

# Iceland



## 2016 Country Review

**COUNTRYWATCH**

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# **Chapter 1**

## **Country Overview**

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## Country Overview

### ICELAND

Iceland is an island located between the Greenland Sea and the North Atlantic Ocean, to the northwest of the United Kingdom. Sparsely-populated, Iceland is famous for its hot springs, geysers and active volcanoes.

Iceland was settled by Norwegian and Celtic (Scottish and Irish) immigrants during the late 9th and 10th centuries of the common era. Iceland boasts the world's oldest functioning legislative assembly or parliament, the Althing, which was established in 930.

Independent for over 300 years, in 1262, Iceland entered into a treaty establishing a union with the Norwegian monarchy.

Iceland was passed to Denmark in the late 14th century when Norway and Denmark were united under the Danish crown. Limited home rule from Denmark was granted to Iceland in 1874. In the 1918 Act of Union, Iceland became a sovereign state but retained its union with Denmark under a common king.

During World War II, Germany occupied Denmark in 1940. British troops, replaced by Americans in 1941, protected Iceland from invasion.

Following a plebiscite, Iceland formally became an independent republic in June 1944.

The second half of the 20th century saw substantial economic growth driven primarily by the fishing industry. The economy diversified greatly after the country joined the European Economic Area in 1994.

In recent years Iceland enjoyed a standard of living that was among the highest in the world. Its prosperity initially rested on the aforementioned fishing industry, but with the gradual contraction of this sector the economy developed into new areas, including the banking industry.

In the past few years, Iceland's banking sector relied on the availability of ample foreign wholesale funding to rapidly expand abroad and accumulate foreign assets about 10 times the country's GDP by the end of 2007. The global financial crisis of 2008 exposed the economy's heavy dependence

on the banking sector, leaving it particularly vulnerable to collapse.

In October 2008, the government took control of all three of the country's major banks in an effort to stabilize the financial system. Shortly after this, Iceland became the first western country to apply to the International Monetary Fund (IMF) for emergency financial aid since 1976.

As a result of the crisis and the sharp economic adjustment, Iceland's economy has entered into a serious recession. Widespread protests over growing joblessness and losses of personal savings eventually forced the government to resign in January 2009. The collapse of the financial system has also led to a major shift in public opinion in favor of joining the European Union and adopting the euro.

The banking and financial crisis aside, Iceland boasts an very high level of human development. Literacy, longevity, and social cohesion are first rate by world standards.

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## Key Data

Key Data	
<b>Region:</b>	Arctic
<b>Population:</b>	319395
<b>Climate:</b>	Temperate; moderated by North Atlantic current with mild, windy winters and cool, damp summers
<b>Languages:</b>	Icelandic
<b>Currency:</b>	1 Icelandic krona (IKr) = 100 aurar
<b>Holiday:</b>	Anniversary of the Republic 17 June (1944)
<b>Area Total:</b>	103000
<b>Area Land:</b>	100250
<b>Coast Line:</b>	4988



## Iceland

### Country Map



## Arctic

### Regional Map





# **Chapter 2**

## **Political Overview**

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## History

### **History of Iceland in Brief**

There is some evidence that Iceland's earliest inhabitants included Irish monks who settled the island. Indeed, a text from around 825 in the common era (C.E.) by the Irish monk named Dicuil, called "Liber de Mensura Orbis Terrae," has been regarded as descriptions of the Faeroe Islands.

Nevertheless, the vast majority of the permanent settlers to Iceland were believed to be explorers from Norway. Among these, Ingolfur Arnarson is well-remembered in Icelandic history as one who constructed a homestead at Reykjavik, which would later become the modern capital city of Iceland. It was this period that has been regarded as the "Age of Settlement" from around 870 to 930 when many people fled the Scandinavian mainland in the hopes of escaping the political turmoil plaguing that region at the time.

Settlement continued through the 10th century -- a period in which the ruling chiefs established a republican constitution, a code of law, and an assembly called the "Althingi," which has been distinguished as the oldest parliament in the world. In many ways, these measures were structural means of avoiding the political troubles involving royalty that had become commonplace on the Scandinavian mainland.

The next few centuries saw Christianity become established in Iceland, a sense of national unity take place, and the establishment of an agrarian society. The period also saw some degree of exploration, most vividly illustrated by the travels of Eric the Red -- the son of a Norwegian exile who was raised in Iceland, and who colonized Greenland. Eric the Red's son, Leif Eriksson, would later become something of a legendary figure, credited with being one of the first Europeans to explore the coast of North America.

Iceland's literary tradition took shape in the ensuing period. Most significant was the proliferation of heroic poetry, depicting the struggles and heroic expeditions of the time. In the late 12th and 13th centuries, poetry was replaced with epic writings depicting sagas of settlement, struggle, battles, religion and even romance. It was this corpus of work that stood as the foundation of Iceland's cultural heritage.

Iceland remained independent until 1262, when it entered into a treaty that established a union with the Norwegian monarchy. Known as the infamous Sturlung Age, it was a period of political machinations and strife. Of particular note was the influence of the Norwegian King Hakon Hakonarson who made Iceland a province of his kingdom and plundered its resources.

Then, Iceland was also struck by natural disasters when Mount Hekla erupted at least three times in the 14th century, causing much death and destruction. As well, Iceland was struck epidemics, such as the Black Plague, which killed up to half the population. The Black Plague also indirectly affected the economic sphere as both trade and the transportation of supplies were deleteriously affected.

Iceland was passed to Denmark in the late 14<sup>th</sup> century when Norway and Denmark were united under the Danish crown.

The 16th century saw many disputes between the church and the state, and as a result of the Reformation, Iceland was subject to the imposition of Lutheranism. The final victory for the Lutheran Church came in 1550 with the capture and beheading of the Catholic bishop, Jon Arason.

In the economic sphere, the Danes followed the Norwegians in plundering Iceland's resources, but also controlling its trade. Meanwhile, the exploits of pirates, the effects of famine and disease, and the plague of natural disasters continued to affect the island for the next two centuries. In fact, the 1700s were a time of decline as a result of these events, which substantially decreased the population.

In the early 19<sup>th</sup> century, national consciousness reached an apex in Iceland. The "Althingi" had been abolished in 1800 but was re-established in 1843 as a consultative assembly. Subsequently, Denmark's control over Iceland ended in 1874 when Iceland drafted a constitution and was permitted some degree of self-government.

The constitution, written in 1874, was revised in 1903, and a minister for Icelandic affairs, residing in Reykjavik, was made responsible to the "Althingi."

Iceland became a semi-autonomous state within the Kingdom of Denmark in 1918 under the Act of Union, although Copenhagen retained responsibility for defence and foreign affairs.

In 1940, when Denmark was occupied by Germany, it was made clear that Iceland would have to depend on itself. Indeed, the German occupation of Denmark in 1940 had severed communications between Iceland and Denmark. In May 1940, British military forces occupied Iceland. In July 1941, responsibility for Iceland's defense passed to the United States (U.S.) under a U.S.-Icelandic defense agreement.

As a result of these events, Iceland made a bid for independence. Following a plebiscite, Iceland formally became a sovereign republic on June 17, 1944.

*Note on History: In certain entries, open source content from the State Department Background Notes and Country Guides have been used. A full listing of sources is available in the Bibliography.*

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## Political Conditions

### Political Chronology from 1999 to 2008

Parliamentary elections, held on April 10, 1999, returned the center-right Independence Party/Progressive Party (IP/PP) coalition and Prime Minister Davíð Oddsson to government. Notably, these two parties had governed Iceland in coalition since April 1995.

The Independence Party received 40.7 percent of the vote and won 26 out of 63 seats, while the Progressive Party garnered 18.4 percent of the vote and 12 seats. The "Samfylkingin" (SF), an electoral alliance of the People's Alliance, the People's Party and the Women's List, received 26.8 percent of the vote and 17 seats. Two other parties, the Left-Green Alliance and the Liberal Party, received 9.1 percent (six seats) and 4.2 percent (two seats), respectively.

The IP/PP coalition promised to continue the economic reforms of its 1995-1999 tenure in government, specifically, the reduction of state involvement in the economy. To that end, it had been eliminating various governmental regulations and privatizing state-owned enterprises. During 2001, the government hoped to sell off Iceland Telecom and the remaining two state-owned banks. Reducing state involvement, however, ultimately has a limited effect. Generous welfare state provisions, primarily health and social security programs, are unlikely to see major reductions.

The other primary domestic policy concern, which has foreign policy implications, has been the regulation and maintenance of Iceland's fishing industry. This particular industry accounts for approximately 50 percent of export revenue and nearly 70 percent of export value, according to Icelandic government estimates. To protect this key natural resource, Iceland maintains a 200-mile, territorial waters exclusion zone, closely monitoring all fishing in the area. Catch quotas and fish size limits are strictly enforced. This desire to maintain sovereignty over fishing rights and regulations is often cited as a primary reason for Iceland eschewing membership in the European

Union (EU). For more about Iceland's relations with the EU, see the "Foreign Relations" section.

In recent years, Iceland has come under international criticism for its plan to resume commercial whaling. In both 2001 and 2002 the International Whaling Commission rejected Iceland's application for membership into the organization.

The year 2003 was marked by parliamentary elections. In the period leading up to the election, Prime Minister Oddsson and his Independence Party focused on his economic record and the prospect of tax cuts. The opposition Social Alliance concentrated on diminishing the gap between rich and poor. Reform of the fishing industry was also on their agenda.

In polls leading up to the election, it appeared that Icelanders were simultaneously bored with the idea of the same prime minister after such a long time and supportive of Oddsson's good stewardship of the economy. Indeed, under Oddsson, Iceland's economy has enjoyed steady growth and prosperity for 10 consecutive years, and Iceland has benefited from an annual growth rate higher than the average ones of the developed nations. Iceland's rates of inflation and unemployment both remain at low levels. Given this backdrop, despite the idea of another Oddsson term, and frustration with his occasionally autocratic style of management, many Icelanders decided to vote in favor of the ruling coalition. About 200,000 people -- 88 percent of the electorate -- voted in the general elections.

In May 2003, Iceland's longest serving prime minister, David Oddsson, won another victory -- albeit of the narrow variety -- in the country's most recent parliamentary elections. Oddsson's party's plurality of votes was scant and thus, there was speculation that he might not be able to prevail and hold on to a fourth term in office.

Specifically, Oddsson's Independence Party won 22 seats in the 63-seat Althingi parliament and only two (2) more seats than the rival Social Alliance, which garnered 20 seats. In a related development, the leader of the Social Alliance and former Reykjavik mayor, Ingibjorg Sörlun Gísladóttir, lost her seat in the election. Meanwhile, the liberal-oriented Progressives won 12 seats, the Left-Green alliance won five seats, and the Liberal Party claimed the remaining four seats.

With the Independence Party's traditional ally, the Progressive Party, holding 12 seats, it appeared as if they would be instrumental in establishing the balance of political power. Although there was a chance that it would give its power to the Social Alliance, it seemed more probable that the Progressives would continue to cast their lot in with Oddsson's Independent Party. Leader of the Progressive Party, and the outgoing coalition's foreign minister, Halldor Asgrimsson, would have to make the decision about where to stand.

In the immediate aftermath of the election, Asgrimsson noted that "it was clear from the results that the people want the Progressive Party to continue." Meanwhile, Oddsson noted that if he did



indeed return as prime minister for a fourth consecutive term, it would be his last such term. As such, it seemed as if the Independence Party would continue in government in coalition with the liberal Progressive Party. Prime Minister Oddson was set to carry on as head of government.

Then, in September 2004, Prime Minister David Oddsson handed over his premiership role as head of government to Iceland's former foreign minister and head of the Progressive Party, Halldor Asgrimsson.

Meanwhile, attention turned earlier in 2004 to the presidential election race between President Olafur Ragnar Grimsson and two other candidates. Following those presidential elections held in late June 2004, incumbent President Grimsson won a landslide victory and another four-year term in office. Securing an overwhelming 85 percent of the vote, Grimsson trounced the two other candidates, businessman Baldur Agustsson and peace activist Thor Magnusson. Agustsson and Magnusson secured 12.5 percent and 2 percent of the vote respectively.

The president's approval ratings were high leading into the election at an impressive 90 percent even though he made the unpopular decision to veto a parliamentary bill designed to restrict ownership of media companies. As a result, the bill would be put to a referendum. Prime Minister David Oddsson, who was also the main sponsor of the bill, argued that Grimsson had issued the veto for personal reasons rather than public interests.

In June 2006, Prime Minister Halldor Asgrimsson announced that he was stepping down from office. Asgrimsson also said that although he would not remain in the prime minister's office, he nevertheless intended to retain his seat in parliament. He had held the office of head of government since 2004.

His decision was motivated by his Progressive Party's weak performance in municipal elections. In this regard, Asgrimsson also said, "I take personal responsibility that the party lost." The loss appeared to be associated with economic challenges, such as rising interest rates and inflation. These issues had already fueled speculation about his possible resignation even before the disappointment over the local election results.

Meanwhile, Foreign Minister Geir Haarde assumed the position of prime minister. With Haarde in power, there was little expectation regarding a radical shift in policy. Indeed, the incoming prime minister confirmed that existing policies would prevail when he said, "This will be the same government, with the same parties."

In September 2006, the United States military presence in Iceland, which began in 1951, came to an end when the last of the American military personnel exited the base at Keflavik base. The United States expressed its commitment to defend Iceland under the auspices of NATO.

In October 2006, Iceland made the decision to end its moratorium on commercial whaling, which had been in effect for over two decades.

In May 2007, voters went to the polls to vote in legislative elections. At issue was the question of if newly-appointed Prime Minister Haarde would hold onto power. Ultimately, the Independence Party won a plurality of the votes -- 36.6 percent and 25 seats. The Social Democratic Alliance took 26.8 percent and 18 seats. The Progressive Party won 11.7 percent and seven seats. The Left-Green Movement garnered 14.3 percent and nine seats. The Liberal Party took 7.3 percent and four seats. Others claimed 3.3 percent of the vote share.

In this way, the ruling coalition held onto its majority by a tiny one seat advantage. Ultimately though, the Progressive Party exited the coalition with Prime Minister Haarde's Independence Party. Instead, the Social Democratic Alliance joined the ruling coalition and had control over a substantial majority in parliament. Prime Minister Haarde continued on as head of government.

### **Presidential Election of 2008**

Iceland was scheduled to hold its presidential election on June 28, 2008. The candidates in contention were: Incumbent Olagur Ragnar Grimsson, Astthor Magnusson, and other independent candidates. Iceland's incumbent President Olagur Ragnar Grimsson will seek out his fourth consecutive term as president against Astthor Magnusson.

Incumbent President Olagur Ragnar Grimsson has been in office since 1996, winning the most recent election in 2004 with 67.5 percent of the vote. Considered to be a highly controversial president, he gained notoriety as the first President of Iceland to use his power of veto. Parliament considered this an incendiary move and sparked talks of eradicating the office entirely, as it is currently a figurehead position meant to simply unify the people of the country.

No stranger to Icelandic elections, Astthor Magnusson was running for the fourth time against Grimsson, although in 2000 he could not get the required amount of signatures for nomination. Magnusson's platform was one of world peace, as many Icelanders have been concerned about the war in Iraq. Magnusson was looking toward a more democratic approach to the government to his country. He said he wished to make the government more cohesive and have the parliament and the president work more closely together.

The office of the president itself seemed to be an issue in the Iceland election. After Grimsson's veto, there was speculation that the office would be removed. Global stability and peace has also been pressing issues; the war in Iraq has hit Iceland's psyche hard and the people of that country were very concerned about instability at the international level. Corruption in the government was also expected to factor highly.

