

Business

Oil in the Faroe Islands: A mirage or miracle find?

TORSHAVN, Denmark: After fuelling hopes of independence from Denmark at the turn of the millennium, the Faroe Islands' dreams of an oil bonanza have turned out to be more of a mirage than a miracle. "We are confident that there is oil and gas here," Kristina Hafoss, finance minister in the Danish autonomous territory in the North Atlantic, told AFP. Even if there's not a single oil platform in sight?

"It's just a question of getting enough companies to go out and search for it and then we will find it." The oil majors lined up in the beginning. In 2000, Britain's BP, Norway's Equinor (formerly known as Statoil) and Italy's Eni were among those who obtained licenses to prospect Faroese waters. After nine test drills and much disappointment, the initial enthusiasm has now waned. Oil and gas was found in some wells, but the quantities were not enough to justify commercial production. Equinor, the last of the oil companies to maintain an office on the Faroe Islands, shut its doors in 2015. "We drilled a total of four exploration wells without making a commercial discovery, and based on the remaining potential we saw in the Faroe Islands the decision was made to exit," spokesman Erik Haaland said. During the most recent licensing

round last year, only one group showed interest but no license was ever awarded.

Positive indications

The failure to find black gold could have extinguished the hopes of Faroese separatists, but the archipelago's economy is thriving thanks to profitable fisheries and fish farm sectors. So much so that around half of the Faroe Islands' 50,000 inhabitants are toying with the idea of becoming independent from Denmark. At the Faroese Geological Survey, experts are trying to make the most of the situation.

"It was a disappointment, I won't pretend it wasn't but given the timing, I'm not that surprised," said marine geologist Heri Ziska, referring to the weak oil price which has forced the oil industry to slash investments over the past few years. Nonetheless, "we have very positive indications from some oil companies," he said, adding: "We can see that they are working in the area, so they're looking actively at it." Off the nearby Shetland Islands, significant oil and gas fields have been found.

Anglo-Dutch group Shell and US group Chevron are set to develop the Combo and Rosebank fields respectively, located just on the

other side of the Faroes' maritime border. "When you know that just a few kilometers from the Faroese border the UK finds oil all the time, it's quite sure that there is oil here," insists Poul Michelsen, the Faroese foreign minister in charge of oil issues.

Vigorous offshore industry

In addition to their geographic remoteness, the Faroe Islands must also contend with the challenge of having a seabed made of basalt, an inhomogenous volcanic rock that complicates drilling and makes it more expensive. Even though a major oil discovery has yet to be made, the Faroe Islands still have a flourishing oil sector. With strong maritime traditions dating back to their Viking roots, more than 1,000 Faroese work in the offshore sector, either in the Faroes or elsewhere. "That's one of the really big successes of oil exploration in the Faroes: we don't have oil production but we have a lot of income from oil," noted Ziska. Regin Joensen is one of those who makes a living on oil rigs.

Employed by a Norwegian oil services company, he's the supervisor of an underwater remote operated vehicle off the Ivory Coast. "Working on a Norwegian contract, the money (is) great and



A picture taken on June 5, 2018 shows a lighthouse in the city of Torshavn, on the Streymoy Island, the largest of Faroe Islands in this Atlantic ocean archipelago nation. — AFP

the 2-4 rotation as well. If I work in the North Sea I'm on board for two weeks and then home for four weeks. Working in Africa, the rotation is four weeks on and eight weeks off." For 1343 days worked a year, he earns a monthly salary of almost

6,000 euros (\$7,000), and he gets 935 euros for each additional day. Aged 52, he can't imagine working in any other sector. "You can't change the expensive habits you have developed over the years earning good offshore money." — AFP

AUB's B2B Corporate Cash Management platform now on smartphones

KUWAIT: Ahli United Bank (AUB) announced that its business to business (B2B) corporate cash management platform is now available via mobile. B2B is AUB's advanced cash management platform that is designed for medium to large sized corporates. It was launched in 2013 and has been implemented across organizations in different industries in Kuwait. Until now the platform was only available through a desktop system but it is now available on a mobile phone through a dedicated B2B application.

B2B allows companies to manage their financial transactions online. It can be tailored to suit the different accounting systems of corporates, and offers significant flexibility that has a track record of meeting the varying needs of our customers. Some of the features of B2B include an on screen viewer, advanced search, payment advice, SWIFT confirmation, notification engine, customizable workflow, enhanced reporting and dynamic file formats.

AUB's Senior Deputy Chief Executive Officer, Tareq Muhmood said, "B2B is a reflection of AUB's continued approach towards developing tailor-made solutions that have been designed to meet the varied expectations of our clients. AUB has quickly developed a strong position of becoming the trusted financial partner of many corporates, forming relationships based on integrity and trust, while also providing innovative banking services that understands and supports our clients' needs at every stage of their development."

In addition, Ali Alnaqi, senior Head of Cash Management and B2B at AUB, said "With B2B being rolled out with a mobile solution, customers are now able to manage transactions whilst on the move. B2B integration framework supports the automation of local and international transfers, payroll



and related staff payments, and electronic collections payments".

Ali Alnaqi added that "We continue to add additional functionality such as reconciliation on company's systems, direct debit mandates, instant notification on all transactions, improved operational efficiencies, secure archiving of processed transactions, one time password generation for every login, access over secure socket layer encrypted channel, and various levels of authorization for transaction processing as per clients' requirements. Customers are able to download the Mobile App through the Android or Apple App store by searching for AUBK B2B.

