

The Fisheries Management Act

No. 116, 10 August 2006

Act

on Fisheries Management

as subsequently amended

The President of Iceland

makes known herewith: That, by virtue of authorisation in Art. 4 of Act No. 42/2006, have had the text of Act No. 38/1990, on Fisheries Management, amended as provided for in Acts Nos. 1/1992, 36/1992, 113/1993, 87/1994, 83/1995, 144/1995, 158/1995, 7/1996, 16/1996, 57/1996, 105/1996, 72/1997, 79/1997, 133/1997, 144/1997, 12/1998, 27/1998, 49/1998, 82/1998, 1/1999, 9/1999, 34/2000, 93/2000, 14/2001, 34/2001, 129/2001, 3/2002, 85/2002, 130/2002, 75/2003, 147/2003, 149/2003, 74/2004, 22/2005, 28/2005 and 41/2006, and hereby publish the consolidated text:

CHAPTER I

General provisions

Article 1

The exploitable marine stocks of the Icelandic fishing banks are the common property of the Icelandic nation. The objective of this Act is to promote their conservation and efficient utilisation, thereby ensuring stable employment and settlement throughout Iceland. The allocation of harvest rights provided for by this Act neither endows individual parties with the right of ownership nor irrevocable control over harvest rights.

Article 2

For the purposes of this Act, exploitable marine stocks shall include marine animals, as well as marine vegetation, found within the Icelandic exclusive fishing zone which are or may be exploited commercially and are not covered by special laws.

Iceland's exclusive fishing zone includes the ocean area extending from the low-water line to the outer limits of Iceland's exclusive economic zone (EEZ) as defined by Act No. 41, of 1 June 1979, concerning the Icelandic territorial sea, exclusive economic zone and continental shelf.

Article 3

The Minister of Fisheries, having obtained the recommendations of the Marine Research Institute, shall issue a regulation determining the total allowable catch (TAC) to be caught for a designated period or fishing season from the individual exploitable marine stocks in Icelandic waters for which it is deemed necessary to limit the catch. Harvest rights provided

for by this Act are calculated on the basis of this amount. Catch caught for purposes of research by or for the Marine Research Institute shall not be included in the TAC. The Minister may also, having obtained the opinion of the Marine Research Institute, decide that catch caught for scientific research by other parties shall be partially or totally excluded from the TAC.

The TAC of demersal species is determined for a twelve-month period, beginning September 1 of each year and extending to August 31 of the following year, hereafter referred to as the fishing year. The TAC for the coming fishing year shall be decided by 1 August each year. The Minister may, however, during the course of any fishing year, increase or reduce the TAC of individual demersal species. The TAC of other marine animals shall be determined sufficiently in advance of each approaching fishing season or fishing period and the Minister may increase or reduce it during the ensuing fishing season or fishing period.

Chapter II

Fishing permits and catch quotas

Article 4

No one may pursue commercial fishing in Icelandic waters without having a general fishing permit. General fishing permits are of two types, i.e. a general fishing permit with a catch quota and a general fishing permit with a hook-and-line catch quota. A vessel may only hold one type of fishing permit each fishing year. A commercial fishing permit shall be cancelled if a fishing vessel has not been fishing commercially for 12 months. A fishing permit shall also be cancelled if a fishing vessel is removed from the registry of the Icelandic Maritime Administration or if its owners or operators do not satisfy the conditions of the second sentence of Article 5.

Article 5

Commercial fishing permits may only be granted to fishing vessels holding certificates of seaworthiness and registered in the Registry of Vessels of the Icelandic Maritime Administration or the special registry of the Administration for boats less than six metres in length. Their owners and operators must fulfil the requirements to pursue fishing in Iceland's exclusive fishing zone, as provided for in the Act on Investment by Foreign Parties in Industrial Operations and the Act on Fishing and Processing by Foreign Vessels in Iceland's Exclusive Fishing Zone.

Article 6

Leisure fishing for personal consumption is authorised without special permit. Such fishing may only be pursued with handline without automatic jigger. Any catch obtained under the authorisation of this paragraph may not be sold nor used for financial gain by any other means.

The Minister may each year decide that, at a specific number of public ocean rod-and-reel fishing derbies, the catch shall not be included in catch quotas or hook-and-line catch quota and the fishing days not included in pursuit days, provided the catch is only used to pay for the cost of the competition.

