlantic would be represented, ought to cooperate politically on all aspects regarding all resources, both the living, oil, gas and minerals. For all that, the countries will of course have their own legislation Acts and hold bidding rounds in their own fashion, but there are also many other aspects, which to cooperate on to gain more and optimise in the most sensible manner. Not least in respect of contingency planning, but we ought also to discuss how we could organise legislation, not necessarily to have the same legislation however. I believe we should discuss the cultural, environmental and social aspects in connection with an oil industry. Mr Hoydal thinks the countries bordering the North Atlantic Ocean and the arctic areas, in the future will become the most interesting areas for the rest of the world. Changes to the climate mean that new land areas are appearing in the arctic and the exploitation for resources of various kinds will be possible. We will also see new maritime sailing routes. He therefore believes that the

North Atlantic Ocean and the arctic ought to be regarded as one cohesive area. There can be no doubt, that in particular Greenlanders, Norwegians and Canadians have in mind to extract as many resources as is commercially possible from a very fragile environmental area. This is also something we can learn from. The arctic is of course the most fragile, but questions also emerge on issues, which also impinge upon our environment. A blessing or the opposite Q - How do you evaluate a Faroe oil adventure? A I have always held the belief, that oil could be both a blessing and the exact opposite. The preparations, which were undertaken, when we had areas on offer, have technically been very well executed, but I do not think we have geared-up sufficiently in relation to culture and the labour market. The industrial challenge is, if we make a commercial discovery, how do we ensure that this does not just become a new form of block subsidy, or like the fishing industry dominating all and everything. We must ensure that all revenues are placed in a fund thereby ensuring that generated interest will benefit coming generations. Then we have the question of how we tackle the industry itself. We see that exploration affects the labour market and that we may risk that a part of our people will work in an oil industry, making good money, while other sectors of our industry cannot meet the competition. Then there is the culture challenge. People, who succeed in landing jobs in this industry, must acquire an education, so my bid is that a preparation for an oil industry must lead to both a cultural and educational dubbing. These are the main tools, in the event oil is discovered and extracted and we must hope this will be a blessing and not the opposite. Fund Mr Hoydal points out that his party has been campaigning for a long time to establish an economic fund, which would ensure that unsustainable incomes for the Faroe society would be placed in this fund and only generated interest used. This means that oil, which is an unsustainable resource, would in the long run become a sustainable income for the Faroe society - -The general idea is that monies from the fund would go towards the running of the society, i.e. investments, education and culture and this should enable us to attain other income options. Mr Hoydal is among those who believe it is correct to explore for hydrocarbons, in spite of the world progressing towards green energy - -This resource must benefit the development of the Faroes, he says and continues - -We have not been good enough at dealing with cultural, labour and environmental issues in relation to an oil industry. Oil however, has not been discovered yet, so therefore we still have time to raise these issues. Unfortunately far too few in our society have been involved in debating these issues for a long time. I think the time has come to have these issues on the political agenda once again. Oil and independence Q - Do you see large oil deposits as the key to our independence? A - In our party we have never linked these two issues. This would not present a picture of an independent Faroes. For many years we have had fish and the block subsidy from Denmark. Now we may attain just one more source of income, which could have the negative effect of reducing our income sources even more. It could become too dominant and not induce any new-thinking. There can be no

doubt that at the very moment the Faroes achieve a new income opportunity, which will pave the way for a solution for many of the uncertainties regarding our economic future, this could trigger a vote for independence. I must say however, that at the very moment the Faroes discover oil and our situation within the Danish realm has not been clarified, it could very well happen that the Faroes just become highly materialistic orientated society. Summing up I can say that oil is not the key, but could very easily become one. Our aim for an independent Faroes, is not linked to if we find oil or not. As a partner in a Faroe government, we will strive to achieve a true cooperation in the North Atlantic, not just talk about it. We will incorporate all the other countries into this cooperation, which will place the North Atlantic Ocean at the centre for everything we do and where we place a greater priority on cooperation within culture, education, the labour market, environment and legislation in general. A commercial cooperation between the Faroes and Greenland is also an evident area, which should be given more attention. Faroe companies and industry, have already amassed some experience and knowledge. In Greenland they are continually debating how the Greenland people and industry should not just become spectators in a possible oil adventure, where everything is done by others. We ought to use this opportunity, as Greenland is going through the very same thoughts and procedures we have faced for a long time now, to re-evaluate our decisions - Is this enough and is this good enough, what we have done in relation to our participation in an oil industry? Could we have selected other options to ensure our society a commercial development and revenues for the Faroes?, asks Mr Hoydal in a concluding comment.