AUB's corporate banking unit is one of the leading corporate banking service providers to the business community amongst Kuwaiti banks, based on providing insights and tailoring solutions to our customers across different industry sectors. The B2B Mobile App is another step in enhancing how Ahli United Bank is delivering its product and services to its customers.

Pets At Home bets on vets to break curse of British retail

LONDON: Toys R Us, Maplin, Mothercare, Carrefour, House of Fraser, Poundworld. The list of casualties on the British high street seems to grow by the week, forcing survivors to seek new strategies to weather the onslaught from online rivals like Amazon. For Pets At Home, struggling in its traditional business of selling dog and cat food, the game plan is an increasing drive into the higher-margin area of veterinary practices.

The company reported falling profits in late May, sinking its shares to an all-time low, but its in-store vet business was a rare bright spot, with revenues rising 16 percent. It is now placing its bets on vets. It told Reuters it plans to double the number of practices it operates - mainly 50-50 joint venture partnerships with vets - to 1,000 over the next decade. The company will invest 20 million pounds (\$26 million) next year alone in its vets business, which has a core profit margin of about 34 percent compared with its retail division's 14 percent.

Pets At Home is not one of the bigger British retail players, with a market value of about 830 million pounds. Yet its toils and tactics tell a wider story about how companies across the sector are being forced to rethink business models to plot courses out of the gloom. Its push also reflects a global boom in high-margin pet services such as vets, grooming and premium accessories like toys and bedding. U.S. consumer spending on such services is growing at double-digit percentage rates, driving a surge in deal-making in the area. Consumer giant Mars's pet-care division is now larger than its traditional confectionery business, for example, after a string of acquisitions including two announced in the last



LONDON: Shoppers walk past sales advertising in shop windows on Oxford Street. — AFP

week, for British firm Linnaeus and European chain AniCura.

Collapse and calamity

Britain's high-street retailers have had a torrid 2018. As well as online competition, they have been hit by weak consumer sentiment and currency swings due to the Brexit vote. Maplin and Toys R Us collapsed in February, while Poundworld went into administration last week and Mothercare, Carrefour and House of Fraser are shutting stores in restructuring plans.

Pets At Home is looking to elude such a fate, yet its vet expansion plans carry significant risks. The company's revenue from the vets practices - which make up about a third of group operating profit - comes entirely from the franchise fee it charges its joint venture partners, calculated as 17-18 percent of sales. However many of the practices are struggling to turn a profit - suggesting the model could be unsustainable unless business picks up. A Reuters review of the accounts of more than 200 of the joint ventures found three-quarters them are loss-making. Pets At Home declined to comment

on the size of the losses of the underlying joint ventures, but said the group expected each practice to break even after four to five years of trading. "It takes time for a veterinary practice to develop and reach maturity. We have a lot of young practices, more than half are under four years old," a spokeswoman said, adding that 87 of its 461 practices were profitable and debt-free. The company also faces increasing competition from chains include private equity-backed Independent Vetcare and CVS, as well as a shortage of vets and veterinary nurses in Britain that could hamper the expansion plans. "There are a lot of questions out there in terms of the sheer number of practices," said Mark Hedberg, a vet and joint venture partner in the southern England town of St Neots.

"In the last three to four years it has increased massively. It is hard to find veterinary staff to staff all these expansions." Two other joint venture partners told Reuters they were also finding it difficult to staff their businesses. "It is very competitive, especially because the other corporate are in the market," said Laszlo Novak, a joint venture partner in Linlithgow, near Edinburgh. "There is a huge pressure." — Reuters

Burgan Bank winner of cash prize in the Yawmi Quarterly Draw

Congratulations
Shhwar Mohammed Bahader Al-Boulshi
the lucky winner of

مباروك للفائز
شهور محمد بهادر البولشي
أنت الرابع المحظوظ بـ

125,000
دك
KD

مع السحب الربع سنوي
لحساب "يومي"
with "Yawmi"
quarterly draw
"يومي"
changed my day

KUWAIT: Burgan Bank announced Shhwar Mohammed Bahader Al-Boulshi as the new KD 125,000 cash prize winner in the Yawmi Quarterly Draw. The winner expressed his excitement for being the winner of the rewarding cash prize with Yawmi Account from Burgan Bank. The Yawmi Quarterly draw offers customers chances to win higher rewards, entitling one lucky customer to win KD 125,000 cash prize every three months.

To enter Burgan Bank's Yawmi Quarterly Draws, customers should maintain a mini-

mum amount of KD 500 in their account for 2 months prior to the draw date. Additionally, every KD 10 in the account will entitle customers to one chance of winning. For more information about the Yawmi Quarterly Draw, customers are advised to visit their nearest Burgan Bank branch, or call the bank's Call Center where customer service representatives will be delighted to assist with any questions on the Yawmi account or any of the bank's products and services.



Moroni has become the new destination of Turkish Airlines in Africa

DUBAI: Turkish Airlines flying to the most countries in the world, has added Moroni which is the biggest city and the capital of Comoros Union to its network as of 18 June 2018. Moroni flights of the flag carrier will be

operated three times per week and it will be in connection with Seychelles flights. Comoros Union consists of three big island which named The Big Comoros, Anjuan and Moholi. Following the addition of Moroni, Turkish Airlines now reaches 122 countries with 304 destinations worldwide; 53 of which are in Africa. Comoros was named as moon islands by Arabic mariners and also named perfume islands by European countries because of being plenty various scented plant as honey suckle, orchid and gardenia. Agriculture sector is the biggest share of country economy and the climate of the Comoros is tropical. Introductory round trip fares are available from Istanbul to Moroni starting at 973 US Dollars (including taxes and fees). To view the flight schedules please visit www.turkishairlines.com.