Article 7

Vessels holding fishing permits with hook-and-line catch quotas may fish those species for which they hold quotas plus species which are not subject to limits on total allowable catch. The Minister shall, however, set rules on allowable by-catch. Hook-and-line catch quotas may only be used for longline and hand-line fishing. The Minister may, however, grant hook-and-line boats permission to fish for benthic species using such fishing gear as is required, such as plows and traps, and to use nets for lumpfish fishing.

Article 8

Fishing of those species of marine animals, which are not subject to limits on TAC as provided for in Article 3, may be freely pursued by all vessels holding commercial fishing permits as provided for in Article 4, subject to limits imposed by general rules concerning fishing regions, fishing gear and fishing periods.

Harvest rights for species for which total catch is limited shall be allocated to individual vessels. Each vessel shall be allocated a specified share of the TAC for the species. This is referred to as the quota share of the vessel concerned and remains unchanged from one year to the next.

Prior to allocating the TAC to vessels on the basis of their quota shares the following shall be deducted:

1. harvest rights as provided for in Article 10,
2. harvest rights and estimated catch to be used for longline discount, as provided for in Article 11.

A vessel's catch quota for each fishing year or season is determined by the TAC for the species concerned and the vessel's share of that total, cf. the second paragraph. The Directorate of Fisheries shall send a special notification concerning the catch quota of each vessel at the beginning of each fishing period or season.

Provisions of this Act concerning the allocation, utilisation and transfer of quota shares and catch quotas shall also apply to hook-and-line quota shares and hook-and-line catch quotas, unless otherwise expressly provided for.

Article 9

Should a TAC eventually be set, as provided for in Article 3, for a species of marine animal which has been caught without interruption for some time but has not previously been subject to TAC provisions, quota shares shall be allocated on the basis of catch performance for the last three fishing periods. If a vessel with catch performance as referred to in the first sentence, has ceased operation when allocations are made, the last owner of the vessel prior to its retirement may decide to what vessel its quota share shall be allocated.

Should no previous uninterrupted fishing experience of the species concerned be available, the Minister shall determine the quota shares allocated to individual vessels. In his decision he may have regard to previous catch performance, as well as the size or type of vessel. The Minister may make allocation of a quota as provided for in this paragraph subject to the condition that a vessel waive fishing rights for other species.

Article 10

Each fishing year the Minister shall have available harvest rights amounting to up to 12,000 tonnes of ungutted demersal species, which he may use:

1. to offset major disturbances which are anticipated because of sizeable fluctuations in the catch quotas of individual species;
2. for regional support, in consultation with the Regional Development Institute, through allocations:
 - a. to smaller communities which are facing difficulties due to downturns in fisheries and which are dependent upon demersal fishing or processing;
 - b. to communities which have suffered unexpected cutbacks in the total catch quotas of fishing vessels operating from and landing their catch in the communities in question, which has had a substantial impact on the employment situation in these communities.

Catch quotas as provided for in this point may be allocated for up to three years at a time.

Harvest rights as provided for in this Article shall be divided among species in proportion to the TAC of each individual species before being allocated on the basis of quota shares.

A Regulation issued by the Minister, as provided for in the third and fourth paragraphs, shall state which demersal species are to be allocated.

The Minister shall, in a Regulation, lay down provisions on allocation of harvest rights referred to in Point 1 of the first paragraph.

The Minister shall, in a Regulation, lay down provisions on allocation of harvest rights referred to in Point 2 of the first paragraph. They shall include a definition of a community, reference and calculation rules, and other rules on allocation of harvest rights to communities.

The Minister shall, in a Regulation, lay down general conditions for allocation of the harvest rights referred to in Point 2 of the first paragraph to vessels of individual communities. These conditions shall include, for instance, port of registration, time of registration, ownership, division between vessels, minimum price, security for payment and implementation of allocation. The Minister may, in response to reasoned proposals from a local authority, authorise the adoption of special conditions for allocation of harvest rights in individual communities which derogate from or supplement the general conditions, provided they are based on objective and localised considerations and in the interests of the community concerned. Once such proposals have been received from a local authority, they must be made public in an accessible manner, for instance, on the Ministry's website, no later than seven days before a decision is taken on them. If the Minister agrees to proposals from local

authorities for such conditions, the Ministry shall approve the proposals and advertise them in the B Section of the Official Journal of Iceland (*Stjórnartíðindi*).

Transfer of harvest rights allocated as provided for in Point 2 of the first paragraph is not allowed, but exchange of equivalent harvest rights in cod-equivalent terms is authorised. Transfer of harvest rights as provided for in these points shall be authorised, however, if a fishing vessel has satisfied the landing and processing obligations referred to in the seventh paragraph.

