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


- Goals: To modernize and increase competitiveness of the port sector
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• 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
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• 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
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• Investment need in Icelandic ports (until 2020) estimated as approx. 28 billion ISK (267 million USD)


• Investment in infrastructure necessary to respond to rapid changes in the Arctic, including increased economic activity (shipping, natural resource exploitation etc.)
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• 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
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• 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
Harbour Act no. 61/2003

• Finnafjörður port project puts the 2003 Harbour Act to the test

• Thank you for listening!