Despite this political climate, no candidates had filed to run against President Grimsson by the deadline date of May 24, 2008. As such, the election was reported to be cancelled.

On August 2, 2008, President Olafur Ragnar Grimsson was officially inaugurated into office for another term in office. Grimsson's inauguration came after an uncontested bid for continued tenure of the presidency.

### **Special Entry:**

#### ***Global credit crisis; effects felt in Europe***

##### **Summary:**

A financial farrago, rooted in the credit crisis, became a global phenomenon by the start of October 2008. In the United States, after failure of the passage of a controversial bailout plan in the lower chamber of Congress, an amended piece of legislation finally passed through both houses of Congress. There were hopes that its passage would calm jitters on Wall Street and restore confidence in the country's financial regime. However, a volatile week on Wall Street followed, most sharply characterized by a precipitous 18 percent drop of the Dow Jones. With the situation requiring rapid and radical action, a new proposal for the government to bank stakes was gaining steam. Meanwhile, across the Atlantic in Europe, with banks also in jeopardy of failing, and with no coordinated efforts to stem the tide by varying countries of the European Union, there were rising anxieties not only about the resolving the financial crisis, but also about the viability of the European bloc. Nevertheless, European leaders were able to forge an agreement aimed at easing the credit crunch in that region of the world. Following is an exploration, first, of the situation in the United States, and, second, of the situation unfolding in Europe.

##### **Report:**

On Sept. 28, 2008, as the United States was reeling from the unfolding credit crisis, Europe's banking sector was also hit by its own woes when the Dutch operations of the European banking and insurance entity, Fortis, was partly nationalized in an effort to prevent its ultimate demise. Radical action was spurred by anxieties that Fortis was too much of a banking and financial giant to be allowed to fail. The Netherlands, Belgium and Luxembourg forged an agreement to contribute more than 11 billion euros (approximately US\$16 billion) to shore up Fortis, whose share price fell precipitously due to worries about its bad debts.

A day later, the mortgage lender -- Bradford and Bingley -- in the United Kingdom was nationalized when the British government took control of the bank's mortgages and loans. Left

out of the nationalization scheme were the savings and branch operations, which were sold off to Santander of Spain. Earlier, the struggling mortgage lender, Northern Rock, had itself been nationalized. The head of the British Treasury, Alistair Darling, indicated that "big steps" that would not normally be taken were in the offing, given the unprecedented nature of the credit crisis.

On the same day, financial woes came to a head in Iceland when the government was compelled to seize control of the country's third-largest bank, Glitnir, due to financial problems and fears that it would go insolvent. Iceland was said to be in serious financial trouble, given the fact that its liabilities were in gross excess of the country's GDP. Further action was anticipated in Iceland, as a result.

On Sept 30, 2008, another European bank -- Dexia -- was the victim of the intensifying global banking and financial crisis. In order to keep Dexia afloat, the governments of France, Belgium, and Luxembourg convened talks and agreed to contribute close to 6.5 billion euros (approximately US\$9 billion) to keep Dexia from suffering a demise.

Only days later, the aforementioned Fortis bank returned to the forefront of the discussion in Europe. Belgian Prime Minister Yves Leterme said he was hoping to locate a new owner with the aim of restoring confidence in Fortis, and thusly, preventing a further downturn in the markets. Leterme said that the authorities were considering takeover bids for the Belgian operations of the company (the Dutch operations were nationalized as noted above.)

By Sept. 5, 2008, one of Germany's biggest banks, Hypo Real Estate, was at risk of failing. In response, German Chancellor Angela Merkel said she would exhaust all efforts to save the bank. A rescue plan by the government and banking institutions was eventually agreed upon at a cost of 50 billion euros (approximately US\$70 billion). This agreement involved a higher cost than was previously discussed.

Meanwhile, as intimated above, Iceland was enduring further financial shocks to its entire banking system. As such, the government of Iceland was involved in intense discussions aimed at saving the country's financial regime, which were now at severe risk of collapse due to insolvency of the country's commercial banks.

Meanwhile, on Sept. 4, 2008, the leaders of key European states -- United Kingdom, France, Germany, and Italy -- met in the French capital city of Paris to discuss the financial farrago and to consider possible action. The talks, which were hosted by French President Nicolas Sarkozy, ended without consensus on what should be done to deal with the credit crisis, which was rapidly becoming a global phenomenon. The only thing that the four European countries agreed upon was that there would not be a grand rescue plan, akin to the type that was initiated in the United States. As well, they jointly called for more greater regulation and a coordinated response. To that latter end, President Nicolas Sarkozy said, "Each government will operate with its own methods and means, but in a coordinated manner."

This call came after Ireland took independent action to deal with the burgeoning financial crisis. Notably, the Irish government decided days earlier to fully guarantee all deposits in the country's major banks for a period of two years. The Greek government soon followed suit with a similar action. These actions by Ireland and Greece raised the ire of other European countries, and evoked questions of whether Ireland and Greece had violated any European Union charters. An investigation by the European Union was pending into whether or not Ireland's guarantee of all savings deposits was anti-competitive in nature.

Nevertheless, as anxieties about the safety of bank deposits rose across Europe, Ireland and Greece saw an influx of new banking customers from across the continent, presumably seeking the security of knowing their money would be safe amidst a financial meltdown. And even with questions rising about the decisions of the Irish and Greek government, the government of Germany decided to go down a similar path by guaranteeing all private bank accounts. For his part, British Prime Minister Gordon Brown said that his government would increase the limit on guaranteed bank deposits from £35,000 to £50,000.

In these various ways, it was clear that there was no concurrence among some of Europe's most important economies. In fact, despite the meeting in France, which called for coordination among the countries of the European bloc, there was no unified response to the global financial crisis. Instead, that meeting laid bare the divisions within the countries of the European Union, and called into question the very viability of the European bloc. Perhaps that question of viability would be answered at a forthcoming G8 summit, as recommended by those participating in the Paris talks.

A week later, another meeting of European leaders in Paris ended with concurrence that no large institution would be allowed to fail. The meeting, which was attended by leaders of euro zone countries, resulted in an agreement to guarantee loans between banks until the end of 2009, with an eye on easing the credit crunch. The proposal, which would apply in 15 countries, also included a plan for capital infusions by means of purchasing preference shares from banks.

The United Kingdom, which is outside the euro zone, had already announced a similar strategy. Indeed, British Prime Minister Gordon Brown gained cachet for his steady handling of the financial crisis. Brown said that his government had to be the "rock of stability" during the crisis and explained that injections of capital by the British Treasury and the government takeover of banks was "unprecedented but necessary."

French President Nicolas Sarkozy argued that these unprecedented measures were of vital importance. The French leader said, "The crisis has over the past few days entered into a phase that makes it intolerable to opt for procrastination and a go-it-alone approach." He also tried to ease growing frustration that such measures would benefit the wealthy by explaining that the strategy would not constitute "a gift to banks."

While these developments were aimed at restoring confidence in the financial regime in Europe, Iceland continued to struggle. Indeed, the country's economy stood precipitously close to collapse. Three banks, including the country's largest one -- Kaupthing -- had to be rescued by the government. Landsbanki and Glitnir had been nationalized. A spokesperson for Iceland's Financial Supervisory Authority said, "The action taken... was a necessary first step in achieving the objectives of the Icelandic government and parliament to ensure the continued orderly operation of domestic banking and the safety of domestic deposits."

With the country in a state of economic panic, trading on the OMX Nordic Exchange was suspended temporarily, although it was expected to reopen on October 13, 2008. Once re-opened, the OMX Nordic Exchange experienced a high degree of volatility -- initially plunging before recouping some losses.

Iceland's Prime Minister Geir Haarde said that his country was considering whether to seek assistance from the International Monetary Fund to weather the crisis. As well, Iceland's Central Bank drew upon more than half-billion dollars from Scandinavian swap facility, thus enabling access to euros as the stock exchange reopened after a temporary suspension, as discussed above. Iceland was also courting financial assistance from Russia; to that end, Icelandic authorities were seeking a loan from Moscow of about four billion euros or \$5.5 billion USD.

Iceland was also ensconced in a mini-imbroglio with the United Kingdom over that country's decision to freeze Icelandic bank assets. At issue was the United Kingdom's reaction to the unfolding crisis in Iceland, which the British authorities said left deposits by its own citizens at risk. British Prime Minister Gordon Brown particularly condemned the government of Iceland for its poor stewardship of the situation and also its failure to guarantee British savers' deposits (Icelandic domestic deposits, by contrast, had been guaranteed by the country's Financial Supervisory Authority). That said, the United Kingdom Treasury was eventually able to arrange for some British deposits to Kaupthing to be moved under the control of ING Direct. There were also arrangements being made for a payout to Landsbanki's depositors.

By the close of October 2008, Iceland had the dubious distinction of becoming the first Western country to seek assistance from the International Monetary Fund (IMF) since 1976.

As noted above, the country was one of the most significant casualties of the global financial crisis, stemming from the credit crunch. Three major banks collapsed in Iceland and the country's liabilities were in gross excess of the country's GDP. As well, the Icelandic currency, the krona, decreased by 50 percent in value this year and banking transactions with other countries were frozen. Indeed, the country's entire financial regime was severe risk of collapse due to insolvency of the country's commercial banks.

In order to stave off such dire consequences, Iceland sought an agreement in which it would



receive \$2.1 billion in assistance from the IMF. pending approval of the "comprehensive stabilization program," Iceland would have immediate access to \$833 million.

Iceland said the IMF funds would be used to stabilize the krona, to craft a flexible interest rate system, and to reform the financial regulatory regime, most particularly -- the insolvency laws. Iceland's Prime Minister Geir Haarde said, "Iceland will commit to a sustainable long-term economic policy, and a plan for the recovery of the Icelandic economy."

Note: Efforts to procure a \$4 billion loan from Russia devolved and ended without success.

By November 2008, Iceland's economy -- already precipitously close to collapse in the midst of the global credit crisis -- was in a state of free fall. While the global credit crisis hit many countries in the world very hard, Iceland was in a particularly dire situation, given the fact that its banking liabilities were in gross excess of the country's GDP. The failure of Iceland's banks, along with the plummeting of the currency or krona, not to mention a wave of layoffs and slashed salaries, compounded by a loss of savings and rising inflation at an already-high rate of 16 percent, have together contributed to a nightmare in a country once regarded as home to one of the most developed economies in the world.

At the broader level, in early 2009, according to the European Commission, European banks were in need of as much as several trillion in bailout funding. Impaired or toxic assets factored highly on the European Union bank balance sheets. Overall, Eastern European countries borrowed heavily from Western European banks. Thus, even if the currencies on the eastern part of the continent collapse, effects will be felt in the western part of Europe as well. For example, Swiss banks that gave billions of credit to Eastern Europe cannot look forward to repayment anytime soon. As well, Austrian banks have had extensive exposure to Eastern Europe, and can anticipate a highly increased cost of insuring its debt.

By the close of February 2009, it was announced that the banking sectors in Central and Eastern Europe would receive a rescue package of \$31 billion, via the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB) and the World Bank. The rescue package was aimed at assisting the survival of small financial institutions and included equity and debt financing, as well as access to credit and risk insurance aimed at encouraging lending.

Also in February 2009, with the global financial crisis intensifying, leaders of European Union countries backed sweeping financial regulations. Included in the package of market reforms were sanctions on tax havens, caps on bonus payments to management, greater hedge fund regulation, and increased influence by the International Monetary Fund. European leaders also backed a charter of sustainable economic activity, that would subject all global financial activities to both regulation and accountability by credit rating agencies.

These moves were made ahead of the Group of 20 summit scheduled for April 2, 2009, in

London. It was not known whether other countries outside Europe, such as the United States, Japan, India and China, would support the new and aggressive regime of market regulation. That said, German Chancellor Angela Merkel said in Berlin that Europe had a responsibility to chart this track. She said, "Europe will own up to its responsibility in the world."

### **Special Entry:**

#### ***Economic woes turn Icelandic people against PM resulting in resignation; new PM first openly gay head of government***

With Iceland's financial system particularly hard-hit by the credit crisis in late 2008 and into early 2009, and the country still suffering from economic woes -- exemplified by a devolving currency and rising unemployment -- Icelandic citizens showed no restraint in expressing their anger to Prime Minister Geir Haarde.

In fact, on Jan. 21, 2009, as the Icelandic head of government got into his car just outside a government office in the capital of Reykjavik, angry crowds surrounded him, hitting his car with eggs. While he was able to drive away safely after security repelled the protestors, the incident was emblematic of the unhappy mood of the Icelandic population. The day before, approximately 2,000 protestors gathered outside the parliament building to call for Prime Minister Haarde's resignation due to his handling of the economy. Several windows of the parliament building were broken as a result of the boisterous crowd, which also lit off smoke bombs outside and struck policemen with snowballs. About 20 people were arrested during the demonstration.

By Jan. 23, 2009, Prime Minister Haarde had announced at a press conference that he would not seek re-election as the head of the Independence Party. Prime Minister Haarde also said he had been diagnosed with esophageal cancer. It was unknown as to if the illness spurred his decision not to seek re-election.

On the political front, the ruling Independence Party was planning to hold its national convention from March 26-29, 2009. At that convention, a chairman would be chosen to lead the party into coming election, expected to take place in May 2009. The election would therefore take place two years early due to the financial and economic crises facing the country.

Before that election could take place, on January 26, 2009, the coalition government collapsed due to prevailing anxiety over the economic crisis and the government's stewardship therein. Prime Minister Geir Haarde announced the resignation of his cabinet, and said that talks with his coalition partners, the Social Democrats (led by Foreign Minister Ingibjorg Gissladdottir), had failed to result in an agreement for going forward politically.



One day later, President Olafur Ragnur Grimsson called on Social Democratic leader Ingibjorg Gisladdottir to form an interim government until elections could be held on May 9, 2009. Soon it was reported that the center-left Social Democrats had formed a minority coalition with the Left-Green Movement, and that the new government would be led by Johanna Sigurdardottir.

Iceland's new prime minister represented two major shifts on the political landscape. First, a government led by the Social Democrats marked the end of two decades of conservative government. Second, Johanna Sigurdardottir would have the distinction of being the first openly gay head of government in Iceland, if not the world. A former flight attendant, Sigurdardottir rose through the party ranks to become a senior parliamentarian and has served as the minister for Social Affairs.

Sigurdardottir would be faced with the mammoth task of rebuilding Iceland's economy, in the aftermath of the collapse of three major banks, which resulted in a disturbing decrease in the value of Iceland's currency, the krona, along with concomitant rising inflation and unemployment.

In March 2009, interim Prime Minister Johanna Sigurdardottir announced that fresh elections would be held on April 25, 2009. Ahead of those elections, the interim left-wing government appeared poised for a possible victory. A poll conducted by the Icelandic daily newspaper, Morgunbladid, forecast that the Social Democrats would win 30.5 percent of the votes, while its current coalition partner -- the Left-Green party -- would carry close to 26 percent. Should the poll prove to be accurate, the election result would serve a crushing blow to the right-wing Independence Party, which was expected to garner around 23 percent of the vote.

Independence Party leader, Bjarni Benediktsson, said in an interview with Agence France Presse: "Obviously since the financial crisis we have lost electors. We are trying to rebuild confidence and support to our policy." He continued, "It's more of a long-term task than a short one. We are going to work up until the very last minute." Benediktsson, however, suggested that support for the Social Democrats could be falling, as evidenced by a previous poll by the Frettabladid newspaper that forecast 32.2 percent of the popular vote for that party. He also took solace in the high number of undecided voters and did not foreclose a surprise result.

