



Embassy News

July 2006

It's the Economy...

During the past seven months, the Embassy has put considerable effort into informing and promoting the Icelandic Economy and Business Community. The Danish media has been very interested in the recent economic developments in Iceland. The Embassy's Commercial Department has therefore, proactively, informed the Danish media about important press releases from Icelandic authorities and business organizations. The Commercial department of the Embassy has since February published about 10 press releases and almost all of them of them have been published in the major newspapers in Denmark.

Meetings and conferences

The Embassy has furthermore organized a number of events and meetings on the Iceland economy in cooperation with Icelandic businesses and business organizations. The most recent examples are meetings of the Icelandic **Minister of Finance** with the Danish business media, and a conference with the American professor of Economics **Dr. Frederic Mishkin**, which was organized by the Icelandic Chamber of Commerce and the Danish-Icelandic Chamber of Commerce. Dr. Mishkin presented the results of a report on Financial Stability in Iceland, which he wrote with the Icelandic professor, **Dr. Tryggvi Herbertsson**. The report by these two economic experts concludes that the Icelandic financial system is very robust and well developed. It can be added that president **George W. Bush** has recently appointed Dr. Mishkin as one of seven directors of the US Federal Reserve. The report can be downloaded at www.vi.is.

For more information about the Icelandic Economy visit www.icetrade.is.

Icelandic investments abroad

Foreign Direct Investment by Icelandic investors abroad increased by 442 billion ISK in the year 2005, which is a 160% increase from 2004.

The accumulated Icelandic FDI was 642,5 billion ISK in the end of 2005 which accounts for 64% of GDP. In 1998 Icelandic FDI was only 0,9 % of GDP. A large part of the Icelandic FDI in 2005 relate to investments in manufacturing, mainly in the pharmaceutical industry, and in financial sector, 169 billion ISK and 144 billion ISK respectively. Icelandic companies invested in Denmark for 15 billion ISK last year. The accumulated FDI in Denmark by the end of 2005 was 79 billion ISK.

Even though Icelandic investors have been quite active abroad the same can not be said about foreign investors in Iceland. According to KB Banki, the real FDI in Iceland in 2005 was only 36,5 billion ISK, compared to 51 billion in 2004.

Business Events in Copenhagen 2006

28/2 The Icelandic Business Model

In cooperation with the Danish Society of Financial analysts - 150 participants

28/3 Press seminar - Glitnir Bank

In cooperation with Glitnir Bank - 100 participants

26/4 The Icelandic Economy

MBA students from CBS - 60 participants

10/4 The Icelandic Economy - on a sustainable path

Press conference for the Danish Business Press with the Icelandic minister of Finance - 35 participants

23/6 Financial stability in Iceland: Dr. Frederic Mishkin and Dr. Tryggvi Herbertsson.

In cooperation with Icelandic Chamber of Commerce and the Danish Icelandic Chamber of Commerce - 100 participants



Dr. Frederic Mishkin at the conference on Financial Stability in Iceland, held in June 2006.

Target Countries for Icelandic FDI 2005

Country	EUR (000)
UK	1.761.000
Holland	1.628.000
US	1.181.000
Denmark	851.000
Benelux	427.000
Norway	314.625
Sweden	142.137
Finland	129.714
Cyprus	111.538
Turkey	45.515

Accumulated FDI
Source: Central Bank of Iceland

land in 2005 was only 36,5 billion ISK, compared to 51 billion in 2004.

The Ambassador presents his credentials in Turkey, Israel and Tunis.

Ambassador Svavar Gestsson presented his credentials in Turkey on June 19, in Tunisia July 29 and in Israel on 3 July. The ambassador and his wife, Mrs. Guðrún Ágústsdóttir, met with several members of governments in the abovementioned countries, as well as with colleagues from other Nordic Embassies. They furthermore visited the Turkish pharmaceutical company Fako, which is owned by the Icelandic company Actavis.



Ambassador Svavar Gestsson (far left) and his wife (far right) with their Nordic colleagues in Turkey

Iceland helps Nordic citizens out of Libanon

In the wake of the turmoil in Libanon, the Icelandic Foreign Ministry sent a jumbo jet from the Icelandic aviation company Avion Group to Damaskus. The objective was to help Nordic citizens out of Libanon. A total of 360 passengers were flown from Damaskus to Copenhagen, of which 10 were Icelanders.

Ambassador Svavar Gestsson received and welcomed the Icelandic passengers when they arrived at Kastup airport 18 July. Icelandair provided all the Icelandic passengers tickets home to Iceland on the evening flight, offered them food and comfortable facilities at the business lounge while they waited for their flight home.

A new Prime Minister in Iceland

On June 15th **Mr. Geir H. Haarde**, the Chairman of the Independence Party took office as Prime Minister of Iceland, after the former Prime Minister, Mr. Halldor Asgrimsson, stepped down from office. At the same time some changes were made in cabinet postings. **Mrs. Valgerdur Sverrisdóttir** became the first woman to serve as Minister for Foreign Affairs in the history of the Republic of Iceland.

The new government is as follows:

From the Independence Party:

Prime Minister: Geir H. Haarde
Minister of Finance: Arni M. Mathiesen
Minister of Education, Culture and R&D: Þorgerður Katrín Gunnarsdóttir
Minister of Justice and Ecclesiastical Affairs: Björn Bjarnason
Minister of Fisheries: Einar K. Guðfinnsson
Minister of Communication and Transportation: Sturla Bóðvarsson

From the Progressive Party:

Minister for Foreign Affairs: Valgerður Sverrisdóttir,
Minister of Agriculture: Guðni Agústsson
Minister of Health: Sív Fríðleifsdóttir
Minister of Social Affairs: Magnus Stefánsson
Minister of the Environment: Jonína Bjartmarz
Minister of Trade and Industry: Jon Sigurdsson



New Prime Minister
Mr. Geir H. Haarde



New Foreign Minister
Mrs. Valgerður Sverrisdóttir

The Icelandic "SKYR" - now available in Denmark

The Icelandic dairy product "skyr", which is one of the most popular dairy products in Iceland, is now available in Denmark. This traditional Icelandic product is being produced under a production license from the Icelandic Dairy Cooperative (MS). In relation with the launching of "skyr" in Denmark, the Embassy and the companies involved organized a media event in Copenhagen, where the Icelandic minister of Agriculture, Mr. Guðni Agústsson, and the Danish Minister of Food, Agriculture and Fisheries, where the guests of honor. The product launch got considerable attention in the



of Agriculture, Mr. Gudni Ágústsson, and the Danish Minister of Food, Agriculture and Fisheries, where the guests of honor. The product launch got considerable attention in the Danish media. “Skyr” is available in the Danish supermarket chain IRMA.



Skyr: A 1200 year old recipe—
now available in Denmark

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