Fishing vessels must land for processing within the community concerned catch amounting to double the cod-equivalent of the harvest rights allocated to them pursuant to Point 2 of the first paragraph and no allocation shall be made to them except to the extent this condition is satisfied, in accordance with detailed rules adopted by the Minister. The Minister may, after receiving reasoned arguments from a local authority, derogate from this condition provided this is done on the basis of objective and localised considerations.

The Directorate of Fisheries shall handle the allocation to fishing vessels of harvest rights received by individual communities. Decisions by the Directorate of Fisheries on allocation of harvest rights pursuant to this Article may be appealed to the Ministry of Fisheries. The time limit for submitting an appeal is two weeks from the date of notification by the Directorate of Fisheries of an allocation or refusal of an application for allocation; no allocation shall be made until this period has elapsed. The Ministry must issue a ruling on any appeals within two months. The Ministry may decide that the allocation of harvest rights to vessels in a specific community be postponed, in part or in full, until processing of appeals received concerning allocations there have been dealt with.^[1]

Article 11

Vessels may fish in excess of their catch quota for individual demersal species, with the result that their catch quota for other demersal species will be reduced in proportion to the relative value of each species, cf. Article 19. This authorisation is limited to 5% of the total value of the demersal quota, and the excess catch of each demersal species may not exceed 2% of the total value of the demersal quota. The authorisation of this paragraph does not, however, apply to fishing in excess of the allocated catch quota of cod. The Minister may decide in a Regulation that the limits to the authorisation in the second sentence shall, for specific species, have a higher reference limit than 2% of the total catch value of demersal species.

If a catch quota is transferred between vessels, as provided for in Article 15, the authorisation for changes, as provided for in the first paragraph, shall be transferred from the vessel from which quota is transferred to the receiving vessel.

Up to 20% of catch quotas for each demersal species and catch quotas for deepwater shrimp, nephrops and herring, 10% of catch quotas for scallops and 5% of catch quotas for deep water shrimp may be transferred from one fishing year to the next.

Vessels may also fish up to 5% in excess of the catch quota for each demersal species, herring and deepwater shrimp and 3% in excess of their catch quota for offshore shrimp and scallops

with the result that the excess catch will be deducted from their allocated catch quota for the following fishing year.

The provision for reduction provided for in the first paragraph shall be applied before the transfer provision of the third paragraph can be invoked. The provision of the fourth paragraph does not extend the provision for altering quotas between species provided for in the first paragraph.

The Minister may decide in a Regulation that fish under a certain size will be only partially included in calculation of catch quotas.

The Minister may also decide that catches of certain species, which are exported to markets abroad without processing, shall be multiplied with an increment when calculating how much of a vessel's quota has been caught in each instance. The increment shall be up to 20% for cod and haddock and up to 15% for other species.

Day-trip longline vessels, which bait their lines on shore, may land 16% in excess of the catch of cod, haddock and wolffish calculated as part of their catch quotas. A day-trip vessel is one which returns to land its catch within 24 hours of sailing from the harbour where the line was loaded aboard ship. This provision covers only vessels which give notification of their location through the automatic notification system for Icelandic vessels, cf. Act No. 41, of 20 March 2003, on monitoring of sailings. The longline discount for cod shall each fishing year be limited to 3,375 tonnes of ungutted cod, which shall be distributed over the fishing year in four three-month intervals from 1 September on a pro rata basis, taking into consideration the cod caught by longliners in 2002. The Directorate of Fisheries shall monitor longline catches and notify the Ministry when it appears probable that the allowed reference quantity for each fishing period has been caught. The Ministry will then announce as of what date longline cod catch shall be fully included in calculation of catch quotas. The Minister may also decide on a limit for the total quantity of haddock and wolffish for longline discount and, furthermore, decide that haddock and wolffish catch shall be included in full in determining catch quotas once this limit is reached. The Minister shall set detailed rules on the implementation of this provision.

The master of a fishing vessel may decide that part of the vessel's catch shall not be included in its catch quota. Such portion which is excluded from the vessel's catch quota shall not, however, exceed 0.5% of pelagic catch and 5% of other marine catch caught by the vessel in question each fishing year. This authorisation is subject to the following conditions:

1. that the catch is kept separate from the vessel's other catch and weighed and recorded separately;
2. that the catch is sold at an approved fish auction market and the value obtained deposited in a fund, as provided for in the third paragraph of Article 1 of Act No. 37/1992, Concerning a Special Levy on Illegal Marine Catches, as subsequently amended.