Results showed that Iceland's interim center-left government won a resounding victory in the April 2009 parliamentary elections. Indeed, the coalition of the Social Democrats and Left-Green Party increased its parliamentary representation by seven seats for a total of 34 seats in the 63-member chamber. The Independence Party experienced its worse performance in decades, securing only 16 seats. Election results also showed the greatest representation of first time parliamentarians and women in office.

Prime Minister Johanna Sigurdardottir celebrated her coalition's victory, noting that the results were "historic." She said, "This is the first time that leftist parties will hold a majority." The prime

minister also referenced the financial crisis and the previous path that had been charted saying that voters were now "settling the score with the neoliberalism." The head of government noted that the voters were sanctioning the end of rule by the conservative Independence Party, which she said had been in power for "too long." She added, "The people are calling for a change of ethics. That is why they have voted for us."

## **Iceland moves towards European Union accession**

July 2009 saw the parliament in Iceland vote narrowly in favor of joining the European Union (EU). There were 33 votes in favor of the motion, 28 votes against it, as well as two abstentions in the vote within the 63-seat Althingi. The motion and vote followed several days of debate on the issue, which included a call by Prime Minister Johanna Sigurdardottir of the Social Democrats for the adoption of the euro as the new currency. The prime minister argued, "The main benefits of EU membership at the moment would be the possibility of joining the exchange rate mechanism, and eventually adopting the euro."

Going forward, Iceland's desire to join the European bloc would still have to be approved by the EU itself. To that end, the government of Iceland was set to formally submit its country's bid to the EU in Brussels on July 27, 2009. Later, the notion of EU accession would have to be ratified by the Icelandic people in a referendum. To date, the people of Iceland have been rather skeptical of the notion of joining the EU, less for nationalist reasons and more due to fears that the country's fishing industry might be adversely affected. However, the recent collapse of the Icelandic financial and banking center has contributed to a shift in sentiment.

## **Recent Political Developments**

On Jan. 5, 2010, Icelandic President Olafur Ragnar Grimsson vetoed legislation aimed at saving the online bank, Icesave. At issue was a bill that would authorize the payment of 3.8 billion euros (US\$5.4 billion) to the British and Dutch governments, which had partially compensated banking clients who lost money in the collapse of the Icesave online bank during the global financial crisis of 2008.

The legislation had been previously passed by the Icelandic parliament, the Althingi, but now with the veto having been carried out, the president said the bill would have to be ratified by national referendum. Iceland's Prime Minister Johanna Sigurdardottir expressed disappointment with the move, saying during a news conference, "A solution to the Icesave dispute is a condition for continued cooperation with the International Monetary Fund (IMF) and the disbursement of loans from the Nordic countries." Sigurdardottir warned the decision would imperil further disbursement of these loans and affect the IMF's next review of Iceland's economic stabilization

program, while also upsetting the economic progress made by the government in the previous year.

The British government responded to these developments in Iceland by issuing a sharp rebuke and threatening to veto Iceland's entry into the European Union. In an interview with the Times of London, British Financial Services Secretary Paul Myners said, "The (British) government stepped in to ensure that all retail depositors with Icesave were fully paid out, and now we expect the Icelandic government to ensure that we are repaid."

In March 2010, voters in Iceland reified the move by the president to reject the repayment plan with a resounding "no" vote in a national referendum. This voting result appeared to reflect the view of the Icelandic people that they were being punished for the ills of the banking sector. Prime Minister Johanna Sigurdardottir said that despite the defeat, her government would remain in office, and try to forge an agreement to resolve the financial crisis. She said, "This has no impact on the life of the government. We need to keep going and finish the debate. We have to get an agreement." The agreement to which she referred to ongoing negotiations with the British and the Dutch, aimed at crafting a new repayment plan, irrespective of the referendum results.

In April 2010, the International Monetary Fund cleared another tranche of funds -- valued at over \$160 million in aid -- for use in Iceland. The funds were part of the 2008 aid package but payment had been delayed because of the compensation controversy involving the aforementioned Icesave case.

NOTE: In mid-2010, Iceland began formal talks on accession to the European Union.

The year 2011 began with fresh negotiations on a repayment deal as regards the Icesave situation. By February 2011, a new deal was forged and approved by the Icelandic parliament. As before, the president of Iceland once again refused to sign the new agreement and instead called for a referendum, with an eye on ratification from the Icelandic people.

At the start of April 2011, voters in Iceland rejected a repayment plan for lost deposits following the collapse of Iceland's "Icesave" bank system. Icelandic Prime Minister Johanna Sigurdardottir characterized the referendum result as "the worst option," and lamented the political divisions that had been stoked in her country as a result. Iceland's Finance Minister Steingrimur Sigfusson said of the vote, "Icelandic people were not prepared to accept payments."

The sentiment of the Icelandic people aside, the "no" vote in the referendum spurred the governments of the United Kingdom and the Netherlands to move in the direction of legal action in parallel bids to recover the billions lost when Iceland's banking system collapsed. Although the governments of these two countries "bailed out" British and Dutch depositors to "Icesave," they were now demanding repayment of those funds and were prepared to seek compensation via international court. The rejected deal would have provided for the repayment by Iceland to the

United Kingdom at a 3.3 percent interest rate and to the Netherlands as a three percent rate, to be paid out on a 30 year period between 2016 and 2046.

Sigfusson indicated that a resolution might take up to a year in the court to go through; however, the finance minister expressed optimism about the end result saying in an interview with the BBC, "It is very important to emphasize that the U.K. and the Netherlands will begin to get their money back later this year." That being said, with a protracted end to the financial crisis plaguing Iceland, it was apparent that the country would continue to grapple with expensive borrowing rates on the open market, and could well be further downgraded by ratings agencies. Moreover, the situation could put Iceland's bid to join the European Union in jeopardy.

By mid-April 2011, Iceland's government was bracing for a confidence vote. At issue was a move by the main opposition Independence Party to introduce a no confidence vote against the government of Prime Minister Johanna Sigurdardottir. The Independence Party said that the "no vote" following the "Icesave" referendum demonstrated that the government lacked the trust and support of the people. For her part, Prime Minister Sigurdardottir said that she welcomed the move since it would cause the coalition parties to close ranks in opposition to the Independence Party, at a time of difficulty.

Note that by the third week of April 2011, Iceland's center-left government had survived the vote of no confidence brought on by the Independence Party. The outcome of the vote was close with 32 members voting against the bill, 30 voting in its favor, and while one abstention.

The stability of Prime Minister Johanna Sigurdardottir's government settled for the moment, and attention returned to the matter of "Icesave," which would ultimately be settled in a European court, and at a potentially higher cost to Iceland in the end. Iceland was expected to see lowered credit and investment ratings as a result of this situation.

As of early 2012, attention was on the question of whether Iceland should join the euro zone. The matter has been a particularly divisive one, evoking serious questions about national identity and decreased control over the fishing industry. Of course the overall stability of the euro zone and the European Union has become a major concern in recent years, largely emanating from the Greek debt crisis, but extending regionally.

Prime Minister Johanna Sigurdardottir has expressed support for joining the euro zone, while former Prime Minister Geir Haarde opposes the move. While an official application process started in 2009, the question remains an open one in Iceland at this time.

In mid-February 2012, Iceland's credit rating was upgraded to "investment grade" three years after its economic collapse. The credit ratings agency, Fitch, deemed Iceland's "safe to invest" and raised the northern Atlantic country's sovereign rating one notch, to BBB- from BB+.

This determination was a positive assessment for Iceland, whose economy endured a spectacular collapse in 2008, thus requiring an infusion of rescue funds from the International Monetary Fund bailout. At that time in 2008, three Icelandic banks failed under the country's massive foreign debt, which exceeded the size of the economy. The value of the currency -- the krona -- plummeted significantly and the country has since been battling its economic woes. A new government came to power in 2009 and eschewed the immediate implementation of stark austerity measures now being favored by the debt-plagued European Union. Instead, it worked under a borrow and spend regime for a year, before triggering spending cuts.

As of 2012, as noted by Fitch, Iceland made progress "in restoring macroeconomic stability, pushing ahead with structural reform, and rebuilding sovereign creditworthiness." Speaking of this progress, Finance Minister Steingrímur Sigfússon noted that Iceland's size was a crucial element in his country's success story saying, "You are quicker turning a small boat around than a big ship." Accordingly, Iceland was something of a success story amidst the narrative of gloom in euro zone countries, such as Greece, Italy, Spain, and Portugal, which -- as part of the euro zone -- cannot devalue their currency and thus continue to deal with dire debt crises.

On March 5, 2012, the trial of former Icelandic Prime Minister Geir Haarde commenced in the country's capital of Reykjavík. The former head of government faced charges of negligence over the 2008 financial crisis. During the economic turmoil that gripped the country at that time, Iceland's three major banks suffered collapse and the country plunged into a deep recession. Moreover, the failure of the financial entity, Icesave, affected thousands of people and generated an acrimonious dispute over compensation between Iceland and the United Kingdom, which prevails today.

Former Prime Minister Haarde had the dubious distinction of being the first world leader to face criminal charges over the crisis. At issue were claims that he failed to ensure that financial safeguards were in place. Not surprisingly, Haarde has characterized the case against him as "political persecution" and vowed that he would be vindicated by the end of the trial. To these ends, Haarde has the support of some Icelanders who shared his view that he was being subjected to scapegoating. However, other Icelanders have insisted that there must be accountability for those who may have played a part in the country's financial collapse. The trial of Geir Haarde was expected to last at least until mid-March 2012 and a verdict was not expected for at least a month after that.

In late April 2012, the trial of former Icelandic Prime Minister Geir Haarde came to an end. A "partly guilty" verdict came on April 23, 2012. Haarde was found guilty of one of the four charges at stake -- not holding cabinet meetings when things turned critical -- but not guilty of negligence over the 2008 financial crisis. Judge Markus Sigurbjörnsson, who sat at the helm of the special court in Reykjavík, said Haarde should face no penalties and additionally called for the former prime minister's legal expenses be paid. For his part, Haarde was not assuaged by the

limited guilty verdict (bereft of punishment), characterizing it as "absurd." In an interview with the media, he said, "It is obvious that the majority of the judges have found themselves pressed to come up with a guilty verdict on one point, however minor, to save the neck of the parliamentarians who instigated this."

## **Presidential Election of 2012**

A presidential election was set to take place in Iceland on June 30, 2012. Incumbent President Olafur Ragnar Grimsson was seeking another term in office, even though he initially expressed skepticism about the notion of contesting the presidential race. Other candidates for the presidency included Dr. Herdís Þorgeirsdóttir, a lawyer and professor of law at the University of Bifrost, journalist and news presenter Thora Arnórsdóttir, as well as Ástþor Magnússon. In Iceland, the president or head of state is elected by popular vote for a four-year term. Governing power, though, is in the hands of the prime minister who presides over a majority in parliament.

Given Grimsson's position as something of a political institution in Iceland, all expectations were that he would win re-election. However, polling data showed wide swings ahead of election day, with indications that Arnórsdóttir had more than a small chance of winning the presidency. Still, the last month of her presidential campaign was interrupted as she gave birth to her third child. Should Arnórsdóttir prevail and win the presidency, Iceland would have two women in the top political posts since Jóhanna Sigurðardóttir -- an openly gay woman -- was serving as the country's prime minister and head of government.

That outcome was not to occur given the results of the election on June 30, 2012. With the votes counted, Iceland's long-serving president was re-elected to power. President Grimsson secured 53 percent of the vote and held on to the office he has held since 1996. Arnórsdóttir took 33 percent. Analysts suggested that as Iceland was making tentative success in its economic recovery after a collapse some years prior during the global financial crisis, voters had chosen to "stay the course" with the incumbent president.

## **Parliamentary Elections of 2013**

Parliamentary elections were set to be held in Iceland on April 27, 2013. At stake would be the 63 seats of the unicameral "Alþingi" or "Althingi" (Great Diet or parliament) where members are elected by popular vote via proportional representation to serve four-year terms.

The previous elections were held in April 2009 with incumbent Prime Minister Jóhanna Sigurðardóttir seeking a fresh mandate for her ruling coalition. The result saw the coalition of the Social Democrats and the Left-Green Party increase its parliamentary representation by seven



seats for a total of 34 seats in the 63-member chamber. The Independence Party experienced its worse performance in decades, securing only 16 seats. These results effectively ratified Sigurdardottir's political power via the ballot box. It was to be seen if her coalition would enjoy a repeat performance in the 2013 elections, albeit with a new candidate for the position of prime minister since Sigurdardottir intended to retire from politics.

The main political parties in Iceland are as follows: The Social Democratic Alliance, the Left-Green Movement, the Independence Party, the Liberal Party, the Progressive Party, the Movement.

On April 27, 2013, Icelandic voters went to the polls to cast their ballots. After the polling stations were closed, the early vote count indicated an advantage for the center-right opposition. That trend held steady and ultimately, the Independence Party and the Progressive Party garnered 26.7 percent (19 seats) and 24.4 percent (19 seats) respectively -- effectively securing the majority of the vote share. Together, the ruling center-left bloc, composed of the Social Democrats and Left-Green, acquired 12.9 percent (nine seats) and 10.9 percent (seven seats) respectively. This result meant that the center-right had won the election while the center-left had gone down to defeat.

This victory for the center-right signaled a remarkable revival given the fact that it was the center-right bloc, with its business-friendly credentials, that was blamed for Iceland's economic collapse in 2008. On the other hand, the victory for the center-right may not have so much been an endorsement of their policies as it was a sign of the public's weariness with the incumbent (now outgoing) government's painful austerity measures. In other words, it appeared the election outcome represented a call for change.

Note that at the start of May 2013, Sigmundur Davio Gunnlaugsson of the Progressive Party garnered the mandate from the president of Iceland to form a new government. He indicated that he intended to formal discussions on forming a coalition government with the Independence party. Although Sigmundur Davio Gunnlaugsson was, therefore, set to become the next head of government in Iceland, it was also possible that Bjarni Benediktsson, the leader of the Independence Party, might get the post of prime minister, based upon the outcome of the negotiations.

By the last week of May 2013, the two parties agreed on the formation of a coalition government and presented their plan to President Olafur Ragnar Grimsson. Sigmundur David Gunnlaugsson, the leader of the Progressive Party, was set to become Iceland's new prime minister, while Bjarni Benediktsson, the leader of the Independence Party, would take on a high profile ministerial role with the cabinet portfolio for finance and economics. The new government said that its focus would be strengthening the economy. At the same time, the new government made it clear that accession to the European Union would be placed on hold until a national referendum could be held to ratify such a move.

## **Iceland says its bid to enter EU is over**

In mid-June 2013, the government of Iceland indicated that its bid to enter the European Union (EU) was over. According to the EU Observer, Icelandic Foreign Minister Gunnar Bragi Sveinsson traveled to the Belgian city of Brussels to inform the European Commission of his country's decision.

In mid-2010, Iceland -- then governed by a social democratic government, began formal talks on accession to the EU in mid-2010 . Over the course of the next two years, attention was on the question of whether Iceland should, in fact, follow through with its plan to join the European bloc and the euro zone. The matter was a particularly divisive one, evoking serious questions about national identity and decreased control over the fishing industry. Of course the overall stability of the euro zone and the European Union also became a major concern, largely emanating from the Greek debt crisis, but extending regionally across Europe. Opinion polls in recent times indicated that only about 25 percent of the people of Iceland supported the notion of EU membership.

