

KEY FACTS

Official name: Føroyar (Faroe Islands)

Head of State: Queen Margrethe II of Denmark, represented by the High Commissioner Dan M Knudsen (from 1 Jan 2008)

Head of government: Prime Minister Kaj Leo Johannesen (SF) (from 2008; re-elected 29 Oct 2011)

Ruling party: Coalition led by the Sambandsflokkurin (SF) (Union Party), with the Fólkaflokkurin (FF) (People's Party) and the Javnaðarflokkurin (JF) (Social Democrats) (from 2008; re-elected 29 Oct 2011)

Area: 1,399 square km (18 islands)

Population: 48,863 (2011)

Capital: Tórshavn

Official language: Faroese, Danish

Currency: Faroese krone (FKr) (same value as Danish krone)

Exchange rate: FKr5.63 per US\$ (Jul 2013)

GDP per capita: US\$45,206 (2009)

GDP real growth: 2.90% (2010)

Unemployment: 570.00% (2010)

Inflation: 2.30% (2010)

Faroe Islands

Another 'fish war' was brewing in September 2012, this time between the Faroe Islands and Iceland, and the European Union (EU). In September the EU Council adopted a regulation allowing sanctions to be put on non-EU countries which allowed 'non-sustainable' fishing. The Scottish regional government and Norway had been lobbying for EU sanctions against the Faroes and Iceland in particular for increasing their catch of mackerel in north-eastern Atlantic Ocean waters. This was after talks between the European Union, Faroe Islands, Iceland and Norway had failed to reach a deal on mackerel catch levels for 2012, the third year running.

Talks on the 2013 quotas began in October 2012, this time with the possibility of sanctions if agreement wasn't reached. Under the new measure, countries deemed by Brussels to be violating fishing sustainability rules could see restrictions placed on their exports of fish into the European Union, as well as on their use of EU ports to unload the disputed catch.

The fishing minister for Scotland, Richard Lochhead, said that getting this far '... has been a painfully slow process but sanctions have finally been agreed and we will continue to press for them to be implemented if the Faroes and Iceland again declare inflated mackerel quotas for next year.' But, he added, early indications the mackerel quota will likely have to be cut in 2013 to maintain sustainability was bad economic news for Scotland.

'It is simply infuriating that over-fishing of mackerel by Iceland and the Faroes could lead to Scottish fishermen facing reduced quotas,' he said. 'The current negotiating framework and Europe's lack of urgency is failing to protect a vital fishery and is threatening Scottish jobs. Now we are left in a very complex and difficult place.'

Denmark, which administers the Faroe Islands, abstained from the EU Council vote on sanctions.

COUNTRY PROFILE

Historical profile

The first Norse settlers arrived in the Faroes from neighbouring Denmark and the Orkneys in the ninth century.

1380 Early administration was undertaken by a parliamentary body known as the Althing. The end of parliamentary procedures saw the Althing renamed the Løgting and becoming a royal court.

1397 The Faroes become a Danish province, with the political merger of Norway and Denmark into the Kalmar Union.

1849 The first Danish constitution included the Faroe Islands, administered under the Danish county Roskilde.

1939–45 The Faroe Islands were occupied by the British during the Second World War, although they remained largely self-governing. With continuous war work the economy improved steadily and was sustained.

1946 The Faroe Islands returned to Danish control. In a referendum, a very small majority voted in favour of becoming an independent state. Negotiations and diplomacy led to a home rule arrangement instead.

1948 The Home Rule Act made the Faroes security, foreign and economic affairs the responsibility of Denmark.

1998 Anfinn Kallsberg replaced Edmund Joensen as prime minister. Offshore oil prospecting began.

2001 A referendum to be held for approval of legislative amendments to enable a gradual winding-down of Denmark's authority on the islands was shelved after Denmark's Prime Minister Poul Nyrup Rasmussen said that subsidies would stop after four years if the islanders voted for independence.

2004 Jóannes Eidesgaard (JF) became prime minister, leading a coalition of the SF, the Javnaðarflokkurin (JF) (Social Democrats) and the Fólkaflokkurin (FF) (People's Party).

