

[Seagourmet Norway AS]

To:

Prime Minister Erna Solberg,  
E-mail: postmottak@smk.dep.no,

Minister of EEA and EU Affairs Elisabeth Vik Aspaker  
E-mail: eos-euministerens.sekretariat@mfa.no

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### **Dramatic situation regarding Seagourmet Norway AS**

There are about 2,235 inhabitants in Båtsfjord municipality. The opening of the new crab factory Seagourmet Norway AS since April 2015 has resulted in more inhabitants. Until 09.09.2016 there were 55 employees at the factory, where a large proportion of the employees were from Båtsfjord, while the rest of the labour force was from the Baltic countries that have settled in the village as well. Investments in the factory are about NOK 50-60 million.

It was probably a big day in the fishing community Båtsfjord and we were incredibly happy and proud that we chose Båtsfjord to establish ourselves in, so this was an addition to the industry in Båtsfjord. But in one day, the situation has changed considerably.

#### **Issue:**

Seagourmet Norway managed through several attempts to cooperate with the Latvian shipping company North Star, which was the main supplier of raw materials to our factory in Båtsfjord until 06.09.2016. The Latvian shipping company North STAR has been fishing for snow crab at the Loop Hole under NEAFC regulations. Most famous in our area is the Loop Hole in the Barents Sea between Norway and Russia. Most of the Loop Hole, by agreement in July 2015 lies on the Russian side, and there are enormous amounts of snow crab. Over the past year, the EU shipping company has had access to the NEAFC and later by agreement between Norway and Russia, to the Russian part of the 67,000 square kilometres of the Loop Hole in the Barents Sea to harvest.

Russia has decided not to allow harvesting of snow crab for EU vessels at a short notice in September 2016. And it was Norwegian manufacturers, to be exactly Seagourmet Norway, which has been dependent on raw materials from EU boats, was directly affected.

We will also note that the portion of the Loop Hole in the Barents Sea, which is considered Russian continental shelf, with 85 % in the Loop Hole from September 2016, was still not accepted by the UN.

#### **The lack of raw material has led Seagourmet Norway stop its operation at the factory and 50 workers were laid off.**

We asked Minister of Fisheries Per Sandberg for a meeting. We were invited for a meeting, and at the meeting it was announced that a negotiating meeting between the EU Commission and Norway would be held as soon as possible, where the issue of snow crab will be negotiated.

The negotiations between Norway and the EU on trade in quotas did not give the results Seagourmet Norway and the Båtsfjord community hoped for.

**Raw material:**

Snow crab: The Directorate of Fisheries has granted an acquisition permit to 50 Norwegian vessels that can fish for snow crab both in the Loop Hole and in Svalbard zone. Currently, only 6 boats participate in fishing for snow crab, five fishing vessels produce snow crab on board and it is only a fishing vessel that supplies live raw material to a plant in Honningsvåg, Finnmark. From this we see that 44 boats do not fish for the new species of snow crab. Fishing of snow crab is unregulated these days.

Experience from other countries shows us the following. Both in the United States and Canada, 80 % of snow crabs are produced at land-based facilities, but only 20 % are produced on board. Production at land-based facilities develops the coast and stimulates economic growth.

Production on board is a way to drive industry that is most relevant and comes from third countries.

King crab: King crab is regulated fishing and the total quota for 2016 was set to 1,850 tonnes that was distributed between the fishermen in Finnmark and our surveys show that the greatest quantity of the quota belonging to the local fishermen was caught.

**Our results**

Our fantastic land-based facility in Båtsfjord produces only good food, we are working on developing new products, investing a lot of resources both in research and development.

We have a fantastic TEAM consisting of only 5 key people who have both good experience and education, and these people realise themselves in our company and we ensure in creating well-being through the results of Seagourmet Norway, and this is my main task as the project coordinator.

SEAGOURMET NORWAY has produced in 2016 until September:  
(SC-snow crab, KC-king crab)



**Solution:**

The current situation is very serious currently for our business, for our 50 employees (who were laid-off - and there is strain on the State budget too)

*What could be possible lodgings?*

- a) Norwegian bats have permits, but do not fish.  
Sandberg in the meetings has said that they will consider taking the license from the boats that do not fish snow crab. In the long term, this may mean a solution, but it will be too late for Seagourmet Norway.
  
- b) EU vessels, in our case it is the Latvian shipping company North STAR with its 4 vessels, which have fished previously and delivered raw materials to Seagourmet Norway AS. They will continue to supply raw materials to our factory Seagourmet Norway, but the Latvian shipping company must, in the first stage, receive a permit, or granted that is significantly relevant for the Pilot project from the Norwegian Ministry of Fisheries to fish snow crab on the Norwegian continental shelf beyond 200 nautical miles.

We have to find a solution in this situation that can help us save our factory and the 55 employees!

We have proposed a possible solution that can save our unique project it is A PILOT PROJECT which gives the four EU (Latvian vessels) a temporary permit for snow crab fishing on the Norwegian continental shelf on condition that the Latvian shipping company with its 4 fishing vessels delivers live crab to land-based facilities in Båtsfjord. This is how we get to save our factory with 55 employees. There are enormous resources and occasions, and the Ministry of Fisheries could accept ONE Pilot project to save the dramatic situation, which Seagourmet is experiencing every day. The impossible is possible.

**So far is the answer from the Ministry that this is very difficult to do!**

**Business activities:**

We're running a unique project. Seagourmet Norway AS cooperates with local companies and purchases goods and services (plumber, electrician, logistics, warehouse, freezer, packaging)

The Latvian shipping company North Star, which owns the 4 vessels, is also constantly buying both goods and services in Båtsfjord.

This means that our project is about microeconomics, and in our time microeconomics has become one of the most important strategies in business and economics.

**Conclusion:**

In conclusion, we will note that our project is a unique project in Norway that is developing the business sector in Båtsfjord, which provided 55 jobs and has plans to provide more jobs. We are constantly participating in society, and we have invested a lot of funds in our facility. That's why we have the most modern crab factory in all of Norway. We are the largest manufacturer of snow crab on land based facilities and we work well to market our products in different parts of the world (see our web-page [www.seagourmet.no](http://www.seagourmet.no)) and in that way we market Norway as a travel destination.

We are in need of an urgent solution that can save the difficult situation by 31.12.16, and then we could receive raw material (snow crab) from 01.01.2017. That is the only way to prevent bankruptcy. The Norwegian authorities have the opportunity not only to save 55 jobs, but also secure 15 new

jobs that we have planned, if the authorities agree to host a pilot project. We need about 3,000 tonnes a year.

We ask Prime Minister Erna Solberg and Minister of EEA and EU Affairs Elisabeth Vik Aspaker for help in saving our unique project.

Wishing you a Merry Christmas and Happy New Year

Sincerely,  
Sergei Ankipov  
Project Coordinator  
Seagourmet Norway AS  
Strandvegen 17, 9990 Båtsfjord, NORWAY  
+ 47 920 37 196  
[www.seagourmet.no](http://www.seagourmet.no)

Copy:

— Mayor of Båtsfjord Geir Knutsen