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CONFEDERATION OF ICELANDIC EMPLOYERS

Restructuring Iceland's finances well underway

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The Icelandic government in collaboration with the International Monetary Fund (IMF) has reached an agreement with IMF on an economic stabilisation programme following recent financial turmoil. The agreement will be presented to the IMF Executive Board for approval. After the board's approval Iceland will get upfront about 830 million US\$ of a 2 billion dollar loan from the IMF. At a meeting yesterday in Helsinki, The Nordic Prime ministers declared that they will support this program when it is discussed by the IMF Board of Governors. The total stabilisation support is expected to be around 6 billion US\$.

For the last weeks there have been problems regarding payments and settlements of international transactions between Iceland and other countries. In order to prevent a potential shortage of foreign currency, the Central Bank of Iceland implemented temporary restrictions on foreign exchange transactions with the Icelandic krona. These restrictions have inevitably resulted in problems with payments and settlements of international transfers between Iceland and other countries.

According to IMF Iceland has put together an ambitious economic program which aims to restore confidence to the Icelandic banking system and to stabilize the currency (Icelandic króna). The short-term restructuring program will be comprehensive in all ways. It will enable Iceland to restore stability in the foreign exchange market and support a stable exchange rate of the króna, while at the same time removing temporary currency restrictions.

Iceland is working constructively with other countries to address issues that have arisen in connection with the banking crisis. Iceland is a modern globalised economy and an active participant in EU's single market. The fundamentals of the Icelandic economy are strong and will provide a firm basis to overcome the current economic difficulties and needed reforms.

This statement can also be found on the web (www.sa.is/english) and will be updated when needed.

You can find more detailed information at the Iceland Chamber of Commerce:

The Icelandic Economic Situation: Status Report (PDF):

http://www.vi.is/files/262124630The%20Icelandic%20Economic%20Situation%20_%203.pdf

SA-Confederation of Icelandic Employers is a service organization for Icelandic businesses. SA and its member associations include about 2,000 businesses. The organization accounts for about 50% of all salaried employees on the Icelandic labour market.