If the authorisation in the ninth paragraph is exercised, the managers of the fish auction market where the catch is sold shall be responsible for submitting the value of the sold catch net of port fees and auction costs. The vessel operator shall receive 20% of the value of the catch sold, to be divided between the vessel operator and the crew in accordance with relevant agreements thereto.

Article 12

If a vessel is lost at sea, the vessel operator shall retain its catch quota when allocation is made at the beginning of the next fishing year or fishing season, provided its quota share has not been transferred to another fishing vessel. Should a vessel change hands it shall retain its quota share unless the parties concerned conclude a written agreement otherwise, and provided the provisions of the third and fourth paragraph of this Article are satisfied.

If a vessel which has a commercial fishing permit is to be sold to a vessel operator resident in another municipality than the vendor, the municipal authorities in the vendor's municipality shall have first option to purchase the vessel. The municipal authorities in question shall be sent a written offer to exercise their option in which the selling price of the vessel and an exhaustive listing of other terms of sale are provided. The municipal authorities shall reply in writing to the offer to exercise their option within four weeks of receiving it and the option expires if the offer is not replied to within this time limit.

Should the municipal authorities exercise their option pursuant to the third paragraph of this Article, they shall at once offer vessel operators resident in this municipality the possibility of purchasing the vessel and publicly solicit offers to purchase.

If a vessel is disposed of contrary to the provisions of this Article on first option, those holding the option may demand that the sale be annulled, provided legal proceedings to that effect are initiated within six months of their having received information of the sale. The option does not apply to vessels sold at public auction. The provisions of this Article do not apply to the sale of undecked boats.

The quota share of a vessel may be transferred wholly or in part, provided that the transfer of a quota share does not result in the harvest rights of the receiving vessel becoming obviously in excess of its fishing capacity. A hook-and-line quota share may only be transferred to a boat less than 15 GT, which already has a fishing permit with a hook-and-line catch quota. Confirmation from the Directorate of Fisheries that the transfer of harvest rights is within the limits permitted shall be sought without delay. Such transfer is not valid until confirmed by the Directorate of Fisheries. A vessel's quota share may not be transferred without the prior approval of all parties holding a contractual lien in the vessel as of 1 January 1991.

Article 13

Notwithstanding the provisions of the second paragraph of Article 8 and Article 12, the combined quota share of fishing vessels owned by individual parties, whether natural or legal persons, or owned by connected parties may never comprise a higher proportion of the total quota share of the following species than prescribed below:

Species	Maximum quota share
Cod	12%
Haddock	20%
Pollock	20%
Redfish	35%
Greenland halibut	20%

Herring	20%
Capelin	20%
Deepwater shrimp	20%

Should the total value of catch quotas of species other than those listed above, which are subject to decisions on TAC in accordance with this Act, at the beginning of a fishing year amount to more than 2% of the total value of catch quotas of all species subject to decisions on TAC, the total quota share of fishing vessels owned by individual parties, whether natural or legal persons, or owned by connected parties, may never amount to more than 20% of the total quota share of the species in question. The Minister shall, at the beginning of a fishing year, specify in a Regulation which species this concerns. Calculations of the total value of catch quotas shall, on the one hand, be based on the proportional value of individual species during the fishing year or fishing period concerned, cf. Article 19, and, on the other hand, by the allocated catch quotas of individual species during the period. The combined hook-and-line quota share of vessels owned by individual parties, whether natural or legal persons, or owned by connected parties, may never amount to more than 4% of the total hook-and-line quota share for cod and 5% of that for haddock.

In addition, the total quota share of fishing vessels owned by individual parties, whether natural or legal persons, or owned by connected parties, may never amount to more than 12% of the total value of the catch shares for all species subject to TACs in accordance with this Act and Article 5 of Act No. 151/1996, or over 5% of the total value of the hook-and-line quota share. Calculations of the total value of quota shares shall, on the one hand, be based on the proportional value of individual species during the fishing year or fishing period concerned, cf. Article 19, and, on the other hand, the allocated catch quotas of individual species during the period.

