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## Law, Tax and Oil

This issue of the Faroese Law Review is the third review published so far.

The content of the Law Review is varied with articles on many different subjects.

The oil industry is new to the Faroe Islands. Its clear to all that the production of oil and gas on Faroese territory can cause great changes to Faroese society.

Although the fist exploration drillings on the Faroese continental shelf were completed only last summer, the idea of a Faroese oil industry is not alien to the Faroese. For years the Faroese authorities negotiated with Danish government officials concerning subsoil mineral rights. When those negotiations finally ended in 1992, the Faroese Government could finally prepare for explorations to begin.

The oil industry can be assured that Faroese authorities have had reasonably long time to prepare for the challenges that such an industry will pose for the Faroese Government. The Government has prepared the necessary legislation to set up the regime for oil and gas activities. Statutes concerning hydrocarbon activities and taxation have been enacted by the Faroese Parliament. All the passed acts of Parliament have in common that they are original Faroese legislation crafted for Faroese conditions.

This legislation will now be tested in practise. The first permits to explore for hydrocarbon on Faroese territory have been issued and the first test drillings have been conducted showing signs of enough oil and gas to warrant further explorations to establish the basis for any future exploitation. Should the Faroes experience exploitation in the future, it will be a challenge of a greater magnitude than perhaps anything we have seen before.

The editors of the FLR feel that the issues concerning this new industry are of great importance. Therefore, a large section of this issue has been devoted to questions concerning the oil and gas industry. Three articles explore points of concern for the new industry. The first one concerns the licences to explore for oil and gas. An other article concerns the continental Shelf Boundary. Tax deductions, especially as regards foreign oil companies falling under the ambit of the Faroese Oil Taxation Act are analysed in the third article on this theme.

Finally two articles debate two broader issues of concern for all lawyers. Firstly, how should law in the Faroese language be formulated. Secondly, is there any Doctrine of Precedence within Faroese law.