By June 2013, Iceland -- now governed by a conservative coalition government -- had concluded that accession to the EU was not the right path for the country. Indeed, the two parties that won the recent 2013 elections and had formed the new government -- the Independence Party and the Progressive Party -- had campaigned against joining the EU, and thus had a mandate for the decision to withdraw from the EU accession process. Iceland was not, however, pursuing a policy of isolation. As noted by Icelandic Foreign Minister Gunnar Bragi Sveinsson "We are part of Europe and want to strengthen our relationship in other ways."

## **Iceland's PM resigns after "Panama Papers" scandal; effects on presidency as well**

The spring of 2016 in Iceland was marked by political drama, financial scandal, and consequences. At the heart of the matter were revelations disclosed in the so called "Panama Papers" that led to a shift in power at the highest levels of the Icelandic political system.

On April 5, 2016, Iceland's Prime Minister Sigmundur David Gunnlaugsson resigned from office after leaked documents from the Mossack Fonseca Panamanian law firm revealed his wife's connection to an offshore company. Of particular note was that company's connection with collapsed Icelandic banks that damaged the country's financial sector years earlier.

The "Panama Papers" revealed that no shortage of politicians and public officials internationally were storing their assets in offshore accounts. While not all of these arrangements could be correctly deemed to be illegal, the practice of offshore banking, usually intended for the ultra-wealthy to evade paying taxes, has been widely criticized as it deprives countries of necessary



revenue.

With Gunnlaugsson's wife named in the Panama Papers, the opposition immediately pushed forward a no confidence vote in the government. But ahead of the actual vote, and with mass protests rocking the country, Gunnlaugsson went ahead and resigned from office, setting the path for snap elections in Iceland. To that end, Fisheries Minister Sigurdur Ingi Johansson was named as the new prime minister and a plan was advanced for elections to be held in the autumn of 2016.

Nevertheless, the protests went on for another day with Icelanders dissatisfied simply with the resignation of the prime minister and plan for elections to be held later in the year. In mid-April 2016, they were demanding that the entire government step down. Buoyed by this sentiment of mass discontent and distrust of the government, Iceland's anti-establishment Pirate Party brought forth a vote of no-confidence motion in parliament. But the motion was defeated in parliament.

Meanwhile, the country's long-serving president, Olafur Ragnar Grimsson, who has served since 1996, made it known that he would contest a sixth term in office. His decision appeared to be motivated by the unsettling events of late as he said during a news conference, "The events lately and how they have shed light on the state of society... and the situation of the government has led to people saying that somewhere there has to be stability and experience in the coming years."

But by May 2016, the president reversed his decision and instead said he would not seek another term in office. At issue was the fact that now Grimsson, like former Prime Minister Gunnlaugsson, found his family embroiled in the fall-out of the Panama Papers. Specifically, his wife's family was linked with tax haven holdings disclosed in the Panama papers. While he denied any wrongdoing himself, the implications involving his wife's family were clearly a complicating factor.

The governments in the United Kingdom, Ukraine, Russia, Malta, China, Pakistan, were also under fire with stalwarts and relatives from the leadership in those countries also being named in the Panama Papers.

## **NOTE:**

The next presidential election in Iceland was expected to be held in mid-2016, and the next parliamentary elections were likely to be held in 2017.

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Written by Dr. Denise Youngblood Coleman, Editor in Chief, CountryWatch.com or [www.countrywatch.com](http://www.countrywatch.com); see Bibliography in the Appendix for a list of research references.

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## Political Risk Index

### Political Risk Index

The **Political Risk Index** is a proprietary index measuring the level of risk posed to governments, corporations, and investors, based on a myriad of political and economic factors. The [Political Risk Index](#) is calculated using an established methodology by CountryWatch's Editor-in-Chief and is based on varied criteria\* including the following consideration: political stability, political representation, democratic accountability, freedom of expression, security and crime, risk of conflict, human development, jurisprudence and regulatory transparency, economic risk, foreign investment considerations, possibility of sovereign default, and corruption. Scores are assigned from 0-10 using the aforementioned criteria. A score of 0 marks the highest political risk, while a score of 10 marks the lowest political risk. Stated differently, countries with the lowest scores pose the greatest political risk. A score of 0 marks the most dire level of political risk and an ultimate nadir, while a score of 10 marks the lowest possible level of political risk, according to this proprietary index. Rarely will there be scores of 0 or 10 due to the reality that countries contain complex landscapes; as such, the index offers a range of possibilities ranging from lesser to greater risk.

Country	Assessment
Afghanistan	2

Albania	4
Algeria	6
Andorra	9
Angola	4
Antigua	8
Argentina	4
Armenia	4-5
Australia	9.5
Austria	9.5
Azerbaijan	4
Bahamas	8.5
Bahrain	6
Bangladesh	3.5
Barbados	8.5-9
Belarus	3
Belgium	9
Belize	8
Benin	5

Bhutan	5
Bolivia	5
Bosnia-Herzegovina	4
Botswana	7
Brazil	7
Brunei	7
Bulgaria	6
Burkina Faso	4
Burma (Myanmar)	4.5
Burundi	3
Cambodia	4
Cameroon	5
Canada	9.5
Cape Verde	6
Central African Republic	3
Chad	4
Chile	9
China	7

China: Hong Kong	8
China: Taiwan	8
Colombia	7
Comoros	5
Congo DRC	3
Congo RC	4
Costa Rica	8
Cote d'Ivoire	4.5
Croatia	7
Cuba	4-4.5
Cyprus	5
Czech Republic	8
Denmark	9.5
Djibouti	4.5
Dominica	7
Dominican Republic	6
East Timor	5
Ecuador	6

Egypt	5
El Salvador	7
Equatorial Guinea	4
Eritrea	3
Estonia	8
Ethiopia	4
Fiji	5
Finland	9
Fr.YugoslavRep.Macedonia	5
France	9
Gabon	5
Gambia	4
Georgia	5
Germany	9.5
Ghana	6
Greece	4.5-5
Grenada	8
Guatemala	6

Guinea	3.5
Guinea-Bissau	3.5
Guyana	4.5
Haiti	3.5
Holy See (Vatican)	9
Honduras	4.5-5
Hungary	7
Iceland	8.5-9
India	7.5-8
Indonesia	6
Iran	3.5-4
Iraq	2.5-3
Ireland	8-8.5
Israel	8
Italy	7.5
Jamaica	6.5-7
Japan	9
Jordan	6.5

Kazakhstan	6
Kenya	5
Kiribati	7
Korea, North	1
Korea, South	8
Kosovo	4
Kuwait	7
Kyrgyzstan	4.5
Laos	4.5
Latvia	7
Lebanon	5.5
Lesotho	6
Liberia	3.5
Libya	2
Liechtenstein	9
Lithuania	7.5
Luxembourg	9
Madagascar	4



Malawi	4
Malaysia	8
Maldives	4.5
Mali	4
Malta	8
Marshall Islands	6
Mauritania	4.5-5
Mauritius	7
Mexico	6.5
Micronesia	7
Moldova	5
Monaco	9
Mongolia	5
Montenegro	6
Morocco	6.5
Mozambique	4.5-5
Namibia	6.5-7
Nauru	6

Nepal	4
Netherlands	9.5
New Zealand	9.5
Nicaragua	5
Niger	4
Nigeria	4.5
Norway	9.5
Oman	7
Pakistan	3.5
Palau	7
Panama	7.5
Papua New Guinea	5
Paraguay	6.5-7
Peru	7
Philippines	6
Poland	8
Portugal	7.5
Qatar	7.5

Romania	5.5
Russia	5.5
Rwanda	5
Saint Kitts and Nevis	8
Saint Lucia	8
Saint Vincent and Grenadines	8
Samoa	7
San Marino	9
Sao Tome and Principe	5.5
Saudi Arabia	6
Senegal	6
Serbia	5
Seychelles	7
Sierra Leone	4.5
Singapore	9
Slovak Republic (Slovakia)	8
Slovenia	8
Solomon Islands	6

Somalia	2
South Africa	7
Spain	7.5
Sri Lanka	5
Sudan	3.5
Suriname	5
Swaziland	5
Sweden	9.5
Switzerland	9.5
Syria	2
Tajikistan	4.5
Tanzania	6
Thailand	6.5
Togo	4.5
Tonga	7
Trinidad and Tobago	8
Tunisia	6
Turkey	7

Turkmenistan	4.5
Tuvalu	7
Uganda	6
Ukraine	3.5-4
United Arab Emirates	7
United Kingdom	9
United States	9.5
Uruguay	8
Uzbekistan	4
Vanuatu	7
Venezuela	4
Vietnam	5
Yemen	3
Zambia	4.5
Zimbabwe	3

#### \*Methodology

The [Political Risk Index](#) is calculated by CountryWatch's Editor-in-Chief and is based on the combined scoring of varied criteria as follows --

1. political stability (record of peaceful transitions of power, ability of government to stay in office and carry out policies as a result of productive executive-legislative relationship, perhaps with popular support vis a vis risk of government collapse)
2. political representation (right of suffrage, free and fair elections, multi-party participation, and influence of foreign powers)
3. democratic accountability (record of respect for political rights, human rights, and civil liberties, backed by constitutional protections)
4. freedom of expression (media freedom and freedom of expression, right to dissent or express political opposition, backed by constitutional protections)
5. security and crime (the degree to which a country has security mechanisms that ensures safety of citizens and ensures law and order, without resorting to extra-judicial measures)
6. risk of conflict (the presence of conflict; record of coups or civil disturbances; threat of war; threats posed by internal or external tensions; threat or record of terrorism or insurgencies)
7. human development (quality of life; access to education; socio-economic conditions; systemic concern for the status of women and children)
8. jurisprudence and regulatory transparency (the impartiality of the legal system, the degree of transparency within the regulatory system of a country and the durability of that structure)
9. economic conditions (economic stability, investment climate, degree of nationalization of industries, property rights, labor force development)
10. corruption ( the degree of corruption in a country and/or efforts by the government to address graft and other irregularities)

Editor's Note:

As of 2015, the current climate of upheaval internationally -- both politically and economically -- has affected the ratings for several countries across the world.

North Korea, [Afghanistan](#), [Somalia](#), and [Zimbabwe](#) -- retain their low rankings.

Several Middle Eastern and North African countries, such as [Tunisia](#), [Egypt](#), [Libya](#), [Syria](#), [Iraq](#) and [Yemen](#) were downgraded in recent years due to political instability occurring in the "season of

unrest" sweeping the region since 2011 and continuing today. The worst downgrades affected [Syria](#) where civil war is at play, along with the rampage of terror being carried out by Islamist terrorists who have also seized control over part of Syrian territory. [Iraq](#) has been further downgraded due to the rampage of Islamist terrorists and their takeover of wide swaths of Iraqi territory. [Libya](#) has also been downgraded further due to its slippage into failed state status; at issue in [Libya](#) have been an ongoing power struggle between rival militias. [Yemen](#) continues to hold steady with a poor ranking due to continued unrest at the hands of Houthi rebels, secessionists, al-Qaida in the Arabian Peninsula, and Islamic State. Its landscape has been further complicated by the fact that it is now the site of a proxy war between [Iran](#) and [Saudi Arabia](#). Conversely, [Tunisia](#) and [Egypt](#) have seen slight upgrades as these countries stabilize.

In Africa, [Zimbabwe](#) continues to be one of the bleak spots of the world with the Mugabe regime effectively destroying the country's once vibrant economy, and miring [Zimbabwe](#) with an exceedingly high rate of inflation, debilitating unemployment, devolving public services, and critical food shortages; rampant crime and political oppression round out the landscape. [Somalia](#) also sports a poor ranking due to the continuing influence of the terror group, al-Shabab, which was not operating across the border in [Kenya](#). On the upside, [Nigeria](#), which was ineffectively dealing with the threat posed by the terror group, Boko Haram, was making some strides on the national security front with its new president at the helm. [Mali](#) was slightly upgraded due to its efforts to return to constitutional order following the 2012 coup and to neutralize the threat of separatists and Islamists. But the [Central African Republic](#) was downgraded due to the takeover of the government by Muslim Seleka rebels and a continued state of lawlessness in that country. South [Sudan](#) -- the world's newest nation state -- has not been officially included in this assessment; however, it can be unofficially assessed to be in the vicinity of "3" due to its manifold political and economic challenges. [Burkina Faso](#), [Burundi](#) and [Guinea](#) have been downgraded due to political unrest, with [Guinea](#) also having to deal with the burgeoning Ebola crisis.

In Europe, [Ukraine](#) was downgraded due to the unrest facing that country following its Maidan revolution that triggered a pro-Russian uprising in the eastern part of the country. [Russia](#) was also implicated in the Ukrainian crisis due to its intervention on behalf of pro-Russian separatists, as well as its annexation of the Ukrainian territory of Crimea. Strains on the infrastructure of southern and eastern European countries, such as [Serbia](#), [Croatia](#), and [Hungary](#), due to an influx of refugees was expected to pose social and economic challenges, and slight downgrades were made accordingly. So too, a corruption crisis for the Romanian prime minister has affected the ranking of that country. Meanwhile, the rankings for [Spain](#), [Portugal](#), [Ireland](#), and [Italy](#) were maintained due to debt woes and the concomitant effect on the euro zone. [Greece](#), another euro zone nation, was earlier downgraded due to its sovereign debt crisis; however, no further downgrade was added since the country was able to successfully forge a bailout rescue deal with creditor institutions. Cyprus' exposure to Greek banks yielded a downgrade in its case.

In Asia, [Nepal](#) was downgraded in response to continuous political instability and a constitutional

crisis that prevails well after landmark elections were held. Both [India](#) and China retain their rankings; [India](#) holds a slightly higher ranking than [China](#) due to its record of democratic representation and accountability. Increasing violence and political instability in [Pakistan](#) resulted in a downgrade for this country's already low rating. Meanwhile, [Singapore](#) retained its strong rankings due to its continued effective stewardship of the economy and political stability.

In the Americas, ongoing political and economic woes, as well as crime and corruption have affected the rankings for [Mexico](#), [Guatemala](#), and [Brazil](#). [Argentina](#) was downgraded due to its default on debt following the failure of talks with bond holders. [Venezuela](#) was downgraded due to its mix of market unfriendly policies and political oppression. For the moment, the [United States](#) maintains a strong ranking along with [Canada](#), and most of the English-speaking countries of the Caribbean; however, a renewed debt ceiling crisis could cause the [United States](#) to be downgraded in a future edition. Finally, a small but significant upgrade was attributed to [Cuba](#) due to its recent pro-business reforms and its normalization of ties with the United States.

Source:

Dr. Denise Youngblood Coleman, Editor in Chief, CountryWatch Inc. [www.countrywatch.com](http://www.countrywatch.com)

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## Political Stability

### Political Stability

The **Political Stability Index** is a proprietary index measuring a country's level of stability, standard of good governance, record of constitutional order, respect for human rights, and overall strength of democracy. The [Political Stability](#) Index is calculated using an established methodology\* by CountryWatch's Editor-in-Chief and is based on a given country's record of peaceful transitions of power, ability of a government to stay in office and carry out its policies vis a vis risk credible risks of government collapse. Threats include coups, domestic violence and instability, terrorism, etc. This index measures the dynamic between the quality of a country's government and the threats that can compromise and undermine stability. Scores are assigned from 0-10 using the aforementioned criteria. A score of 0 marks the lowest level of political stability and an



ultimate nadir, while a score of 10 marks the highest level of political stability possible, according to this proprietary index. Rarely will there be scores of 0 or 10 due to the reality that countries contain complex landscapes; as such, the index offers a range of possibilities ranging from lesser to greater stability.

