

Parliamentary Elections 2013

PP gets highest support in 17 years

State Radio News – According to a new Gallup poll, the Progressive Party (middle-of-the-road agrarian party) has a following of 22% amongst voters (8 percentage points more than a month ago). This translates into 16 MPs. Its support has not been this high in 17 years. If the election results match these figures, the Independence Party could form a two-party Government with the PP or Bright Future (new party) after the elections. The IP's support in the poll was 30% vs. 36% a month ago, and this translates into 21 MPs. Bright Future got support of 16%, 3 percentage points less than in the previous poll. The party would get 11 MPs elected to Althingi. The support for the current Government parties continues to drop. The Social Democratic Alliance's support is now 15% (10 MPs), and the Leftist Green Party's 7% (5 MPs). Combined their following is half of what it was in the previous parliamentary elections four years ago. Other slates of candidates (with a combined following of 8%) would not garner enough votes to elect any MP.

Progressive Party support 25%+

Frettabladid – Recent findings from a poll conducted by *Frettabladid* and TV 2 show that 26.1% would vote for the Progressive Party if elections were held now (19 MPs). Support for the Independence Party in the Poll was 29% (21 MPs). Bright Future's following dropped to 8.7% from 16.4% at the end of January (6 MPs). Support for the Social Democratic Alliance increased slightly to 12.8% (9 MPs), which is far below their results in the last election. The Leftist Green Party's following was 11.8% (8 MPs), up from 7.4% a month ago. Other parties would not attain the required minimum of 5% for a seat in Althingi.

Parties lay out platforms

vb.is – All of the major political parties have now held their national conventions, and their policies in the lead-up to the parliamentary elections in April are therefore rather clear. It should be kept in mind that resolutions from national political party conventions are often worded generally. Understandably, they all want to strengthen economic growth and welfare, create more employment opportunities, conserve nature, strengthen innovation, etc., etc. All parties also talk of the importance of stability, justice and equality with varying emphases. They nevertheless have different policies and emphases to achieve these goals. A review of the resolutions from the national conventions plainly

shows which are in the Government, and which are in the Opposition. The SDA's and LGP's resolutions talked a great deal about what had gone on previously, particularly what they regard as their Government's major achievements. Likewise, the Opposition parties' resolutions reflect great criticism of the current Government.

Icelandic Politics

Government running out of time

Morgunbladid – President of Althingi Asta Ragnheidur Johannesdottir, when asked whether extra days have been requested in Althingi for time and room to manoeuvre to vote on parliamentary proposals, replied that she had "no plans regarding this". She said she had reiterated her intention to keep to the work plan. She has held meetings with the chairmen of the parliamentary groups and Althingi's Administration on the continuation of Althingi. However, *Morgunbladid's* sources stated that last week the Government parties requested an additional day in the session. When asked whether it was not clear that some parliamentary proposals would have to wait, in light of the little time left in the session, Johannesdottir replied that she had no comment about that. On the other hand, she said that it was clear that there are "many matters".

Iceland Affairs

Important for Iceland to keep up

State Radio News – According to the Federation of Trade & Services (FTS), it is important to ensure Icelandic interests not be left out if a free trade agreement is signed between the EU and the United States. FTS's Managing Director Andrés Magnusson said that there are enormous export markets in the US. In early February the EU and US declared their intention to begin discussions on a free trade agreement. Iceland would not be a part of this alliance, but the specialists contacted by *SRN* deem it not unlikely that if such an agreement is signed, the EFTA states would also seek free trade discussions with the US. However, it is completely uncertain whether the US would be interested in such discussions. Magnusson said that Iceland was somewhere in the middle and could remain on the sideline regarding this development. "There is every reason to fear this," he said. He said that imports from the US have decreased since Iceland became part of the European Economic Area. For example, various foods have disappeared from markets because of different labelling rules in Europe and the US, and such technical hindrances are

one of the matters addressed in such free trade agreements. Also, exports to the US are but a fraction of Iceland's foreign trade. Nevertheless, Magnusson finds it difficult to see that it would be acceptable if Iceland remained outside such agreements between the EU and US. He pointed out that Iceland's interests in exports to the US were enormous. Likewise, interests in importing products manufactured there are also great since they are in great demand in Iceland. "It is extremely important for the Icelandic Government to engage in and closely monitor how agreements like these are developing, for the purpose of ensuring that Icelandic interests are not left out," said Magnusson.