Quota shares of fishing vessels owned by individual parties, as referred to in the first and second paragraph, shall also include quota shares of fishing vessels which the parties have leased with option to purchase or leased for six months or longer. The following shall be regarded as connected parties:

1. entities where one party, a natural or legal person, owns directly or indirectly the majority of shares or guarantee capital in the other party or controls the majority of voting rights. The former is regarded as the parent company and the latter as a subsidiary;
2. entities where one party, a natural or legal person, actually controls the other, through means other than those described in Point 1. The former is regarded as the parent company and the latter as a subsidiary;
3. legal entities, where the situation is such that the same party or parties, whether natural or legal persons, or connected parties as referred to in Points 1 or 2, own the majority of share capital, guarantee capital or voting rights in both or all of the legal entities, provided the holding of each of them corresponds to at least 10% of the share capital, guarantee capital or number of votes in the legal entity concerned. The same shall apply if a party or parties, whether natural or legal persons or connected parties as referred to in Points 1 or 2, who hold the majority of share capital, guarantee capital or voting rights in a legal entity, and each of whom holds at least 10% of the share capital, guarantee capital or voting rights in the legal

entity, own together with the legal entity in question the majority of share capital, guarantee capital or voting rights in another legal entity. The holdings and voting rights of individuals in legal entities as referred to in this Point shall, furthermore, include holdings and voting rights of their spouses and relatives in ascending or descending line.

Article 14

When it becomes apparent that the quota share of a party's fishing vessels will exceed the limits set in the first or second paragraph of Article 13, such party is required to notify the Directorate of Fisheries of the transfer of quota shares, merger of legal entities owning fishing vessels with quota shares, purchase of holdings in such legal entities, and purchase, leasing with option to purchase, or leasing of fishing vessels with quota shares. In the case of connected parties as provided for in Points 1 and 2 of the fourth paragraph of Article 13, responsibility for notification rests with the parent company and in other cases with the party taking the action. Furthermore, legal entities owning fishing vessels with quota shares must regularly provide the Directorate of Fisheries with information on the holdings of all parties who own 10% or more of the share capital, guarantee capital or voting rights in the legal entity concerned. At the same time information shall be provided on the holdings of individuals and their spouses and relatives in directly ascending or descending line if their total holdings or voting rights amount to 10% or more of the share capital, guarantee capital or voting rights in the legal entity in question. Legal entities which own fishing vessels with quota shares, must furthermore inform the Directorate of Fisheries of any legal entities in which they have holdings or voting rights and which own fishing vessels with quota shares.

The Directorate of Fisheries shall evaluate the information provided by the party and notify the party within a reasonable period of the quota share of its fishing vessels. If the quota share of fishing vessels owned by individual parties or connected parties exceeds the above-mentioned limits the Directorate of Fisheries shall notify the party concerned thereof and of the extent of its excess quota share. The party shall be given a time limit of six months from the time it verifiably received such notification to take measures to reduce the quota share below the limit. Should the party fail to provide the Directorate of Fisheries with information indicating that satisfactory measures have been taken before the expiration of the time limit, the excess quota share shall be cancelled. The quota shares of fishing vessels owned by the party concerned shall be reduced proportionally for each individual species. In allocating quota shares at the beginning of the fishing year following the expiration of the time limit such reduction shall serve to increase the quota shares of fishing vessels owned by other parties. The increase shall be directly proportional to the quota share of the fishing vessels in the species concerned.

Article 15

Once a fishing vessel has been allocated a catch quota, the catch quota may be transferred between vessels, provided the transfer does not result in the harvest rights of the receiving vessel becoming obviously in excess of its fishing capacity. The Directorate of Fisheries must receive notice of the transfer of a catch quota no later than 15 days after the conclusion of the fishing period.

The Directorate of Fisheries must be notified of any transfer of catch quotas, which is not valid until the Directorate has confirmed the transfer. The notification must include information on the amount of catch quota to be transferred, as well as the price, except where catch quotas are transferred between vessels owned by the same natural or legal person.

Before confirming the transfer of a catch quota, the Directorate of Fisheries must record the information on the catch quota transfer as provided in the notification. The Minister shall, in a Regulation, decide on the format to be used for notifications to the Directorate of Fisheries on transfers of catch quotas. The party sending notification of a transfer of catch quota must pay the Directorate of Fisheries ISK 2,000 for each notification. Before confirming the transfer of catch quota, the Directorate of Fisheries must obtain a confirmation from the Directorate of Fresh Fish Prices (*Verðlagsstofa skiptaverðs*) that a contract has been concluded between the vessel operator and crew on fish prices used as reference in catch share payments. This must fulfil the conditions of the Directorate of Fresh Fish Prices, as provided for in Act No. 13/1998, on the Directorate of Fresh Fish Prices and the Ruling Committee of Fishermen and Vessel Operators. The Directorate of Fisheries may conclude service contracts on electronic notification of transfers of catch quotas between fishing vessels; payment of ISK 12,000 shall be made to the Directorate of Fisheries for such contracts for each fishing year. The Minister may, in a Regulation, lay down detailed rules on conditions for concluding service contracts, and derogate from the provisions of the first to third paragraphs insofar as they concern the implementation of catch quota transfers and payment of the accordant fees.