Country	Assessment
Afghanistan	2
Albania	4.5-5
Algeria	5
Andorra	9.5
Angola	4.5-5
Antigua	8.5-9
Argentina	7
Armenia	5.5
Australia	9.5
Austria	9.5
Azerbaijan	5
Bahamas	9
Bahrain	6

Bangladesh	4.5
Barbados	9
Belarus	4
Belgium	9
Belize	8
Benin	5
Bhutan	5
Bolivia	6
Bosnia-Herzegovina	5
Botswana	8.5
Brazil	7
Brunei	8
Bulgaria	7.5
Burkina Faso	4
Burma (Myanmar)	4.5
Burundi	4
Cambodia	4.5-5
Cameroon	6

Canada	9.5
Cape Verde	6
Central African Republic	3
Chad	4.5
Chile	9
China	7
China: Hong Kong	8
China: Taiwan	8
Colombia	7.5
Comoros	5
Congo DRC	3
Congo RC	5
Costa Rica	9.5
Cote d'Ivoire	3.5
Croatia	7.5
Cuba	4.5
Cyprus	8
Czech Republic	8.5

Denmark	9.5
Djibouti	5
Dominica	8.5
Dominican Republic	7
East Timor	5
Ecuador	7
Egypt	4.5-5
El Salvador	7.5-8
Equatorial Guinea	4.5
Eritrea	4
Estonia	9
Ethiopia	4.5
Fiji	5
Finland	9
Fr.YugoslavRep.Macedonia	6.5
France	9
Gabon	5
Gambia	4.5

Georgia	5
Germany	9.5
Ghana	7
Greece	6
Grenada	8.5
Guatemala	7
Guinea	3.5-4
Guinea-Bissau	4
Guyana	6
Haiti	3.5-4
Holy See (Vatican)	9.5
Honduras	6
Hungary	7.5
Iceland	9
India	8
Indonesia	7
Iran	3.5
Iraq	2.5

Ireland	9.5
Israel	8
Italy	8.5-9
Jamaica	8
Japan	9
Jordan	6
Kazakhstan	6
Kenya	5
Kiribati	8
Korea, North	2
Korea, South	8.5
Kosovo	5.5
Kuwait	7
Kyrgyzstan	5
Laos	5
Latvia	8.5
Lebanon	5.5
Lesotho	5

Liberia	3.5-4
Libya	2
Liechtenstein	9
Lithuania	9
Luxembourg	9.5
Madagascar	4
Malawi	5
Malaysia	8
Maldives	4.5-5
Mali	4.5-5
Malta	9
Marshall Islands	8
Mauritania	6
Mauritius	8
Mexico	6.5-7
Micronesia	8
Moldova	5.5
Monaco	9.5

Mongolia	6.5-7
Montenegro	8
Morocco	7
Mozambique	5
Namibia	8.5
Nauru	8
Nepal	4.5
Netherlands	9.5
New Zealand	9.5
Nicaragua	6
Niger	4.5
Nigeria	4.5
Norway	9.5
Oman	7
Pakistan	3
Palau	8
Panama	8.5
Papua New Guinea	6



Paraguay	8
Peru	7.5
Philippines	6
Poland	9
Portugal	9
Qatar	7
Romania	7
Russia	6
Rwanda	5
Saint Kitts and Nevis	9
Saint Lucia	9
Saint Vincent and Grenadines	9
Samoa	8
San Marino	9.5
Sao Tome and Principe	7
Saudi Arabia	6
Senegal	7.5
Serbia	6.5

Seychelles	8
Sierra Leone	4.5
Singapore	9.5
Slovak Republic (Slovakia)	8.5
Slovenia	9
Solomon Islands	6.5-7
Somalia	2
South Africa	7.5
Spain	9
Sri Lanka	5
Sudan	3
Suriname	5
Swaziland	5
Sweden	9.5
Switzerland	9.5
Syria	2
Tajikistan	4.5
Tanzania	6

Thailand	6
Togo	5
Tonga	7
Trinidad and Tobago	8
Tunisia	5
Turkey	7.5
Turkmenistan	5
Tuvalu	8.5
Uganda	6
Ukraine	3.5-4
United Arab Emirates	7
United Kingdom	9
United States	9
Uruguay	8.5
Uzbekistan	4
Vanuatu	8.5
Venezuela	4.5-5
Vietnam	4.5

Yemen	2.5
Zambia	5
Zimbabwe	3

### \*Methodology

The Political Stability Index is calculated by CountryWatch's Editor-in-Chief and is based on the combined scoring of varied criteria as follows --

1. record of peaceful transitions of power ( free and fair elections; adherence to political accords)
2. record of democratic representation, presence of instruments of democracy; systemic accountability
3. respect for human rights; respect for civil rights
4. strength of the system of jurisprudence, adherence to constitutional order, and good governance
5. ability of a government to stay in office and carry out its policies vis a vis risk credible risks of government collapse (i.e. government stability versus a country being deemed "ungovernable")
6. threat of coups, insurgencies, and insurrection
7. level of unchecked crime and corruption
8. risk of terrorism and other threats to national security
9. relationship with regional powers and international community; record of bilateral or multilateral cooperation
10. degree of economic strife (i.e. economic and financial challenges)

### Editor's Note:

As of 2015, the current climate of upheaval internationally -- both politically and economically --

has affected the ratings for several countries across the world. The usual suspects -- North Korea, [Afghanistan](#), and [Somalia](#) -- retain their low rankings. The reclusive and ultra-dictatorial North Korean regime, which has terrified the world with its nuclear threats, has exhibited internal instability. Of note was a cut-throat purge of hundreds of high ranking officials deemed to be a threat to Kim Jung-un. Despite their attempts to recover from years of lawlessness, war, and warlordism, both [Afghanistan](#) and [Somalia](#) continue to be beset by terrorism and turmoil. In [Afghanistan](#), while international forces have seen success in the effort against the terror group, al-Qaida, the other Islamist extremist group, the Taliban, continues to carry out a vicious insurgency using terrorism. In [Somalia](#), while the government attempts to do the nation's business, the terror group, al-Shabab continues to make its presence known not only in [Somalia](#), but across the border into [Kenya](#) with devastating results/ Also in this category is [Iraq](#), which continues to be rocked by horrific violence and terrorism at the hands of Islamic State, which has taken over wide swaths of Iraqi territory.

Syria, [Libya](#), and [Yemen](#) have been added to this unfortunate echelon of the world's most politically unstable countries. [Syria](#) has been mired by the twin hazards of 1. a civil war as rebels oppose the Assad regime; and 2. the rampage of terror being carried out by Islamic State, which also seized control over vast portions of Syrian territory. Meanwhile, the post-Qaddhafi landscape of [Libya](#) has devolved into chaos as rival militias battle for control -- the elected government of the country notwithstanding. Rounding out this grim triad is [Yemen](#), which was dealing with a Houthi rebellion, secessionists in the south, as well as the threat of terrorism from al-Qaida in the Arabian Peninsula as well as Islamic State, while also being the site of a proxy war between Shi'a [Iran](#) and Sunni [Saudi Arabia](#).

Meanwhile, several Middle Eastern and North African countries, such as [Tunisia](#), [Egypt](#), and [Bahrain](#) were downgraded in recent years due to political instability occurring in the "season of unrest" sweeping the region since 2011 and continuing today. All three of these countries have stabilized in recent years and have been upgraded accordingly. In [Bahrain](#), the landscape had calmed. In [Egypt](#), the secular military-backed government has generated criticism for its crackdown on the Muslim Brotherhood; however, the country had ratified the presidency via democratic elections and were on track to hold parliamentary elections as the country moved along the path of democratization. Perhaps the most impressive story was coming out of [Tunisia](#) -- the country whose Jasmine Revolution sparked the entire Arab Spring -- and where after a few years of strife, a new progressive constitution was passed into law and a secular government had been elected to power. [Tunisia](#), [Egypt](#), and [Bahrain](#) have seen slight upgrades as these countries stabilize.

In Africa, the [Central African Republic](#) was downgraded the previous year due to the takeover of the government by Muslim Seleka rebels. Although the country has been trying to emerge from this crisis, the fact of the matter was that it was difficult to halt the precipitous decline into lawlessness in that country. [Zimbabwe](#) has maintained its consistently poor ranking due to the

dictatorial regime of Mugabe, who continues to hold a tight grip on power, intimidates the opposition, squashes dissent, and oppresses the white farmer population of the country. Moving in a slightly improved direction is [Nigeria](#), which has sported abysmal ratings due to the government's fecklessness in dealing with the threat posed by the Islamist terror group, Boko Haram. Under its newly-elected government, there appears to be more of a concerted effort to make national security a priority action item. [Mali](#) was also slightly upgraded due to its efforts to return to constitutional order following the 2012 coup and to neutralize the threat of separatists and Islamists. Political instability has visited [Burkina Faso](#) and [Burundi](#) as the leaders of those countries attempted to side-step constitutional limits to hold onto power. In [Burundi](#), an attempted coup ensued but quelled, and the president won a (questionable) new term in office; unrest has since punctuated the landscape. In [Burkina Faso](#), the political climate has turned stormy as a result of a successful coup that ended the rule of the president, and then a putsch against the transitional government. These two African countries have been downgraded as a result.

It should be noted that the African country of South [Sudan](#) -- the world's newest nation state -- has not been officially included in this assessment; however, it can be unofficially assessed to be in the vicinity of "3" due to its manifold political and economic challenges. [Guinea](#) has endured poor rankings throughout, but was slightly downgraded further over fears of social unrest and the Ebola heath crisis.

In Europe, [Ukraine](#) was downgraded due to the unrest facing that country following its Maidan revolution that triggered a pro-Russian uprising in the eastern part of the country. [Russia](#) was also implicated in the Ukrainian crisis due to its intervention on behalf of pro-Russian separatists, as well as its annexation of the Ukrainian territory of Crimea. [Serbia](#) and [Albania](#) were slightly downgraded due to eruptions of unrest, while [Romania](#) was slightly downgraded on the basis of corruption charges against the prime minister. [Spain](#), [Portugal](#), [Ireland](#), and [Italy](#) were downgraded due to debt woes and the concomitant effect on the euro zone. [Greece](#), another euro zone nation, was downgraded the previous year due to its sovereign debt crisis; however, the country successfully forged a rescue deal with international creditors and stayed within the Euro zone. Greek voters rewarded the hitherto unknown upstart party at the polls for these efforts. As a result, [Greece](#) was actually upgraded slightly as it proved to the world that it could endure the political and economic storms. Meanwhile, [Germany](#), [France](#), [Switzerland](#), the [United Kingdom](#), the [Netherlands](#), and the Scandinavian countries continue to post impressive ranking consistent with these countries' strong records of democracy, freedom, and peaceful transfers of power.

In Asia, [Nepal](#) was downgraded in response to continuous political instability well after landmark elections that prevails today. [Cambodia](#) was very slightly downgraded due to post-election instability that has resulted in occasional flares of violence. Despite the "trifecta of tragedy" in [Japan](#) in 2011 -- the earthquake, the ensuing tsunami, and the resulting nuclear crisis -- and the appreciable destabilization of the economic and political terrain therein, this country has only slightly been downgraded. Japan's challenges have been assessed to be transient, the government

remains accountable, and there is little risk of default. Both [India](#) and China retain their rankings; [India](#) holds a slightly higher ranking than [China](#) due to its record of democratic representation and accountability. Increasing violence and political instability in [Pakistan](#) resulted in a downgrade for this country's already low rating.

In the Americas, [Haiti](#) retained its downgraded status due to ongoing political and economic woes. [Mexico](#) was downgraded due to its alarming rate of crime. [Guatemala](#) was downgraded due to charges of corruption, the arrest of the president, and uncertainty over the outcome of elections. [Brazil](#) was downgraded due to the corruption charges erupting on the political landscape, the stalling of the economy, and the increasingly loud calls for the impeachment of President Rousseff. [Argentina](#) was downgraded due to its default on debt following the failure of talks with bond holders. [Venezuela](#) was downgraded due to the fact that the country's post-Chavez government is every bit as autocratic and nationalistic, but even more inclined to oppress its political opponents. [Colombia](#) was upgraded slightly due to efforts aimed at securing a peace deal with the FARC insurgents. A small but significant upgrade was attributed to [Cuba](#) due to its recent pro-business reforms and its normalization of ties with the United States. Meanwhile, the [United States](#), [Canada](#), [Costa Rica](#), [Panama](#), and most of the English-speaking countries of the Caribbean retain their strong rankings due to their records of stability and peaceful transfers of power.

In the Pacific, [Fiji](#) was upgraded due to its return to constitutional order and democracy with the holding of the first elections in eight years.

In Oceania, [Maldives](#) has been slightly downgraded due to the government's continued and rather relentless persecution of the country's former pro-democracy leader - former President Nasheed.

Source:

Dr. Denise Youngblood Coleman, Editor in Chief, CountryWatch Inc. [www.countrywatch.com](http://www.countrywatch.com)

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## Freedom Rankings

### Freedom Rankings

#### Freedom in the World

Editor's Note: This ranking by Freedom House quantifies political freedom and civil liberties into a single combined index on each sovereign country's level of freedom and liberty. The initials "PR" and "CL" stand for Political Rights and Civil Liberties, respectively. The number 1 represents the most free countries and the number 7 represents the least free. Several countries fall in the continuum in between. The freedom ratings reflect an overall judgment based on survey results.

Country	PR	CL	Freedom Status	Trend Arrow
Afghanistan	6 ?	6	Not Free	
Albania*	3	3	Partly Free	
Algeria	6	5	Not Free	
Andorra*	1	1	Free	
Angola	6	5	Not Free	
Antigua and Barbuda*	3 ?	2	Free	
Argentina*	2	2	Free	
Armenia	6	4	Partly Free	
Australia*	1	1	Free	
Austria*	1	1	Free	



Azerbaijan	6	5	Not Free	
Bahamas*	1	1	Free	
Bahrain	6 ?	5	Not Free ?	
Bangladesh*	3 ?	4	Partly Free	
Barbados*	1	1	Free	
Belarus	7	6	Not Free	
Belgium*	1	1	Free	
Belize*	1	2	Free	
Benin*	2	2	Free	
Bhutan	4	5	Partly Free	
Bolivia*	3	3	Partly Free	
Bosnia-Herzegovina*	4	3	Partly Free	
Botswana*	3 ?	2	Free	
Brazil*	2	2	Free	
Brunei	6	5	Not Free	
Bulgaria*	2	2	Free	
Burkina Faso	5	3	Partly Free	
Burma	7	7	Not Free	

Burundi*	4	5	Partly Free	↑
Cambodia	6	5	Not Free	↓
Cameroon	6	6	Not Free	
Canada*	1	1	Free	
Cape Verde*	1	1	Free	
Central African Republic	5	5	Partly Free	
Chad	7	6	Not Free	
Chile*	1	1	Free	
China	7	6	Not Free	
Colombia*	3	4	Partly Free	
Comoros*	3	4	Partly Free	
Congo (Brazzaville )	6	5	Not Free	↓
Congo (Kinshasa)	6	6	Not Free	↓
Costa Rica*	1	1	Free	
Cote d'Ivoire	6	5	Not Free	
Croatia*	1 ?	2	Free	
Cuba	7	6	Not Free	
Cyprus*	1	1	Free	

Czech Republic*	1	1	Free	
Denmark*	1	1	Free	
Djibouti	5	5	Partly Free	
Dominica*	1	1	Free	
Dominican Republic*	2	2	Free	↓
East Timor*	3	4	Partly Free	
Ecuador*	3	3	Partly Free	
Egypt	6	5	Not Free	
El Salvador*	2	3	Free	
Equatorial Guinea	7	7	Not Free	
Eritrea	7	7 ?	Not Free	
Estonia*	1	1	Free	
Ethiopia	5	5	Partly Free	↓
Fiji	6	4	Partly Free	
Finland*	1	1	Free	
France*	1	1	Free	
Gabon	6	5 ?	Not Free ?	
The Gambia	5	5 ?	Partly Free	