2006 A trust fund agreement was signed with the World Bank, whereby the Faroe Islands provides development collaboration with the Pacific island of Palau. Iceland and the Faroe Islands signed a special economic treaty granting many free trade arrangements for goods, services, capital and workers.

2007 The parliamentary membership was amended and a fixed number of representatives at 33 persons, was introduced.

2008 In parliamentary elections, the Tjóðveldisflokkurin (TF) (Republican Party) won 23.3 per cent of the vote (8 seats out of 33), the Sambandsflokkurin (SF) (Union

Party) 21 per cent (seven), the FF 20.1 per cent (seven), the JF 19.4 per cent (six), the Míoflokkurin (MF) (Centre Party) 8.4 per cent (three), and the Sjálvstýrisflokkurin (Home Rule Party) 7.2 per cent (two). Turnout was 89.2 per cent. Jóannes Eidesgaard remained as prime minister until the coalition collapsed and Kaj Leo Johannesen (SF) took over.

2009 Plans for an Arctic military force were announced by Denmark, with a base in the Faroe Islands, to protect Danish activities as the ice cap melts and opens up access to the polar region.

2010 An association of five interested parties (including Faroe Petroleum) began deep sea oil prospecting in the Atlantic margin offshore, in Faroe Islands' territorial waters.

2011 A new licensing open-door policy was introduced by the government that allows any prospector to search for oil and gas without a pre-arranged contract under license. Parliamentary elections were held in October, three-months earlier than scheduled. The balance of power within the ruling coalition switched as the SF won 24.7 per cent of the vote and the erstwhile leading FF won 22.5 per cent. Kaj Leo Johannesen (SF) remained in office as prime minister.

2012 On 20 September, the European parliament backed proposals for sanctions against the Faroe Islands and Iceland due to a dispute over fishing rights. Scotland and Ireland argued that increased fishing quotas for mackerel favouring these countries could be unsustainable as an increasingly larger share of mackerel is being caught in regional waters.

2013 The EU voted on 31 July to ban the import of herring and mackerel from the end of August. This followed concern over the Faroese government's decision to set its own catch limits.

Political structure

Constitution

The Faroe Islands were administered as a Danish county until they achieved home rule in 1948. The Faroe Islands are a Danish external territory, electing two members to the Danish parliament, which maintains responsibility for constitutional, foreign and defence matters. A High Commissioner represents the Danish government and advises on joint affairs.

Form of state

Parliamentary democratic dependency

National legislature

Internal affairs are under the legislative control of the Løgting (parliament) which has 33 members. New elections laws were introduced in 2008 under which the Faroe Islands is comprised of one constituency with a fixed number of members,

elected for up to four years. Universal suffrage is 18 years.

The Landsstyri (a government of nine members) is formed, based on the strength of the parties in the Løgting. The Løgmaður (prime minister) has to ratify all Løgting laws.

All Danish legislation must be submitted to the Landsstyri before becoming law.

Last elections

29 October 2011 (parliamentary)

Results: Parliamentary:

Sambandsflokkurin (SF) (Union Party) won 24.7 per cent of the vote (eight seats out of 33), Fólkaflokkurin (FF) (People's Party) 22.5 per cent (eight), Tjóðveldisflokkurin (TF) (Republican Party) 18.3 per cent (six), Javnaðarflokkurin (JF) (Social Democrats) 17.7 per cent (six), Framsókn (Progress) 6.3 per cent (two), Míoflokkurin (MF) (Centre Party) 6.2 per cent (two), Sjálvstýrisflokkurin (Home Rule Party) 4.2 per cent (one). Turnout was 86.6 per cent.

Next elections

2014 (parliamentary)

Political parties

Ruling party

Coalition led by the Sambandsflokkurin (SF) (Union Party), with the Fólkaflokkurin (FF) (People's Party) and the Javnaðarflokkurin (JF) (Social Democrats) (from 2008; re-elected 29 Oct 2011)

Main opposition party

Tjóðveldisflokkurin (TF) (Republican Party)

Political situation

The rise in importance of oil exploration has grown in the 2000s. The independent energy company, Faroe Petroleum, was awarded rights to explore for oil and gas in regions between Scotland and the Faroe Islands, and subsequently found oil. In 2010 it bought a significant stake in the North Sea oilfield, for over US\$100 million, as well as exploration sites elsewhere. Oil was also discovered by Cairn Energy in Faroe waters in 2010.

