

Government submits to the Saeima the amendments to the Law on Ports

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[Cabinet of ministers](#)

[Ministry of Transport](#)



On 13 April, the government decided to submit to the Saeima the amendments to the Law on Ports drafted by the Ministry of Transport. The amendments provide for changing the port management model in the large ports of Latvia. The new management principles contain an obligation for capital companies to manage large ports. Changes to the governance model will ensure political independence in the operation of ports, respect for public interests and professional and transparent management of ports. In addition, these changes will, in the long term, contribute to the development and competitiveness of ports as Latvia's strategic asset.

99 “The main point of changing the port management model is to exempt the port governance from political influence by delegating it to professionals selected through the competition. The transformation of port authorities into capital companies is a legal framework that is internationally recognized and complies with the principles of good governance. A capital company operated by a professional, competitive board and council with clearly defined rights and responsibilities has more opportunities to attract new customers, set up joint ventures and develop port activities”, explains Tālis Linkaits, Minister for Transport.

The amendments to the Law on Ports provide that when capital companies are established, the State will invest the property and assets of existing port authorities in their fixed capital. Local governments also have the opportunity to participate in the formation of capital companies by investing the local government's property and assets into port's capital. This creates preconditions for balancing the interests of the State and local governments and for effective cooperation; local governments will maintain active participation in the port, control the use of their property and respect for interests of the local government.

It is specified that capital shares (shares) of a capital company cannot be disposed of or pledged.

The draft law also provides for a number of other significant improvements. A Port's Cooperation Council will be set up for each port, where port operators, port workers' trade unions and local authorities will have more opportunities to engage in addressing the issues related to port development. Port charges will be set in a more transparent manner, providing for the delegation to the Cabinet of Ministers to establish the procedure for determining the tariff reference levels for channel fees and port services. However, the handling of complaints regarding breaches of the rules of the EU Port Regulation has been delegated to the Ministry of Transport and the Competition Council. The amendments aim to facilitate the use of port land for the purposes of specific control services, clarify the regulation of the rights and obligations of the port master and provide a clearer framework for how and what services can be provided by port authorities and how they can contribute to the competitiveness of port and companies operating in the port.

The draft law provides that after the entry into force of the amendments to the Law, the State and local government will agree within nine months on the establishment of a capital company that will discharge the functions of the Riga Port Authority and on the participation of the local government in the discharge of the functions of JSC "Ventas osta" of the Ventspils Port Authority.

The transitional provisions of the Law require that changes to the Liepāja Special Economic Zone (SEZ) management model and the amendments to the Law on the Liepāja SEZ are postponed, stipulating that, first, and not later than by 31 March 2023, it is necessary to assess the results of changing the port management model at Riga and Ventspils ports, as well as the achievement of financial and non-financial objectives of management of the Liepāja SEZ. A decision will then be taken on the establishment of a capital company for the management of the Liepāja SEZ.

In the process of developing the draft law, consultations have also been held with the European Commission, and it has confirmed that the amendments to the Law on Ports and the transformation of the Latvian port management model into capital companies do not raise concerns from the point of view of State aid.

The Latvian Port, Transit and Logistics Council supported last week the forwarding of the amendments for consideration at the sitting of the Cabinet of Ministers.

The amendments to the Law on Ports have been drafted in compliance with Paragraph 14 of the Transitional Provisions of the Law on Ports and in line with Paragraph 82 of the Declaration on the Intended activities of the Cabinet of Ministers headed by Arturs Krišjānis Kariņš. They provide for a commitment to apply the principles of management of capital companies of the OECD state to the operation of the large ports of Latvia, to increase the influence of the state in decision-making and to ensure more efficient use of resources.

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