Georgia	4	4	Partly Free	
Germany*	1	1	Free	
Ghana*	1	2	Free	
Greece*	1	2	Free	
Grenada*	1	2	Free	
Guatemala*	4 ?	4	Partly Free	
Guinea	7	6 ?	Not Free	
Guinea-Bissau*	4	4	Partly Free	
Guyana*	2	3	Free	
Haiti*	4	5	Partly Free	
Honduras	4 ?	4 ?	Partly Free	
Hungary*	1	1	Free	
Iceland*	1	1	Free	
India*	2	3	Free	
Indonesia*	2	3	Free	
Iran	6	6	Not Free	↓
Iraq	5 ?	6	Not Free	
Ireland*	1	1	Free	

Israel*	1	2	Free	
Italy*	1	2	Free	
Jamaica*	2	3	Free	
Japan*	1	2	Free	
Jordan	6 ?	5	Not Free ?	
Kazakhstan	6	5	Not Free	↓
Kenya	4	4 ?	Partly Free	
Kiribati*	1	1	Free	
Kosovo	5 ?	4 ?	Partly Free ?	
Kuwait	4	4	Partly Free	
Kyrgyzstan	6 ?	5 ?	Not Free ?	
Laos	7	6	Not Free	
Latvia*	2	1	Free	
Lebanon	5	3 ?	Partly Free	
Lesotho*	3 ?	3	Partly Free ?	
Liberia*	3	4	Partly Free	
Libya	7	7	Not Free	
Liechtenstein*	1	1	Free	

Lithuania*	1	1	Free	
Luxembourg*	1	1	Free	
Macedonia*	3	3	Partly Free	↑
Madagascar	6 ?	4 ?	Partly Free	
Malawi*	3 ?	4	Partly Free	
Malaysia	4	4	Partly Free	
Maldives*	3 ?	4	Partly Free	
Mali*	2	3	Free	
Malta*	1	1	Free	↓
Marshall Islands*	1	1	Free	
Mauritania	6	5	Not Free	
Mauritius*	1	2	Free	
Mexico*	2	3	Free	
Micronesia*	1	1	Free	
Moldova*	3 ?	4	Partly Free	
Monaco*	2	1	Free	
Mongolia*	2	2	Free	↑
Montenegro*	3	2 ?	Free ?	

Morocco	5	4	Partly Free	↓
Mozambique	4 ?	3	Partly Free	
Namibia*	2	2	Free	
Nauru*	1	1	Free	
Nepal	4	4	Partly Free	
Netherlands*	1	1	Free	
New Zealand*	1	1	Free	
Nicaragua*	4	4 ?	Partly Free	
Niger	5 ?	4	Partly Free	
Nigeria	5	4	Partly Free	↓
North Korea	7	7	Not Free	↓
Norway*	1	1	Free	
Oman	6	5	Not Free	
Pakistan	4	5	Partly Free	
Palau*	1	1	Free	
Panama*	1	2	Free	
Papua New Guinea*	4	3	Partly Free	
Paraguay*	3	3	Partly Free	

Peru*	2	3	Free	
Philippines	4	3	Partly Free	↓
Poland*	1	1	Free	
Portugal*	1	1	Free	
Qatar	6	5	Not Free	
Romania*	2	2	Free	
Russia	6	5	Not Free	↓
Rwanda	6	5	Not Free	
Saint Kitts and Nevis*	1	1	Free	
Saint Lucia*	1	1	Free	
Saint Vincent and Grenadines*	2	1	Free	
Samoa*	2	2	Free	
San Marino*	1	1	Free	
Sao Tome and Principe*	2	2	Free	
Saudi Arabia	7	6	Not Free	
Senegal*	3	3	Partly Free	
Serbia*	2 ?	2	Free	
Seychelles*	3	3	Partly Free	



Sierra Leone*	3	3	Partly Free	
Singapore	5	4	Partly Free	
Slovakia*	1	1	Free	↓
Slovenia*	1	1	Free	
Solomon Islands	4	3	Partly Free	
Somalia	7	7	Not Free	
South Africa*	2	2	Free	
South Korea*	1	2	Free	
Spain*	1	1	Free	
Sri Lanka*	4	4	Partly Free	
Sudan	7	7	Not Free	
Suriname*	2	2	Free	
Swaziland	7	5	Not Free	
Sweden*	1	1	Free	
Switzerland*	1	1	Free	↓
Syria	7	6	Not Free	
Taiwan*	1 ?	2 ?	Free	
Tajikistan	6	5	Not Free	

Tanzania	4	3	Partly Free	
Thailand	5	4	Partly Free	
Togo	5	4 ?	Partly Free	
Tonga	5	3	Partly Free	
Trinidad and Tobago*	2	2	Free	
Tunisia	7	5	Not Free	
Turkey*	3	3	Partly Free	↓
Turkmenistan	7	7	Not Free	
Tuvalu*	1	1	Free	
Uganda	5	4	Partly Free	
Ukraine*	3	2	Free	
United Arab Emirates	6	5	Not Free	
United Kingdom*	1	1	Free	
United States*	1	1	Free	
Uruguay*	1	1	Free	
Uzbekistan	7	7	Not Free	
Vanuatu*	2	2	Free	
Venezuela	5 ?	4	Partly Free	

Vietnam	7	5	Not Free	↓
Yemen	6 ?	5	Not Free ?	
Zambia*	3	4 ?	Partly Free	
Zimbabwe	6 ?	6	Not Free	

#### Methodology:

PR and CL stand for political rights and civil liberties, respectively; 1 represents the most free and 7 the least free rating. The ratings reflect an overall judgment based on survey results.

? ? up or down indicates a change in political rights, civil liberties, or status since the last survey.

↑ ↓ up or down indicates a trend of positive or negative changes that took place but that were not sufficient to result in a change in political rights or civil liberties ratings of 1-7.

\* indicates a country's status as an electoral democracy.

#### Source:

This data is derived from the latest edition of Freedom House's Freedom in the World 2010 edition.

Available at URL: <http://www.freedomhouse.org>

#### Updated:

Reviewed in 2015

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## Human Rights

### Overview of Human Rights in Iceland

Iceland is a constitutional republic. The government works to respect the civil and human rights of

its citizens and enjoys an exemplary human rights record. If abuses do occur, the law provides means to investigate and prosecute offenders effectively. Isolated reports of excessive use of force by police and societal discrimination against minorities are occasionally reported. Nonetheless, Iceland holds one of the best human rights reputations across the globe.

**Human Development Index (HDI) Rank:**

See full list in Social Overview of the Country Review

**Human Poverty Index Rank:**

Not Ranked

**Gini Index:**

N/A

**Life Expectancy at Birth (years):**

80 years

**Unemployment Rate:**

2.1%

**Population living on \$1 a day (%):**

N/A

**Population living on \$2 a day (%):**

N/A

**Population living beneath the Poverty Line (%):**

N/A

**Internally Displaced People:**

N/A

**Total Crime Rate (%):**

N/A

**Health Expenditure (% of GDP):**

Public: 8.3%

**% of GDP Spent on Education:**

6.0%

**Human Rights Conventions Party to:**

- International Convention on the Prevention and Punishment of the Crime of Genocide
- International Convention on the Elimination of All Forms of Racial Discrimination
- International Covenant on Civil and Political Rights
- International Covenant on Economic, Social and Cultural Rights
- Convention on the Elimination of All Forms of Discrimination against Women
- Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment
- Conventions on the Rights of the Child
- Convention relating to the Status of Refugees
- Rome Statute of the International Criminal Court

\*Human Development Index (HDI) is a composite index that measures the level of well-being in 177 nations in the world. It uses factors such as poverty, literacy, life-expectancy, education, gross domestic product, and purchasing power parity to assess the average achievements in each nation. It has been used in the United Nation's Human Development Report since 1993.

\*Human Poverty Index Ranking is based on certain indicators used to calculate the Human Poverty Index. Probability at birth of not surviving to age 40, adult literacy rate, population without sustainable access to an improved water source, and population below income poverty line are the indicators assessed in this measure.

\*The Gini Index measures inequality based on the distribution of family income or consumption. A value of 0 represents perfect equality (income being distributed equally), and a value of 100 perfect inequality (income all going to one individual).

\*The calculation of the total crime rate is the % of the total population which has been effected by property crime, robbery, sexual assault, assault, or bribery (corruption) related occurrences.

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## Government Functions

### Constitution

Coinciding with the referendum that established Iceland as an independent republic on June 17, 1944, Iceland adopted a constitution on that date. The new constitution enshrined Iceland's earlier parliamentary traditions, but also provided for a president with significant powers.

### Executive Authority

The president of Iceland is the head of state and formally the head of government. As head of state, the president represents Iceland in its international relations. As head of government, the president appoints and dismisses the ministers and must sign legislation adopted by the "Althingi" (parliament) before it becomes law. Legislation vetoed by the president must be put to a referendum. The president can dissolve the "Althingi" and call early elections and can submit draft bills to the "Althingi." The president is directly elected for a four-year term.

The executive power of the president is shared with ministers that act on the president's behalf and who are responsible for all executive acts. The ministers are appointed and can be dismissed by the president. Together, the president, prime minister and ministers are known as the State Council (or government). The prime minister presides over meetings of the State Council on the president's behalf. The prime minister and other ministers are simultaneously members of the "Althingi" and reflect the partisan balance in the parliament.

### Legislative Authority

Legislative power is vested in the unicameral "Alþingi" or "Althingi" (parliament) composed of members elected for maximum four-year terms. Members of the "Althingi" share the authority to initiate new legislation with the State Council (government).

Note: Iceland is distinguished for being home to the world's oldest known parliamentary body, known as the "Alþingi" or "Althingi." (See "History for more information.)

## Judicial Authority

Judicial authority is vested in a Supreme Court, district courts and various special courts. The legal system is a civil law system based on Danish law.

*Supplementary source: Charter 88: World Constitutions.*

URL: <[http://www.charter88.org.uk/politics/links/link\\_cons\\_gl.html](http://www.charter88.org.uk/politics/links/link_cons_gl.html)>

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## Government Structure

### Names:

*conventional long form:*

Republic of Iceland

*conventional short form:*

Iceland

*local long form:*

Lydveldid Island

*local short form:*

Island

### Type:

Constitutional republic; mixed presidential-parliamentary system

### Executive Branch:

#### Head of state:

President Ólafur Ragnar GRÍMSSON (since Aug. 1, 1996); elected by popular vote for a four-year term; inaugurated for a second term on Aug. 1, 2000; re-elected in 2004; inaugurated again on Aug. 2, 2008. Note that fresh elections were scheduled for 2012; Grimsson won re-election on June 20, 2012. The next presidential election will be held in 2016.

#### Primer on Presidential Election in Iceland:

June 30, 2012 --

A presidential election was set to take place in Iceland on June 30, 2012. Incumbent President Olafur Ragnar Grimsson was seeking another term in office, even though he initially expressed skepticism about the notion of contesting the presidential race. Other candidates for the presidency included Dr. Herdís Þorgeirsdóttir, a lawyer and professor of law at the University of Bifrost, journalist and news presenter Thora Arnórsdóttir, as well as Ástþor Magnusson. In Iceland, the president or head of state is elected by popular vote for a four-year term. Governing power, though, is in the hands of the prime minister who presides over a majority in parliament.

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Official results were as follows --

Olafur Ragnar GRIMSSON elected president; percent of vote - Olafur Ragnar GRIMSSON 52.8%, Thora ARNORSDOTTIR 33.2%, Ari Trausti GUDMUNDSSON 8.6%

The next presidential election will be held in 2016. See "Government Note" below for information on the president's intent to contest the 2016 election.

Head of government:

Prime Minister Sigurður Ingi Jóhannsson (since 2016) succeeded Sigmundur David Gunnlaugsson (2013-2016) See "Parliamentary Elections Primer" and "Government Note" below.

Note:

Parliamentary elections were held in 2013, as discussed below, with Sigmundur David Gunnlaugsson becoming the new prime minister at the helm of a coalition government.

Cabinet:



Appointed by the president; must be approved by a majority of the "Alþingi"

#### Government Note:

On April 5, 2016, Iceland's Prime Minister Sigmundur David Gunnlaugsson resigned from office after leaked documents from the Mossack Fonseca Panamanian law firm revealed his wife's connection to an offshore company. Of particular note was that company's connection with collapsed Icelandic banks that damaged the country's financial sector years earlier.

The "Panama Papers" revealed that no shortage of politicians and public officials internationally were storing their assets in offshore accounts. While not all of these arrangement could be correctly deemed to be illegal, the practice of offshore banking, usually intended for the ultra-wealthy to evade paying taxes, has been widely criticized as it deprives countries of necessary revenue.

With Gunnlaugsson's wife named in the Panama Papers, the opposition immediately pushed forward a no confidence vote in the government. But ahead of the actual vote, and with mass protests rocking the country, Gunnlaugsson went ahead and resigned from office, setting the path for snap elections in Iceland. To that end, Fisheries Minister Sigurdur Ingi Johannsson was named as the new prime minister and a plan was advanced for elections to be held in the autumn of 2016.

Nevertheless, the protests went on for another day with Icelanders dissatisfied simply with the resignation of the prime minister and plan for elections to be held later in the year. In mid-April 2016, they were demanding that the entire government step down. Buoyed by this sentiment of mass discontent and distrust of the government, Iceland's anti-establishment Pirate Party brought forth a vote of no-confidence motion in parliament. But the motion was defeated in parliament.

Meanwhile, the country's long-serving president, Olafur Ragnar Grimsson, who has served since 1996, made it known that he would contest a sixth term in office. His decision appeared to be motivated by the unsettling events of late as he said during a news conference, "The events lately and how they have shed light on the state of society... and the situation of the government has led to people saying that somewhere there has to be stability and experience in the coming years."

But by May 2016, the president reversed his decision and instead said he would not seek another term in office. At issue was the fact that now Grimsson, like former Prime Minister Gunnlaugsson, found his family embroiled in the fall-out of the Panama Papers. Specifically, his wife's family was linked with tax haven holdings disclosed in the Panama papers. While he denied any wrongdoing himself, the implications involving his wife's family were clearly a complicating factor.

#### **Legislative Branch:**

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Unicameral "Alþingi" or "Althingi" (Great Diet or parliament):

63 members; elected by popular vote via proportional representation; four-year terms

Elections:

Last held on April 27, 2013 (next to be held in 2017);

Primer on 2013 parliamentary elections in Iceland

April 27, 2013 --

Parliamentary elections were set to be held in Iceland on April 27, 2013. At stake would be the 63 seats of the unicameral "Alþingi" or "Althingi" (Great Diet or parliament) where members are elected by popular vote via proportional representation to serve four-year terms.

The previous elections were held in April 2009 with incumbent Prime Minister Johanna Sigurdardottir seeking a fresh mandate for her ruling coalition. The result saw the coalition of the Social Democrats and the Left-Green Party increase its parliamentary representation by seven seats for a total of 34 seats in the 63-member chamber. The Independence Party experienced its worse performance in decades, securing only 16 seats. These results effectively ratified Sigurdardottir's political power via the ballot box. It was to be seen if her coalition would enjoy a repeat performance in the 2013 elections, albeit with a new candidate for the position of prime minister since Sigurdardottir intended to retire from politics.

The main political parties in Iceland are as follows: The Social Democratic Alliance, the Left-Green Movement, the Independence Party, the Liberal Party, the Progressive Party, the Movement.

