

# Principles of the Icelandic Harbour Act no. 61/2003 and their application to large-scale port projects

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# Harbour Act no. 61/2003

- Enacted in 2003. General port law in Iceland
- Allowed for **private ownership** of ports
  - Previous Harbour Acts – from 1946, 1967, 1973, 1984 and 1994 - only allowed for **public ownership**
- Goals: To modernize and increase competitiveness of the port sector



# Harbour Act no. 61/2003

- Legal forms of ports, two main groups (Article 8):
  - **Public ports**
    - **Municipality-owned ports (by far most common)**
    - State-owned ports (but only with specific parliamentary authorization)
  - **Corporate ports**
    - Publicly or **privately** owned



# Harbour Act no. 61/2003

- Almost all ports in Iceland owned by **municipalities**
  - **Faxaflóahafnir sf.**, Iceland's largest container port, jointly owned by five municipalities, including City of Reykjavík (run as a corporate port)
  - **Only two ports owned by private parties**, i.e. by Hvalur hf. (whaling) and Skeljungur (petroleum)
    - These private ports not open to general ship traffic



# Harbour Act no. 61/2003

- Investment need in Icelandic ports (until 2020) estimated as approx. **28 billion ISK (267 million USD)**
  - Report of the Federation of Icelandic Industries, “Infrastructure in Iceland” (2017), p. 26.
- **Investment in infrastructure necessary to respond to rapid changes in the Arctic, including increased economic activity (shipping, natural resource exploitation etc.)**



# Harbour Act no. 61/2003

- Is private investment in ports **necessary** and **desirable**?
  - Economic and political question
  - Very limited tradition for private investment in Iceland, historically
  - Public port ownership is the general rule elsewhere in Europe (and probably worldwide)
  - Middle-ground: **Public-private partnerships**



# Harbour Act no. 61/2003

- Does the Harbour Act provide a **sufficient legal framework** for private port investment?
  - From an investor's/lender's perspective?
    - Legal certainty and stability prime concern
  - From the government/municipalities' perspective?
    - Public interest goals – retain some degree of public control



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- Finnafjörður port project puts the 2003 Harbour Act to the test
- Thank you for listening!