The Directorate of Fisheries shall publish daily accessible information on catch quota transfers, including the quantities of each species as well as price, where applicable.

Should a fishing vessel catch less than 50% of its total catch quota, measured in cod equivalents, during two consecutive fishing years its quota share shall be cancelled and the quota shares of other vessels in the species concerned increased accordingly. This percentage shall be assessed on the basis of the value of individual species in the catch quota of a vessel in accordance with their value coefficients, cf. Article 19. The reference percentage as provided for in this paragraph shall, however, be reduced by 5 percentage points for every full 30 days the vessel fishes outside of the Icelandic exclusive fishing zone during that fishing year for species for which no agreement on fisheries management has been concluded.

Should a vessel be prevented from fishing for six months or more of a fishing year due to damage or a major breakdown, the catch of that fishing year shall not result in the cancellation of its quota share in accordance with this Article.

For each fishing year the amount of catch quota transferred from a vessel, in excess of catch quotas transferred to the vessel, may not exceed 50% of the total catch quota allocated to the fishing vessel. For this purpose the catch quota shall be calculated in cod equivalents on the basis of the value coefficients of individual species, cf. Article 19. The Directorate of Fisheries may derogate from these limits on transfer of catch quotas in cases involving changes to a vessel operator's fleet, or if a vessel ceases operation for a lengthy period due to a serious breakdown or damage at sea, in accordance with detailed rules set by the Minister on conditions for transfer..

A hook-and-line catch quota may only be transferred to a boat less than 15 GRT already holding a fishing permit with a hook-and-line catch quota.

CHAPTER III

Implementation and surveillance

Article 16

The Minister may lay down further rules regarding the implementation of this Act.

Article 17

Masters of fishing vessels, which are issued commercial fishing permits as provided for in Article 5, shall keep special log books of catch statistics provided to them by the Directorate of Fisheries. A Regulation shall specify the information to be recorded in catch log books, their format, and delivery to the Directorate of Fisheries. The Directorate of Fisheries shall suspend the commercial fishing permits of vessels failing to submit catch log books; such suspensions shall remain in force until submissions are received or explanations provided for the reasons for failure to submit.^[2]

Vessel owners, masters, and those purchasing the catch, as well as agents, exporters, transporters, banks, credit institutions and public institutions, are required to provide to the Ministry or Directorate of Fisheries, without charge and in the format prescribed by the Minister, any information which they have at their disposal and is considered necessary for surveillance of the implementation of this Act.

Changes of ownership of fishing vessels, or other changes in participation in the operation of a fishing vessel holding a commercial fishing permit, must be notified to the Directorate of Fisheries within 15 days of the signing of a contract. Both the seller and buyer, or lessor and lessee in the case of leasing, must jointly sign the notification on altered participation in vessel operation, using the form provided by the Directorate of Fisheries for this purpose. A copy of the purchase contract or rental contract must accompany the notification. The purchaser or lessee, as the case may be, is responsible for sending notification to the Directorate of Fisheries. The Minister may, in a Regulation, provide in detail for such notification. Failure to comply with the obligation to notify shall be liable to penalty as provided for in Article 25.

Article 18

The Directorate of Fisheries shall be responsible for ensuring the proper implementation of this Act and shall employ special inspectors to this end.

In addition to performing the duties provided for in Art. 10 of Act No. 79, of 26 May 1997, and ensuring that the rules set as provided for in that Act are followed, these inspectors shall supervise the landing, weighing-in and processing of catch, as well as the export of catches or

products as specified in this Act, in regulations adopted in accordance with it, and in the formal statement of their duties.

Inspectors may accompany fishing vessels on voyages or board the vessels to check their cargo and fishing gear; masters must provide them with assistance, cf. the first paragraph of Art. 10 of Act No. 79, of 26 May 1997. Furthermore, they shall be allowed access to all land processing and storage areas.

The Minister may, in a Regulation, decide that automatic remote surveillance devices shall be installed aboard fishing vessels at the expense of the vessel operator.

