



www.oljan.fo

Jan Müller

07 - 11 - 2011

Well qualified people for an oil industry

Today we have a great potential, if we are to enter into an oil industry. Sailors and other well qualified people together with two Faroese oil companies, place us in a much better position to receive this new industry, than many of us would previously have believed, says the party leader for the newly established political party Framsókn, Mr Poul Michelsen. He spoke to Oljan.fo Listened to advice He is both a businessman and a politician. Personally, he is of the opinion that this is a good mix, if you are to prepare for a future Faroe oil industry. I have been involved in politics for such a long time now. I was a politician back in the days when everyone believed oil would arrive tomorrow. I have since progressed to the stage where I have understood that this is something that takes time. I monitored events from the very first bidding round and have visited, both as a politician and as a businessman, the UK, Norway and Denmark, in order to establish how others have organised their affairs in relation to an oil industry. The advice we were given was not to hurry but to be patient, as most other did indeed hedge their bets and thereby made wrong decisions. Our experiences and also the advice given were therefore to be very careful and not initiate investments, which may never be used. This was the first warning we were given. Mr Michelsen adds that through surveys already conducted, we have gleaned an insight into which services are required for this industry; -To service for example a drilling platform, was regarded in the beginning as strange and very foreign to us, but we managed this without any hiccups. I have been involved in supplying provisions to three of the Faroe drillings and our people have received praise from all, both in relation to precision, price and quality. Our clients have recommended others within the oil industry to use our services. This is a very good recommendation for a Faroe subcontractor to

acquire. I have learned that the awesome respect you had for this giant monster called the oil industry, is something we professionals in the Faroes have handled satisfactory. Cautious Mr Michelsen has also compiled his own thoughts on what will happen in the event this industry emerges in the Faroes - -How do we survive in such a maelstrom and with Shetland as a role model, you become somewhat sceptical. How much activity should we accept to conduct offshore and what installations should we have ashore. What can our economy for 48.000 people tolerate, he asks. To this he answers - -I am against bringing oil ashore and refining it here. It should go to Shetland or elsewhere, while we handle the supply- and service side of the industry, which I believe could be performed here and incorporated into our society by reasonable means, while at the same time delivering a higher technological knowledge to the society, of what an oil industry requires. Of course we will have agreement/contracts, which deliver revenues to the society and such money channelled into an economic fund, similar to the Norwegian model. The possibility also exists that just spin-off activities will suffice to sustain our economy. Mr Michelsen says he has great respect for the Norwegian oil fund, but understands they do not manage or cope with it all that well. As an example he mentions that pressure from just a single political party to use money from the fund has led to Norway being unable to match competition levels in many areas, exactly due to the easy manner in which oil revenues entered the system - -We must therefore also be careful as we come to a unison decision that Norwegian have handled their oil fund so well, as this is not all the truth. All things equal however, let us regard the fund as a possible challenge compared to other models. Shetland; the horror scenario When we discuss oil and the future of the Faroes, Mr Michelsen is rather uncertain of how we will survive as a nation - -We have the horror scenario of Shetland in mind, where oil became a large-scale boom. Just during the period when the oil industry established itself, activity levels were unbelievable. House prices and all other consumer items went through the roof. You have to catch all this when it comes down again, at some stage. He believes it could be a great advantage for us Faroese, if we in one way or another could manage to civilise a development and extract the activity the strenuous task of constructing a refinery and bringing oil ashore here from the whole overall concept, and retain the healthy portion of a service sector and a revenue per barrel, just to mention some aspects. Money is one thing, culture and people quite another. All aspects must co-exist in one way or another. Just as important it is to have strong politicians when times are bad, equally important it is, possibly even more so, to have strong politicians when the times are good. It must be an irrevocable demand upon all politicians what we are diligent at all times and administer this industry sensibly. Cooperation at government level We asked Mr Michelsen how he sees a possible cooperation in the far North in association with an oil industry. The answer is clear. He very much questions a cooperation in the far North and this he deducts from experience. He has sat on the Far North Council, since the 80-ies and he does not hold any great faith in the political system of the Far North. It is important to the Nordic Council, that we

system of the Far North. It is more similar to the Nordic Council, where almost everything just ends in talk. However, should things be elevated to a governmental level this changes everything. Aspects would immediately become more wholehearted, compared to half-hearted - -I believe that if we really desire a tangible cooperation, we will succeed and then we could have a fantastic situation here in the North Atlantic Ocean. Mr Michelsen is very pleased to see the oil companies are willing to make such large investments here. He also believes this is a natural development - -The fight for resources around the world is hotting up. Many countries are very unstable, so oil companies are placing their faith in something, which at the moment is quite unknown, but one thing is certain and that is that they know or anticipate something. The hunger for new oilfields probably all comes down to the fact that we have no alternative at the moment, which can replace oil. Therefore he is of the opinion that it was the correct decision of the Faroese to try and attract oil companies to explore for oil here. This however must be conducted through a good co-existence and cooperation with the society and industry present here. Praising Faroe oil companies Mr Michelsen is very positively surprised by how well the two Faroe oil companies have managed and has no doubts that they are on the right track - -That the two oil companies have managed and are still in business is amazing and most fortunate. This is probably anchored in the flexibility and mobility of the Faroese people, and their ability to switch professions and focus. They are very good at that. The fact that the smaller oil companies take what the larger companies disregard is quite fortunate and merits the place for small oil companies. This is an area where the Faroese can play a role. Atlantic Petroleum and Faroe Petroleum are examples of this. They are capable of operating sensibly and I wish them all the very best of luck in the future. Bearing in mind the very many maritime officers we have all around the world, we indeed have a great potential, which to a much greater degree places us in a much better position to accept an oil industry challenge, than we may originally have imagined, said Mr Poul Michelsen, the businessman and politician. Picture - Mr Poul Michelsen, businessman and leader of the newly formed political Framsókn Party.