In July 2009, the Danish government announced plans to set up a permanent military presence in the Arctic and establish a regional joint service command in the Faroe Islands. Untapped natural oil and gas reserves under the melting Arctic ice could spark a scramble by all countries with a claim to the region.

Population

48,863 (2011)

More than one-third of the total population lives on the island of Streymoy.

Last census: July 2002: 47,350

Population density: 33 inhabitants per sq km (2000).

Annual growth rate: 1.2 per cent (2003)

Ethnic make-up

Scandinavian

Religions

Evangelical Lutheran Church of Denmark (85 per cent). The Faroe Islands are a diocese under the Danish national church. Of the various smaller religious communities the largest is the Plymouth Brethren.

Health

Life expectancy: 79 years (estimate 2003)

Fertility rate/Maternal mortality rate:

Two births per woman (2003)

Birth rate/Death rate: 14 births per 1,000 population; nine deaths per 1,000 population (2003).

Child (under 5 years) mortality rate (per 1,000): Seven per 1,000 live births (2003)

Main cities

Tórshavn (Thorshavn), on the island of Streymoy (capital, estimated population 12,324 in 2012), Klaksvík (4,562), Høgvík (3,658), Argir (2,105).

Languages spoken

Faroese (derived from Old Norse) and Danish. Icelandic, English, Norwegian and Swedish are also widely spoken and understood.

Official language/s

Faroese, Danish

Media

Press

In Faroese, the only newspapers are published daily, including *Sosialurin* (www.sosialurin.fo), *Dimmalætting* (www.dimma.fo) and *Vikublaðið* (www.vikublad.fo).

Broadcasting

The national, public broadcasting company is Kringvarp Føroya (www.uf.fo).

Radio: The public network Útvarp Føroya (ÚF) and three other stations broadcast on several frequencies to provide national radio coverage. Rás (www.ras2.fo), Linden Kristligt Kringvarp (www.lindin.fo) a Christian broadcast, and Sundfelli broadcast in Faroese.

Television: The public network Sjóvarp Føroya (Svf) (www.svf.fo) provides between eight hours (weekdays) up to 15 hours (weekend) with local news and information and imported, dubbed, foreign entertainment programmes.

Economy

The economy is heavily dependent on fishing and processed fish and is sensitive to the international market in fish and fish stocks. As a result the sector can fluctuate significantly, in turn affecting the rest of the economy. The central bank of the Faroe Islands noted in 2009 that fish products accounted for about 95 per cent of the total exports. Fish farming has, since the 1980s, grown into the second largest export industry. In 2012 the

industry accounted for 20 per cent of GDP and employed 15 per cent of the workforce. Employment in public administration and services accounts for 35 per cent of the workforce, while other service sector employment accounts for another 33 per cent. Unemployment in mid-2008 was less than 1.5 per cent; however the rate had grown to 4.4 per cent by the third quarter of 2009, due in large part to a fall in global trading.

GDP growth was 0.0 per cent in 2008, falling to about -3.3 per cent in 2009, before reviving in 2010 to around 3 per cent. These results followed two years of high GDP growth, which were due to an increase in credit-finance, private consumption and investment growth; all of which were cut by the global economic crisis in 2008. GDP growth was estimated at 2.5 per cent in 2011.

The Danish government allots annual subsidies and transfers (Kr765 million (US\$131.2 million) in 2009).

Oil business activities have also improved the economic situation. In 2010, deep sea oil prospecting began in the Atlantic offshore the Faroe Islands' territorial waters, by an association of five parties (including Faroe Petroleum).

The tourism industry is small and not only dependent on external factors but subject to the domestic infrastructure schemes necessary to provide service-based tourism.

External trade

As an autonomous overseas territory of Denmark the Faroe Islands negotiates its own bilateral trade agreements. It has executive and legislative powers over marine resources and trade relations. It is also a separate customs territory from Denmark and the EU.