Foreign Affairs

John Kerry invited to Iceland

mbl.is & State Radio News – Foreign Minister Ossur Skarphedinsson (Social Democratic Alliance) attended a meeting last week in Rome of NATO's foreign ministers and the EU's High Representative of the Union for Foreign Affairs and Security Policy. Newly appointed US Secretary of State John Kerry attended the meeting. Skarphedinsson invited Mr Kerry to visit Iceland, and Kerry expressed his interest in accepting the invitation. The press release from the Foreign Ministry stated that during discussions with Kerry, the ministers talked of cooperation between Iceland and the US in Arctic areas and Kerry's interest in the US becoming a member of the United Nations Convention on the Law of the Sea. Kerry expressed strong interest in utilising the experience and expertise of Icelanders in the field of fisheries management and said that he wanted to enlist specialists and politicians to advise him in the field as soon as possible. Skarphedinsson believes that the free trade agreement discussions between the US and EU entail important opportunities for Iceland. He has sent Mr Kerry a letter on Iceland's possible involvement and even the involvement of other states in such discussions. The discussions on free trade between the EU and US include possible involvement of other states in the discussions. Skarphedinsson said that this was discussed at the meeting in Rome although it was obvious that the US had not thought the matter through, and Kerry said that this would not be confined to the EU states, and other states ought to have possibilities of involvement as time went on. Skarphedinsson thus interpreted this to mean that there will be a certain opening for EFTA states.

President speaks out on Icesave judgement

Morgunbladid – President of Iceland Olafur Ragnar Grimsson spoke last week in Paris at a meeting of ambassadors of the OECD member states. One of the topics he addressed was the EFTA Court's judgement on Icesave. After reviewing the development of the Icesave dispute, he noted that after the two national referenda held in Iceland regarding Icesave agreements, where the nation rejected them, the country's finances

began to revive. Those advising against the national referenda were completely wrong. "When the EFTA Court ruled last month that the legal proceedings of the Britons, Dutch and EU had no legal basis, it became clear that in addition to the nation's democratic will, justice and the law were also on our side," said Mr. Grimsson.

Banking

Claimants found krona group

Frettabladid – The claimants of Glitnir Bank and Kaupthing Bank have in recent weeks formed a group, called the ISK Working Group. Its mission is to explore the basis for freeing up assets of the bankruptcy estates, particularly those in Icelandic kronur. The amount involved years nearly ISK 500 billion (US\$ 4B). The biggest Icelandic assets were large ownership shares in Islandsbanki and Arion Bank. It was reported last month that informal discussions had begun with domestic parties on purchasing one or both of the banks. The Iceland Enterprise Investment Fund, which is owned by Landsbanki and pension funds, is leading these discussions. The formation of the group indicates efforts to release Icelandic assets of the fallen banks' bankruptcy estates are growing. Steinunn Gudbjartsdottir, chair of Glitnir's winding-up committee, said that the ISK Working Group was formed over the last two weeks. In it are representatives of the bankruptcy estates of Glitnir and Kaupthing Bank, which are the biggest claimants against the two estates. In addition there are representatives of the winding-up committees of Glitnir and Kaupthing Bank. The function of the group is to review matters and ensure coordinated dissemination of information to the government and actually to investigate grounds for solutions that could be acceptable and beneficial to both parties. "We are pleased to discuss comprehensive solutions with the government regarding payment from the estates," said Gudbjartsdottir. Minister of Finance and Economic Affairs Katrin Juliusdottir (Social Democratic Alliance) said recently to the media that she had mobilised a steering committee on the release of capital restrictions last November. She chairs the committee.