On April 27, 2013, Icelandic voters went to the polls to cast their ballots. After the polling stations were closed, the early vote count indicated an advantage for the center-right opposition. That trend held steady and ultimately, the Independence Party and the Progressive Party garnered 26.7 percent (19 seats) and 24.4 percent (19 seats) respectively -- effectively securing the majority of the vote share. Together, the ruling center-left bloc, composed of the Social Democrats and Left-Green, acquired 12.9 percent (nine seats) and 10.9 percent (seven seats) respectively. This result meant that the center-right had won the election while the center-left had gone down to defeat.

This victory for the center-right signaled a remarkable revival given the fact that it was the center-right bloc, with its business-friendly credentials, that was blamed for Iceland's economic collapse in 2008. On the other hand, the victory for the center-right may not have so much been an endorsement of their policies as it was a sign of the public's weariness with the incumbent (now outgoing) government's painful austerity measures. In other words, it appeared the election outcome represented a call for change.

Note that at the start of May 2013, Sigmundur Davio Gunnlaugsson of the Progressive Party

garnered the mandate from the president of Iceland to form a new government. He indicated that he intended to formal discussions on forming a coalition government with the Independence party. Although Sigmundur Davio Gunnlaugsson was, therefore, set to become the next head of government in Iceland, it was also possible that Bjarni Benediktsson, the leader of the Independence Party, might get the post of prime minister, based upon the outcome of the negotiations.

By the last week of May 2013, the two parties agreed on the formation of a coalition government and presented their plan to President Olafur Ragnar Grimsson. Sigmundur David Gunnlaugsson, the leader of the Progressive Party, was set to become Iceland's new prime minister, while Bjarni Benediktsson, the leader of the Independence Party, would take on a high profile ministerial role with the cabinet portfolio for finance and economics. The new government said that its focus would be strengthening the economy. At the same time, the new government made it clear that accession to the European Union would be placed on hold until a national referendum could be held to ratify such a move.

#### Government Note:

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Meanwhile, the country's long-serving president, Olafur Ragnar Grimsson, who has served since

1996, made it known that he would contest a sixth term in office. His decision appeared to be motivated by the unsettling events of late as he said during a news conference, "The events lately and how they have shed light on the state of society... and the situation of the government has led to people saying that somewhere there has to be stability and experience in the coming years."

It should be noted that the governments in the United Kingdom, Ukraine, Russia, Malta, China, Pakistan, were also under fire with stalwarts and relatives from the leadership in those countries also being named in the Panama Papers.

**Judicial Branch:**

"Haestirettur" (Supreme Court), justices appointed for life by the president; district courts; various special courts

**Constitution:**

June 16, 1944, effective June 17, 1944

**Legal System:**

Civil law system based on Danish law; does not accept compulsory ICJ jurisdiction

**Administrative Divisions:**

8 regions; Austurland, Hofudhborgarsvaedhi, Nordhurland Eystra, Nordhurland Vestra, Sudhurland, Sudhurnes, Vestfirðir, Vesturland

**Political Parties, Leaders, and Types:**

Bright Future (Bjort Framtid) or BF [Gudmundur STEINGRIMSSON]

Independence Party (Sjalfstaedisflokkurinn) or IP [Bjarni BENEDIKTSSON]

Left-Green Movement (Vinstrihreyfingin) or LGM [Katrín JAKOBSDOTTIR]

Pirate Party (Piratar) [Birgitta JONSDOTTIR]

Progressive Party (Framsoknarflokkurinn) or PP [Sigmundur David GUNNLAUGSSON]

Social Democratic Alliance (Samfylkingin) or SDA [Arni Pall ARNASON]

Note:

Political parties and their leaders change frequently and this listing reflects only the data available at the time of writing.

**Suffrage:**

18 years of age; universal

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## Principal Government Officials

### Leadership and Cabinet of Iceland

Head of state:

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-- as of 2016

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## Leader Biography

### Leader Biography

#### Executive Branch:

##### Head of state:

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## Foreign Relations

### General Relations

Iceland is a member of numerous international organizations, including the United Nations and many of its specialized and regional agencies, the International Bank for Reconstruction and Development (World Bank), the International Monetary Fund (IMF), the World Trade Organization (WTO) and the Organization for Economic Cooperation and Development (OECD).

Iceland is also a member of the North Atlantic Treaty Organization (NATO), the European Bank

for Reconstruction and Development (EBRD), the Organization for Security and Cooperation in Europe (OSCE), and the Council of Europe. Iceland is an associate of the Western European Union (WEU).

### **Policy Orientation**

Iceland maintains diplomatic and commercial relations with practically all nations, but its ties with other Nordic states, with the U.S., and with the other NATO member states are particularly close. Icelanders remain especially proud of the role Iceland played in hosting the historic 1986 summit in Reykjavik between President Reagan and Soviet leader Gorbachev, which set the stage for the end of the Cold War.

Iceland has greatly increased its international profile since the early 1990s with the end of the Cold War. Since the mid-1990s, Iceland has opened 15 missions overseas, including an embassy in Beijing, giving Iceland a diplomatic presence in all five permanent member countries of the United Nations (UN) Security Council. Not coincidentally, it has announced its candidacy to serve on the UN Security Council in 2009-10. In the past few years, Iceland has also established missions to the Council of Europe in Strasbourg and to the Organization for Security and Cooperation (OSCE) in Vienna. In 1998, it bolstered its delegation to NATO, assigning a permanent representative to the military committee for the first time ever.

Notwithstanding its status as an unarmed nation, Iceland has been eager to do its part to contribute to the maintenance of international peace and security. One of the niches it is trying to fill is in civilian peacekeeping and crisis management. It took a significant step forward in this area in 2001 by launching its Icelandic Crisis Response Unit (ICRU). In setting up the ICRU, the Ministry for Foreign Affairs established a roster of over 100 experts in various occupations (police officers, nurses, doctors, lawyers, engineers, journalists, etc.) who will be specially trained and prepared to deploy to trouble spots abroad on short notice.

Peacekeeping has been a permanent item in the Icelandic state budget since 1994, and Iceland has been an active member of the UN Peacekeeping Committee since 1997. In late 2006, Iceland had 25 personnel deployed abroad under ICRU aegis, and Foreign Minister Sverrisdóttir announced her intention to increase that number to 50 by the end of 2008. Key niche capabilities of the ICRU include airport administration--following the successful management of the airport in Pristina, Kosovo, in 2003 and of the airport in Kabul, Afghanistan, in 2004-05.

Icelanders have a strong emotional bond with the Baltic states, and Iceland prides itself on being the first country to have recognized these countries' claim for independence in 1991. As well, Iceland's primary foreign policy concerns are relations with its Nordic neighbors, with its trading partners in the European Union, and with its fellow members of NATO.

## **Regional Relations**

### *Relations with the Nordic Countries*

Iceland is a member of the Nordic Council and the Nordic Council of Ministers, intergovernmental institutions that facilitate cooperation on matters of mutual concern among Denmark, Finland, Iceland, Norway, and Sweden. Although the European Union (EU) has largely subsumed the Nordic Council and the Nordic Council of Ministers, Iceland and the other members do occasionally develop distinct positions on certain issues.

### *Relations with the European Union (EU)*

Iceland is not a member of the European Union (EU), but it is a member of the European Economic Area (EEA), which obliges Iceland to adjust its policies to the rules of the EU regarding flows of trade, capital and labor. As a member of the EEA, Iceland is not obligated to adopt the rules of the EU relating to the fishing industry. The great importance of fishing to Iceland - and the potential harm of EU fishing rules - is the primary impediment to Iceland joining the EU.

As of March 2001, Iceland was an associate member of the 1990 Schengen Agreement. Iceland is one of two non-EU states to join; Norway is the other. The complete removal of internal air, land, and sea border controls between the members and cooperation among their respective police forces in criminal matters are the ultimate goals of the agreement. Not all EU members are signatories to the Schengen Agreement: the United Kingdom and Ireland are not participants in any part of the accord.

July 2009 saw the parliament in Iceland vote narrowly in favor of joining the European Union (EU). There were 33 votes in favor of the motion, 28 votes against it, as well as two abstentions in the vote within the 63-seat Althingi. The motion and vote followed several days of debate on the issue, which included a call by Prime Minister Johanna Sigurdardottir of the Social Democrats for the adoption of the euro as the new currency. The prime minister argued, "The main benefits of EU membership at the moment would be the possibility of joining the exchange rate mechanism, and eventually adopting the euro."

Going forward, Iceland's desire to join the European bloc would still have to be approved by the EU itself. To that end, the government of Iceland was set to formally submit its country's bid to the EU in Brussels on July 27, 2009. Later, the notion of EU accession would have to be ratified by the Icelandic people in a referendum. To date, the people of Iceland have been rather skeptical of the notion of joining the EU, less for nationalist reasons and more due to fears that the country's fishing industry might be adversely affected. However, the recent collapse of the Icelandic financial and banking center has contributed to a shift in sentiment.

In mid-2010, Iceland -- then governed by a social democratic government, began formal talks on accession to the EU in mid-2010 . Over the course of the next two years, attention was on the question of whether Iceland should, in fact, follow through with its plan to join the European bloc and the euro zone. The matter was a particularly divisive one, evoking serious questions about national identity and decreased control over the fishing industry. Of course the overall stability of the euro zone and the European Union also became a major concern, largely emanating from the Greek debt crisis, but extending regionally across Europe. Opinion polls in recent times indicated that only about 25 percent of the people of Iceland supported the notion of EU membership.

In mid-June 2013, the government of Iceland indicated that its bid to enter the European Union (EU) was over. According to the EU Observer, Icelandic Foreign Minister Gunnar Bragi Sveinsson traveled to the Belgian city of Brussels to inform the European Commission of his country's decision.

Iceland -- now governed by a conservative coalition government -- had concluded that accession to the EU was not the right path for the country. Indeed, the two parties that won the recent 2013 elections and had formed the new government -- the Independence Party and the Progressive Party -- had campaigned against joining the EU, and thus had a mandate for the decision to withdraw from the EU accession process. Iceland was not, however, pursuing a policy of isolation. As noted by Icelandic Foreign Minister Gunnar Bragi Sveinsson "We are part of Europe and want to strengthen our relationship in other ways."

#### *The North Atlantic Treaty Organization (NATO)*

As noted above, Iceland is a member of NATO. On March 24, 1999, NATO began a bombing campaign against the Federal Republic of Yugoslavia (FRY). The FRY is composed of the republics of Serbia and Montenegro. The province of Kosovo lies within Serbia.

In 1987, Slobodan Milosevic began his campaign to take control of the former Yugoslavia by giving a speech that appealed to the Serbian nationalism of the ethnic minority Serbs living in the Kosovo province. A majority of the province's population were ethnic Albanians who were mostly Muslim, non-Slavic and did not speak a Slavic language. The province, however, was considered vitally important to the Slavic, Orthodox Christian, Serbian minority due to the presence of ancient Orthodox monasteries and churches and to the role of a 14<sup>th</sup> century battle in Serbian national mythology.

After gaining control over the former Yugoslavia, Slobodan Milosevic took away the autonomy that Kosovars had enjoyed under the long-time ruler of Yugoslavia, Tito. This action, in tandem with rising Serbian nationalism, eventually led to the Bosnian War and the break-up of Yugoslavia.

While Slovenia, Croatia, Bosnia, and Macedonia gained independence, the Kosovo issue was not explicitly addressed in the 1995 Dayton Accords that ended the Bosnian War. The Kosovo province was recognized as part of Serbia in the new Federal Republic of Yugoslavia.

While ethnic Albanians had historically sought greater autonomy from Serbia by peaceful actions, attacks from a previously little-known guerrilla group calling itself the Kosovo Liberation Army (KLA) led to severe reprisals from the Serbian-led Yugoslav army and police forces. The severity and indiscriminate nature of the Yugoslav counter-attacks led to a mass refugee crisis of tens of thousands of Kosovo Albanians in the summer of 1998.

International negotiators obtained agreement from Slobodan Milosevic to withdraw a portion of the Yugoslav troops in Kosovo and to allow a "verification force" from the Organization for Security and Cooperation in Europe (OSCE) to oversee the truce between the KLA and Yugoslav forces.

A massacre of Kosovo civilians by Serbian forces in January 1999 led to the withdrawal of the OSCE observers and the threat of air strikes by NATO. Negotiators from the FRY and the KLA met in February 1999, in Rambouillet, a chateau near Paris, under pressure from the six-nation Contact Group consisting of the U.S., Britain, France, Germany, Italy and Russia, to try to reach agreement on easing tensions in Kosovo. The main elements of the agreement sought by the Contact Group were: Kosovo would remain part of

Serbia, but be given greater autonomy; the constitutional status of Kosovo would be discussed after a three year period; and a NATO-led force of 30,000 soldiers would implement the agreement. The agreement also included safeguards for the Serbian minority. While the KLA at first did not accept the agreement because they sought full independence for Kosovo, they did accept these provisions at a second round of talks at Rambouillet in March 1999. Serbia, however, refused to accept the presence of NATO troops on its territory even after NATO threatened air attacks.

The 11-week bombing campaign led to a mass exodus of the majority of Kosovo's ethnic Albanian population to neighboring countries. Reports of war crimes by Serb forces in Kosovo were widespread. While NATO suffered no combat casualties, early indications are that the Serbian military machine was largely intact at war's end. NATO suspended air strikes against the FRY on June 10, 1999, after Yugoslavia's leaders accepted the terms of the Military Technical Agreement. The main elements of this agreement included the withdrawal of all FRY forces, military and paramilitary, from Kosovo according to a detailed timetable and the deployment of "effective international civil and security presences." The security force, "K-For," was comprised primarily of NATO forces with the addition of a small contingent of Russian soldiers. A separate agreement was reached with the KLA in which they were to hand over all heavy weapons within 30 days. Additionally, the KLA members were to cease wearing their uniforms and to dismantle all roadblocks and checkpoints.

While Kosovo formally remains part of the FRY, the United Nations has assumed responsibility for a transitional civil administration. K-For is responsible for security.

### *Tensions with United Kingdom over Banking Imbrolio*

On Jan. 5, 2010, Icelandic President Olafur Ragnar Grimsson vetoed legislation aimed at saving the online bank, Icesave. At issue was a bill that would authorize the payment of 3.8 billion euros (US\$5.4 billion) to the British and Dutch governments, which had partially compensated banking clients who lost money in the collapse of the Icesave online bank during the global financial crisis of 2008.

The legislation had been previously passed by the Icelandic parliament, the Althingi, but now with the veto having been carried out, the president said the bill would have to be ratified by national referendum. Iceland's Prime Minister Johanna Sigurdardottir expressed disappointment with the move, saying during a news conference, "A solution to the Icesave dispute is a condition for continued cooperation with the International Monetary Fund (IMF) and the disbursement of loans from the Nordic countries." Sigurdardottir warned the decision would imperil further disbursement of these loans and affect the IMF's next review of Iceland's economic stabilization program, while also upsetting the economic progress made by the government in the previous year.

The British government responded to these developments in Iceland by issuing a sharp rebuke and threatening to veto Iceland's entry into the European Union. In an interview with the Times of London, British Financial Services Secretary Paul Myners said, "The (British) government stepped in to ensure that all retail depositors with Icesave were fully paid out, and now we expect the Icelandic government to ensure that we are repaid."

In March 2010, voters in Iceland reified the move by the president to reject the repayment plan with a resounding "no" vote in a national referendum. This voting result appeared to reflect the view of the Icelandic people that they were being punished for the ills of the banking sector. Prime Minister Johanna Sigurdardottir said that despite the defeat, her government would remain in office, and try to forge an agreement to resolve the financial crisis. She said, "This has no impact on the life of the government. We need to keep going and finish the debate. We have to get an agreement." The agreement to which she referred to ongoing negotiations with the British and the Dutch, aimed at crafting a new repayment plan, irrespective of the referendum results.