CHAPTER IV

Cod equivalents

Article 19

The Ministry of Fisheries shall calculate cod equivalents no later than 15 July each year for each species subject to harvest restrictions, cf. Article 20, based on the twelve-month period beginning on 1 May of the preceding year and concluding on 30 April. If a decision is made on fisheries management for a species which was not previously subject to such decision, the cod equivalent for the species shall be calculated immediately with reference to the same period as referred to in the first sentence. Cod equivalents shall be calculated as the ratio of the value of individual species subject to management restrictions to the value of gutted cod. Calculations of value shall be based on the total catches and total value of these species, according to information thereupon from the Directorate of Fisheries. When fish is sold chilled to markets abroad, 88% of the sales value shall be used as reference. For demersal species, with the exception of redfish, gutted fish shall be used as reference. Headed lobster shall be used as reference.

CHAPTER V

Fishing fee

Article 20

A fishing fee shall be charged in accordance with Article 22 for harvest rights granted on the basis of this Act, the Act on Fishing Outside of Icelandic Jurisdiction or other Acts providing for fisheries management.

The Minister may lay down details of the calculation, levying and collection of the fishing fee provided for in this Chapter.

Article 21

The Minister shall determine the fishing fee for the coming fishing year in accordance with this Article no later than 15 July each year. The value of catches during the period beginning on 1 May of the preceding year and concluding 30 April shall be used as reference for the fishing fee. The imputed cost of fuel, other imputed operating cost and imputed salary cost during the same period shall be deducted from the catch value.

The Directorate of Fisheries shall calculate catch values for species subject to fisheries management restrictions, cf. Article 20, using as reference the period of the first paragraph.

The following items shall be deducted from catch values as referred to in the second paragraph:

- a. Imputed fuel cost of ISK 6,218 million, adjusted to reflect the average quoted gasoline price on the Rotterdammarket during the years from 2000 to the average during the period of the first paragraph.
- b. Other imputed operating cost of ISK 17,568 million, adjusted to reflect CPI changes from the average for 2000 the average during the period pf the first paragraph.
- c. Imputed salary cost equivalent to 39.8% of catch value, cf. the first paragraph.

The catch value as referred to in the second paragraph, net of the items listed in the third paragraph, shall be divided equally among catch during that same period converted to cod equivalents based on the cod-equivalent co-efficients of the next fishing year, cf. Article 19. The fishing fee for the coming fishing year shall then be calculated as 9.5% of the outcome of the first sentence in ISK per cod-equivalent kilogramme.

Article 22

The Directorate of Fisheries shall levy the fishing fee. Vessel owners shall pay a fishing fee for each cod-equivalent kilogramme of allocated harvest rights or landed catch of individual species, as determined pursuant to Article 21. The fee paid by individual vessels, however, may never be less than ISK 5,000.

In the case of species allocated to individual vessels, the fishing fee shall be based on allocated harvest rights in kilogrammes. If fisheries are managed by means other than provided for in the first sentence, the fee shall be based on a vessel's landed catch of the species concerned, according to information provided by the Directorate of Fisheries for the twelve-month period concluding one month prior to the beginning of the fishing year or fishing period. For hook-and-line boats, landed catch shall be used as reference for species where these boats are not subject to individual catch restrictions but only decisions on total allowable catch.

Article 23

The Directorate of Fisheries shall collect the fishing fee. The fee shall be payable in three equal payments due on 1 October, 1 January and 1 May each year. If allocation of harvest rights takes effect during the period from 2 September to 31 August, however, the fee shall be payable upon the issuance of notices of allocated harvest rights. The fee shall not be refundable even if harvest rights are not utilised.

The final date for payment shall be 15 days following the due date. If payment has not been received within one month of the due date, a vessel's fishing permit will be cancelled. There is a statutory lien on the vessel to ensure payment. If payment is not made by the final date for payment, penalty interest shall be calculated on the amount of the fee from the due date for payment until the date payment is made, as provided for in the rules of Act No. 38/2001, on Interest and Indexation.

If a decision is taken during the period from 1 September to 31 August to cut back the previously announced TAC of individual species, the Directorate of Fisheries shall refund to vessel owners that part of the fee which is equivalent to the same basic amount for each cod equivalent that the vessel's harvest rights are cut back.

CHAPTER VI

Penalties, etc.

Article 24

The Directorate of Fisheries shall issue reprimands and suspend the commercial fishing permits of vessels violating this Act or rules adopted by virtue of it, as provided for in detail in the Act Concerning the Treatment of Commercial Marine Stocks. Decisions by the Directorate of Fisheries on reprimands or suspensions of fishing permits may be referred to the Ministry of Fisheries within one month of notification to the party concerned of such decision. Such referral does not postpone the legal effect of the decision.^[3]

Article 25

Violations against the provisions of this Act, rules adopted by virtue of it, or license provisions shall be liable to fines, regardless of whether committed deliberately or through negligence. Cases of serious or repeated deliberate violation shall furthermore be liable to imprisonment for up to six years.