Foreign trade is mainly with other EU countries, which provides around 58 per cent of imports, mainly consumer goods and raw materials. However the single largest import product is petroleum and its derivatives. Around 95 per cent of exports are destined for the EU. Of total exports over 80 per cent are fish and their products, of which Atlantic salmon accounts for the bulk at around 23 per cent, followed by cod at around 17 per cent and saithe (coalfish) at around 14 per cent. Processed fish is typically frozen for export, but also includes traditional salted and smoked fish, destined specifically for Danish and other Scandinavian markets.

Imports

Petroleum, machinery and vehicles, consumer goods, raw materials and semi-manufactures, foodstuffs and agricultural products.

Main sources: Denmark (typically 32 per cent of total), Norway (21 per cent), Germany (8 per cent).

Exports

Fish and fish products (over 80 per cent), postage stamps and fishing vessels.

Main destinations: UK (typically 20 per cent of total), Norway (16 per cent), Denmark (12 per cent).

Sheep-rearing is an important activity on the Faroe Islands. There are 70,000 sheep ranging free on the islands, providing meat and wool for the use of the inhabitants. Cattle are also kept for milk and meat. The islands have to import meat and other agricultural products, but have become self-sufficient in milk. Increasing co-operation among agricultural organisations has been fostered to make the islands as self-sufficient as possible.

Potatoes are grown and also hay for the cows reared for milk production.

Fishing is the dominant economic activity, accounting for 97 per cent of exports. The main fish stocks are cod, haddock and coalfish. Annual fish catches in excess of 600,000 tonnes have been the basis of sustained growth. The rising global price of fish has also contributed to the industry's profits as well as the investment in salmon and trout sea farming. Nevertheless, the business is highly vulnerable to fluctuations in not only world prices but also in amounts caught.

Industry and manufacturing

Most industrial activities are connected to the fishing sector. They include processing plants and shipyards, as well as the making of nets, ropes, etc. Small industries include breweries, building components, fibreglass boats, computer software, food and milk products, tinned fish and spun and wollen goods.

Tourism

The isolation of the islands limits the potential for tourism. Even so tourism is the second largest industry in the economy, and has developed since the 1990s. Greenland, Iceland and Faroe Islands have combined in an initiative to promote new tourism activities, with short and long-term stays at selected destinations combined with conferences, cruises and themed holidays.

There is a possibility of offshore oil between the Faroe and Shetland Islands but by 2008 any finds were deemed uneconomical to develop.

The Faroe Islands relies on imported petroleum products. It does not currently produce or import gas and coal.

Energy

Installed generating capacity was 836MW in 2005, of which imported oil and petrol accounts for 90 per cent of energy

demand. The total energy production mix is 30–40 per cent hydro- and wind-power and the remainder through diesel generation.

SEV, the Faroese electricity company, joined in partnership with Voith Siemens to produce a new SeWave, 1MW electricity generator, fuelled by wave power, which began operation in 2007 in Nípan on Vágar; it supplies 1 million kilowatt hour per annum. The installation site of another SeWave has been identified at Söltuvík on Sandoy.

Banking and insurance

Monetary policy and administration is headed by the Danish central bank (Danmarks Nationalbank).

When the banking crisis began in 1992, there were two big banks, one small private bank and savings banks in the Faroe Islands. One of the big banks was owned by Den Danske Bank. By the end of the crisis, the small bank had gone into bankruptcy, the two big banks had merged and were taken over by the Home Rule authorities and the savings banks were still in business. The savings banks and the merged bank function as banks under the same law.

Central bank

Danmarks Nationalbank

Time

GMT (daylight saving, end-March to end-September, GMT plus one hour).

Geography

The Faroe Islands are a group of 18 islands (of which 17 are inhabited) in the North Atlantic Ocean, south-east of Iceland and north-west of the north coast of Scotland. The main island is Streymoy and nowhere on the archipelago is over 3km from the sea. The islands are rocky with little opportunity for growing crops or forestry, although grass is plentiful.

Hemisphere

Northern

Climate

Mild winters and cool summers; usually overcast; can be foggy and windy.

Entry requirements

Passports

Required by all.

Visa

Even though a Danish territory, visas for Denmark are not valid for the Faroe Islands unless specified on the permit. For a business visa, an original letter of invitation from a local company or organisation, giving details about purpose of visit and duration of stay must accompany an application, along with evidence of hotel reservations.

Health (for visitors)

As for Denmark.