Islandsbanki's profit ISK 23.4B

State Radio News – The after-tax profit of Islandsbanki in 2012 was ISK 23.4 billion (US\$ 187.1M) vs. ISK 1.9 billion (US\$ 15.2M) the previous year; the bank's profit after taxes in the fourth quarter was ISK 7.2 billion (US\$ 57.6M) vs. a loss the same time the year before of ISK 9.5 billion (US\$ 76M). Last year Islandsbanki paid ISK 9.3 billion (US\$ 74.4M) in taxes and fees to state institutions, and the banks' total assets were ISK 823 billion (US\$ 6.6B) in 2012. At year-end 2011 they were ISK 796 billion (US\$ 6.4B). About 21,000 individuals and more than 3600 companies have received write-downs, debt cancellations or debt adjustments in the

amount of approximately ISK 463 billion (US\$ 3.7B) since the bank was founded. The bank's equity capital was ISK 148 billion (US\$ 1.2B), and its press release states that Islandsbanki's finances are solid, and the equity ratio at year-end 2012 was 25.5%.

Economy

State Treasury's balance improved in 2012

visir.is – The State Treasury's balance improved considerably last year. Cash from operations improved from the previous year to nearly ISK -35 billion (US\$ -279.8M), compared to more than ISK -53 billion (US\$ 423.7M) the year before. Income increased by nearly ISK 38 billion (US\$ 303.8M), and expenditures increased by over ISK 21 billion (US\$ 167.9M). The Ministry Offices' website stated that the outcome was better than anticipated since forecasts called for cash from operations to be negative by nearly ISK 54 billion (US\$ 431.7M).

Op-Ed

Independence Party drops the ball

Morgunbladdid – "Whatever leftists say, the Independence Party is a necessary force in society," wrote journalist and columnist Kolbrun Bergthorsdottir last week. In fact, it is hardly possible not to give a friendly nod to a party calling for lower taxes, championing free competition, warning against too much state interference and wanting to give individuals leeway to excel. These are all good and noble goals. Nevertheless, IP supporters' latest resolution on European affairs puts some strain on one's friendship toward the IP. She said she found it unpleasant to have to disagree with such an excellent party. "But there is now a gap between friends." Hopefully only a temporary one. It is strange to see a party like the IP, which ought to be progressive regarding foreign affairs, to call for cooperation in "adopting a hard-line policy in relations with other nations" and resolving that discussions with the EU must be dropped. Why should not the process be allowed to run its course when it is clear that the nation will have the last word on admission to the EU? It is not a worthy reaction to bury one's head in the sand and refuse to speak with the rest of the world. The party's resolution that the EU Info Centre must be closed sounds as if the party wishes to go all out in silencing supporters of the EU. That resolution sends shivers down the spine. The IP is a large party, and accordingly its household ought to be many and varied. "It now appears that an entire wing of it has been closed." It is natural for people to disagree

on European affairs even though nothing indicates that they are urgent to voters. A large party like the IP, on the other hand, ought not to make a resolution on closing down the Info Centre because they disagree with the information issuing from it. Such a resolution against the flow of information cannot be in accord with the Christian values that this bourgeois party holds aloft. Not unless the party looks upon the EU Info Centre as a medium for the devil himself. It is one thing to oppose membership in the EU, it is another entirely to hinder discussion and close offices in order to silence those wanting to publicise the union's activities. Everyone makes mistakes, and sometimes people give their agreement in haste. This can happen at political party conventions, even more than once at the same national convention.

Fisheries & Seafood Products

Value creation will suffer

FIFVO's website – The opinion of the Federation of Icelandic Fishing Vessel Owners, Confederation of Icelandic Employers and Federation of Icelandic Industries on the Act on Catch Fees and the parliamentary bill on fisheries management now before Althingi included the following concerns: Instead of working toward the goal of increasing the income and reducing costs of the fisheries sector, the foregoing act and parliamentary bill have the opposite aim of reducing income and increasing costs, creating uncertainty and promoting short-term thinking. The act and bill are a step toward centralising the fisheries industry and building on the ideology that capital will be better placed with politicians than individuals and companies. Many companies will not be able to cope with the basic changes being introduced and the associated impact on employees, settled areas and society as a whole. The companies surviving will be weaker, and the Icelandic fisheries industry will contract. Those who have acquired fishing authorisations or purchased them on the basis of the current act have acquired rights protected by Art. 72 of the Constitution. It is the associations' assessment that if the bill is enacted into law, it will curtail the right to employment of holders of catch authorisations under Art. 72, making the State liable for compensation. The associations "condemn the work procedure employed in drafting the bill and call on Althingi to press for a careful review of the Act on Fisheries Management and Act on Catch Fees."

Exchange Rates: USD: 125.08 GBP: 188.13 EUR: 162.65