Fines for first offences shall not exceed ISK 4,000,000, depending upon the nature and scope of the violation. Fines for repeated offences shall amount to a minimum of ISK 400,000 and a maximum of ISK 8,000,000, again, depending upon the nature and scope of the violation.

Provisions of the Act on a Special Fee for Illegal Marine Catch shall be applied in the case of violations against this Act, as appropriate.

Article 26

Fines may be levied against both legal entities and individuals. Notwithstanding the provisions of the first paragraph of Article 25, fines may be levied against legal entities, even though the guilt of their representatives or employees or other persons acting on their behalf has not been proven, if the violation has been or could have been to the advantage of the legal entity. In this same situation, fines may also be imposed against legal entities if their representatives or employees or other persons acting on their behalf are guilty of a violation.

An attempt to commit or participation in a violation of this Act is liable to punishment as prescribed by the Criminal Code.

Article 27

Violations of this Act shall be prosecuted according to the Criminal Proceedings Act.

Temporary provisions

I.

From the 2001/2002 fishing year up to and including the 2009/2010 fishing year, the Minister shall have harvest rights equivalent to 500 tonnes of ungutted cod for special allocation. These harvest rights shall be used towards experiments with on-rearing of cod, in consultation with the Marine Research Institute, which shall monitor the experiment and publish its conclusions on its outcome. The Minister shall set detailed rules on the conditions for allocating harvest rights referred to in this provision.

II.

Notwithstanding the provisions of Article 21, the reference percentage shall be 6% instead of 9.5% in 2004, 6.6% in 2005, 7.3% in 2006, 8.0% in 2007, 8.7% in 2008 and 9.5% in 2009.

III.

...

IV.

Notwithstanding the provisions of the first and second sentences of the fifth paragraph of Article 15, allocated catch quotas for deepwater shrimp for the fishing years 2005/2006, 2006/2007 and 2007/2008 shall not cause fishing vessels to lose quota shares in deepwater shrimp or other species.

Notwithstanding the final sentence of the first paragraph of Article 23, vessel operators shall be refunded fees for allocated catch quotas of deepwater shrimp for the 2005/2006 fishing

year. The fishing fee provided for in Chapter V of this Act for deepwater shrimp for the 2005/2006, 2006/2007 and 2007/2008 fishing years shall be collected at the end of each fishing year based on each fishing vessel's landed catch of deepwater shrimp during that fishing year. Fees for allocated catch quotas for shrimp in the Flemish Cap for the year 2006 shall be refunded and the fishing fee for years 2006, 2007 and 2008 shall be collected at the end of each year based on each vessel's shrimp catch that year.

V.

If the hook-and-line catch quota share of fishing vessels owned by an individual party, either a natural or legal person, or owned by connected parties upon the entry into force of this Act, exceeds the limits set in the first or second paragraph of Article 13, the party concerned must immediately send the Directorate of Fisheries notification as provided for in the first paragraph of Article 14 and the provisions of the second paragraph of that Article shall apply. The party shall, however, have until 1 September 2009 to dispose of the hook-and-line quota share in order to comply with the limits set. The provisions of the second paragraph of Article 14 on maximum hook-and-line quota shares shall apply in other respects.

VI.

For the 2006/2007, 2007/2008 and 2008/2009 fishing years, part of the harvest rights referred to in the first paragraph of Article 10, shall be disposed of to communities to which harvest rights were allocated on the basis of Temporary Provision XXVI of Act No. 38/1990 as follows: 750 cod-equivalent tonnes during the 2006/2007 fishing year, 500 cod-equivalent tonnes during the 2007/2008 fishing year and 250 cod-equivalent tonnes during the 2008/2009 fishing year, to be divided between the communities in the same proportions as the allocation pursuant to the Temporary Provision was divided for the 2005/2006 fishing year. Allocation of harvest rights as provided for in this provision shall not affect the decision on disposition of harvest rights pursuant to Points 1 and 2 of the first paragraph of Article 10, cf. the third and fourth paragraphs of the same Article. The provisions of the second paragraph and the fifth to eighth paragraphs of Article 10 shall apply in other respects to implementation of this provision.^[4]

[1] See Article 1 of Act No. 21, 23 March 2007.

[2] See Chapter II, Art. 6 of Act No. 163, 21 December 2006.

[3] See Chapter II, Art. 7 of Act No. 163, 21 December 2006.

[4] See Article 2 of Act No. 21, of 23 March 2007.