Advisable precautions

Without appropriate clothing for the climate hypothermia is a hazard.

Public holidays (national)**Fixed dates**

1 Jan (New Year's Day), Apr 25 (Flag Day, afternoon only), 5 Jun (Constitution Day), 28 Jul (St Olav's Eve, afternoon only), 29 Jul (St Olav's Day), 24–26 Dec (Christmas Holiday), 31 Dec (New Year's Eve).

Variable dates

Maundy Thursday, Good Friday, Easter Monday, Prayer Day (Apr/May), Ascension Day, Whit Monday.

Working hours**Banking**

Mon–Fri: 0930–1600 (Thu 0930–1800).

Business

Mon–Fri: 0800–1600 or 0830–1630.

Government

Mon–Fri: generally 0900–1700.

Shops

Mon–Fri: 0800–1700 or 0900–1730, Sat: close at 1300 or 1400.

Telecommunications**Mobile/cell phones**

GSM 900 services cover virtually the entire territories.

Getting there**Air**

National airline: Atlantic Airways has regular flights to Denmark, Norway, Iceland, Scotland, England and Greenland.

International airport/s: Vágur Airport (FAE) on the island of Vágur, located near the town of Sørvágur, a ferry links the island to Streymoy. Facilities include bank, restaurant, bar and shops.

BUSINESS DIRECTORY

The addresses listed below are a selection only. While World of Information makes every endeavour to check these addresses, we cannot guarantee that changes have not been made, especially to telephone numbers and area codes. We would welcome any corrections.

Telephone area codes

The international direct dialling (IDD) for the Faroe Islands is +298. There are no area codes.

Useful telephone numbers

Emergency services: 000

Chambers of Commerce

Faroe Islands Trade Council, 12 Bryggjubakki, PO Box 259, Tórshavn 110 (tel: 353-100; fax: 353-101; e-mail: trade@trade.fo).

Banking**Central bank**

Landsbanki Føroya, Müllers hús, í Gongini, PO Box 229, Tórshavn 110 (tel: 318-305; fax: 318-537; e-mail: landsbank@landsbank.fo).

Danmarks Nationalbank, Havnegade 5, DK-1093 Copenhagen (tel: (+45) 3363-6363; fax: (+45) 3363-7103; e-mail: info@nationalbanken.dk).

Travel information

Atlantic Airways, Vagar Airport, FR-380 (tel: 333-700; fax: 333-380).

Maersk Air, Aarvegur 6, PO Box 3225, FO-110 Tórshavn (tel: 333-700; fax: 318-670; e-mail: ff@olivant.fo).

Smyril Line, Jonas Broncksgøta 37, PO Box 370, FO-110 Tórshavn (tel: 315-900; fax: 315-707; e-mail: office@smyril-line.fo).

Air Iceland, Vagar Airport, FO-380 Sørvágur (tel: 332-755; fax: 332-280).

The Faroe Islands Tourist Board Copenhagen, Hovedvagtsgade 8, 2, DK-1103 Copenhagen K, Denmark (tel: (+45) 3314-8383; fax: (+45) 3393-8575).

Faroe Travel, PO Box 1199, FO-110 Tórshavn (tel: 312-600; fax: 319-200).

National tourist organisation offices

Faroe Islands Tourist Board, Undir Bryggjubakka 17, PO Box 118, FO-110 Tórshavn, (tel: 355-800; fax: 355-801; email: tourist@tourist.fo; internet site; www.tourist.fo).

Other useful addresses

British Consulate, Yviri vid Strond 19, PO Box 19, FR-3800 Tórshavn (tel: 313-510).

The Faroese Government, PO Box 64, FR-110 Tórshavn (fax: 314-942).

Faroese Press Agency, P/f Salvará, Tjamardeild 12, Tórshavn.

Sjónvarp Føroya (television broadcasting), PO Box 21, FR-3800 Tórshavn (tel: 317-780).

Útvarp Føroya (general broadcasting), PO Box 328, FR-3800 Tórshavn (tel: 316-566).

Internet sites

Danish embassy with useful information on the Faroes:

<http://www.denmarkemb.org>

Faroe business news: www.news.fo

Faroe Islands general site: www.faroe.com

Faroe Islands tourist site: www.faroeislands.com