### **Other Significant Relations**

#### *Relations with the United States*

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United States policy aims to maintain close, cooperative relations with Iceland, both as a NATO ally and as a friend interested in the shared objectives of enhancing world peace; respect for human rights; economic development; arms control; and law enforcement cooperation, including the fight against terrorism, narcotics, and human trafficking. Moreover, the United States endeavors to strengthen bilateral economic and trade relations.

In September 2006, the United States military presence in Iceland, which began in 1951, came to an end when the last of the American military personnel exited the base at Keflavik base. The United States expressed its commitment to defend Iceland under the auspices of NATO.

Written by Dr. Denise Youngblood Coleman, Editor in Chief, [www.countrywatch.com](http://www.countrywatch.com); see Bibliography for research sources.

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## National Security

### External Threats

Iceland does not face any significant threats from foreign powers, but is involved in minor territorial disputes with Denmark, Ireland and the United Kingdom. Iceland does not have a standing army. Per the terms of a bilateral defense treaty signed in 1951, the United States was responsible for its defense. In 2006, the last United States military personnel exited Iceland.

### Crime

Iceland has a relatively low rate of crime. The United States Department of State reports that street crime -- including minor assaults and car break-ins -- does occur, but violence is rare.

### Insurgencies

No organizations are currently engaged in an armed conflict against Iceland's central government, nor have any threatened to initiate one.



## **Terrorism**

There is no specific threat of a terrorist attack against Icelandic targets of interest. It has contributed to global efforts to combat terrorism, however. Despite the absence of an indigenous military, Iceland provided coalition forces with airlift support during Operation Enduring Freedom. In 2003 and 2004, two Icelandic bomb disposal experts accompanied Danish forces on deployment in southern Iraq. Since February 2004, Iceland has provided for the transport of Dutch military assets bound for Afghanistan. In June 2004, it dispatched a team to Afghanistan to take charge of the operation of Kabul's airport. Iceland is party to all twelve of the international protocols and conventions against terrorism.

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## **Defense Forces**

### **Military Data**

#### **Military Branches:**

No regular armed forces; Icelandic National Police, Icelandic Coast Guard (Islenska Landhelgisgaeslan), Icelandic Crisis Response Unit

#### **Editor's Note:**

Iceland is the only NATO member that has no standing military force; all US military forces in Iceland were withdrawn as of October 2006; defense of Iceland remains a NATO commitment and NATO maintains an air policing presence in Icelandic airspace; Iceland participates in international peacekeeping missions with the civilian-manned Icelandic Crisis Response Unit (ICRU)

#### **Eligible age to enter service:**

N/A

#### **Mandatory Service Terms:**

N/A

#### **Manpower in general population-fit for military service:**



males age 16-49: 62,781

females age 16-49: 61,511

**Manpower reaching eligible age annually:**

male: 2,277

female: 2,200

**Military Expenditures-Percent of GDP:**

0.13%

# **Chapter 3**

## **Economic Overview**

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## Economic Overview

### *Overview*

At one time, Iceland enjoyed a standard of living that was among the highest in the world. Endowed with rich marine waters, its economy had been initially dependent on the fishing industry. But with the gradual contraction of this sector, the economy developed into new areas, including the banking industry.

For many years, Iceland's banks expanded dramatically overseas and foreign money poured into the country, fueling exceptional growth. Completely privatized in 2003, the banking sector relied on the availability of ample foreign wholesale funding to rapidly expand abroad and accumulate almost 900 percent of GDP in assets by the end of 2007. External debt reached 550 percent of GDP at the end of 2007 largely due to the banks' expansion. These imbalances left the economy particularly vulnerable to the global financial crisis in 2008. The crisis led to the swift collapse of Iceland's three main banks, accounting for around 85 percent of the banking system. As a result, key asset prices plummeted; the onshore foreign exchange market dried up; the krona depreciated more than 70 percent in the offshore market; and the equity market fell by 80 percent. Severe disruptions in the external payment system threatened to quickly spread to the real economy. Three new banks were set up to take over the domestic assets of the country's collapsed banks. British and Dutch authorities filed claims amounting to more than \$5 billion against Iceland to compensate their citizens for losses suffered on deposits held in the failed Icelandic bank, Landsbanki Islands. The collapse of the financial system initially led to a major shift in opinion in favor of joining the EU and adopting the euro, although support has since waned due to worries about losing control over fishing resources and in reaction to measures taken by EU partners following the financial crisis.

In response to the crisis, Iceland's government took a number of initial actions while developing a comprehensive program to restore confidence and stabilize the economy. On Nov. 19, 2008, the IMF approved a two-year Stand-By-Arrangement (SBA) for Iceland in the amount of US\$2.1 billion to support the government's program. The program focused on addressing the key challenges, including preventing further sharp krona depreciation, developing a comprehensive and collaborative strategy for bank restructuring, and ensuring medium-term fiscal sustainability. Overall, the country secured more than \$10 billion in loans from the IMF and other countries to stabilize its currency and financial sector. Successful implementation of the adjustment policies to date has helped make the recession less severe than expected, with the operation of automatic fiscal stabilizers, capital controls, and the blanket deposit guarantee all providing support to the

economy. Recapitalization has improved bank balance sheets and helped stabilize the financial sector while supportive fiscal policies have helped hold up consumption. At the same time, currency depreciation and higher commodity prices actually benefited the external sector. As a result, economic growth was expected to resume during 2010. But it actually contracted.

The economy was expected to return to modest growth in 2011 although the demise of Iceland's banks no doubt led to a substantial lack of confidence in the economy. The country's leaders, however, remained optimistic. In February 2011, Iceland's central bank cut its rates to support the country's slow recovery from the brutal downturn. Buoyed by a decreasing inflation rate, a stabilization of the crown currency, the central bank cut interest rates to 4.25 percent, down from a peak of 18 percent over the last two years. Meanwhile, the bank also forecast real GDP growth of 2.8 percent in 2011 and more than 3 percent in 2012 and 2013. Indeed, the economy expanded in 2011, driven by a broad-based rebound in consumption and a gradual pick-up in investment. Unemployment declined steadily, inflation increased and the trade balance continued to post strong surpluses. Financial markets became more active, but remained dominated by the government bond market.

By mid-February 2012, credit ratings agency Fitch had deemed Iceland safe to invest in again and raised the northern Atlantic country's sovereign rating one notch, to BBB- from BB+. Fitch had also noted that Iceland had made progress "in restoring macroeconomic stability, pushing ahead with structural reform, and rebuilding sovereign creditworthiness." As such, Iceland was something of a success story amidst the narrative of gloom in euro zone countries, such as Greece, Italy, Spain, and Portugal, which -- as part of the euro zone -- could not devalue their currency and therefore continued to deal with dire debt crises. In April 2012, the Chinese and Icelandic governments agreed to speed up their free trade negotiations with the goal of creating the first free trade zone between China and a European nation in 2013. By year's end, GDP still grew - although more slowly than in 2011 - while unemployment declined.

In late April 2013, Iceland's centre-right parties banded together to form a new government that aimed to end years of austerity and provide debt relief to its citizens. This took place after Icelanders ousted the formerly ruling Social Democrats. Since Iceland does not have a financial backer with deep pockets, the new government and its small central bank would have to work together to attract investors such as hedge funds. By August 2013, the International Monetary Fund was expressing concern that the campaign promises to slash taxes and reduce household debt made by the new prime minister, Sigmundur David Gunnlaugsson, were overly ambitious. There was worry that the country would not be able to lift capital controls responsibly as promised. In a report, the IMF described Iceland's economy recovery as still fragile. "Iceland's economy is on a path to recovery, but legacy vulnerabilities are weighing on growth," the IMF said. The IMF's report came on the heels of Standard & Poor's July 2013 move to shift its outlook on Iceland's credit rating to negative from stable over concerns about increasing government debt and the lack of a clear explanation as to how the new government would finance its household-debt reduction

plan.

Despite having begun accession negotiations with the EU in July 2010, Iceland decided in mid-2013 to suspend negotiations with the EU because of concern about losing control over fishing resources and worries over the ongoing Eurozone crisis.

In February 2014, Fitch Ratings affirmed Iceland's long-term foreign and local currency Issuer Default Ratings at 'BBB' and 'BBB+', respectively, with stable outlooks. Fitch said the Icelandic government's plan to finance the recently announced household debt relief program through budget adjustments rather than through increased borrowing was "consistent with the authorities' commitment to fiscal consolidation." Fitch also estimated that real GDP growth would inch up further and average 2.6 percent in 2014 and 2015.

In May 2014, the details of a free trade agreement between China and Iceland set to go into effect July 1 were released. According to the agreement, China would implement tariff concessions for a variety of frozen fish and sea cucumber, as well as "other aquatic products and other agricultural and industrial products."

Overall, growth slowed in 2014 but was expected to pick up to around 3 percent over 2015–17, supported by robust domestic demand and tourism. Consumption was expected to be boosted by household debt relief and—together with net trade—to benefit from favorable commodity prices. Meanwhile, inflation had declined to well below the target, pulled down by imported deflation and a stronger exchange rate.

By March 2015, unemployment continued to trend down and was estimated at around 4 percent. In May 2015, the IMF said that wage demands by Icelandic trade unions could result in agreements pushing inflation beyond a target and, combined with weakness in Europe, delay a rollback of capital controls. Iceland was facing crippling strikes by bus drivers, nurses, hotel staff and others if no agreement on wages was struck.

"Such wage hikes will likely push inflation significantly above the Central Bank of Iceland's 2.5 percent inflation target and will generate budget pressures, dampen confidence, and reduce competitiveness," the IMF wrote in a report. "Disruptions could be worsened if other downside risks materialize, such as from the euro area. Such developments could delay capital account liberalization for the real economy, with inhibiting effects for savers, investors, and growth."

In July 2015, Iceland's central bank said it would allow pension funds to invest abroad but capped the amount to US\$74 million. The move was another step in removing capital controls imposed after financial meltdown in 2008.

### ***Economic Performance***

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Following rapid growth from 2004 to 2007, the economy slowed sharply in 2008 as a result of the

global financial turmoil. Along with the deepening of the global economic crisis, Iceland's economy entered into a significant recession in 2009. Helped by the government's strong policy response, the economic contraction was not as severe as expected in 2009 and 2010. Growth was positive in 2011 although it slowed some in 2012.

According to CountryWatch estimated calculations for 2014:

Real GDP growth rate was: 2.3 percent

The fiscal deficit/surplus as percent of GDP (%) was: -3.3 percent

Inflation was measured at: 5.9 percent

*Updated in 2015; see Special Entries below*

*\*Please note that the figures in our Economic Performance section are estimates or forecasts based on IMF-based data that are formulated using CountryWatch models of analysis.*

*Supplementary Sources: Roubini Global Economics, BBC, International Monetary Fund, Xinhua News Agency, Wall Street Journal and Reuters*

## **Special Entry 1**

### Summary of 2008 credit crisis

A financial farrago, rooted in the credit crisis, became a global phenomenon by the start of October 2008. In the United States, after failure of the passage of a controversial bailout plan in the lower chamber of Congress, an amended piece of legislation finally passed through both houses of Congress. There were hopes that its passage would calm jitters on Wall Street and restore confidence in the country's financial regime. With the situation requiring rapid and radical action, a new proposal for the government to bank stakes was gaining steam. Meanwhile, across the Atlantic in Europe, a spate of banking crises resulted in nationalization measures for the United Kingdom bank, Bradford and Bingley, joint efforts by the Netherlands, Belgium and Luxembourg to shore up Fortis, joint efforts by France, Belgium, and Luxembourg to shore up Dexia, a rescue plan for Hypo Real Estate, and the quasi-bankruptcy of Iceland's economy. Indeed, Iceland's liabilities were in gross excess of the country's GDP. With further banks also in jeopardy of failing, and with no coordinated efforts to stem the tide by varying countries of the European Union, there were rising anxieties not only about the resolving the financial crisis, but also about the viability of the European bloc.

On Sept. 4, 2008, the leaders of key European states -- United Kingdom, France, Germany, and

Italy -- met in the French capital city of Paris to discuss the financial farrago and to consider possible action. The talks, which were hosted by French President Nicolas Sarkozy, ended without consensus on what should be done to deal with the credit crisis, which was rapidly becoming a global phenomenon. The only thing that the four European countries agreed upon was that there would not be a grand rescue plan, akin to the type that was initiated in the United States. As well, they jointly called for greater regulation and a coordinated response. To that latter end, President Nicolas Sarkozy said, "Each government will operate with its own methods and means, but in a coordinated manner."

This call came after Ireland took independent action to deal with the burgeoning financial crisis. Notably, the Irish government decided days earlier to fully guarantee all deposits in the country's major banks for a period of two years. The Greek government soon followed suit with a similar action. These actions by Ireland and Greece raised the ire of other European countries, and evoked questions of whether Ireland and Greece had violated any European Union charters.

Nevertheless, as anxieties about the safety of bank deposits rose across Europe, Ireland and Greece saw an influx of new banking customers from across the continent, presumably seeking the security of knowing their money would be safe amidst a financial meltdown. And even with questions rising about the decisions of the Irish and Greek government, the government of Germany decided to go down a similar path by guaranteeing all private bank accounts. For his part, British Prime Minister Gordon Brown said that his government would increase the limit on guaranteed bank deposits from £35,000 to £50,000.

In these various ways, it was clear that there was no concurrence among some of Europe's most important economies. In fact, despite the meeting in France, which called for coordination among the countries of the European bloc, there was no unified response to the global financial crisis. Instead, that meeting laid bare the divisions within the countries of the European Union, and called into question the very viability of the European bloc. Perhaps that question of viability would be answered at a forthcoming G8 summit, as recommended by those participating in the Paris talks.

A week later, another meeting of European leaders in Paris ended with concurrence that no large institution would be allowed to fail. The meeting, which was attended by leaders of euro zone countries, resulted in an agreement to guarantee loans between banks until the end of 2009, with an eye on easing the credit crunch. The proposal, which would apply in 15 countries, also included a plan for capital infusions by means of purchasing preference shares from banks. The United Kingdom, which is outside the euro zone, had already announced a similar strategy.

French President Nicolas Sarkozy argued that these unprecedented measures were of vital importance. The French leader said, "The crisis has over the past few days entered into a phase that makes it intolerable to opt for procrastination and a go-it-alone approach."

## Europe facing financial crisis as banking bail-out looms large

In early 2009, according to the European Commission, European banks may be in need of as much as several trillion in bailout funding. Impaired or toxic assets factor highly on the European Union bank balance sheets. Economist Nouriel Roubini warned that the economies of Ukraine, Belarus, Hungary, Latvia and Lithuania appeared to be on the brink of disaster. Overall, Eastern European countries borrowed heavily from Western European banks. Thus, even if the currencies on the eastern part of the continent collapse, effects will be felt in the western part of Europe as well. For example, Swiss banks that gave billions of credit to Eastern Europe cannot look forward to repayment anytime soon. As well, Austrian banks have had extensive exposure to Eastern Europe, and can anticipate a highly increased cost of insuring its debt. German Finance Minister Peer Steinbrueck has warned that as many as 16 European Union countries would require assistance. Indeed, his statements suggested the need for a regional rescue effort.

## European Union backs financial regulation overhaul

With the global financial crisis intensifying, leaders of European Union countries backed sweeping financial regulations. Included in the package of market reforms were sanctions on tax havens, caps on bonus payments to management, greater hedge fund regulation, and increased influence by the International Monetary Fund. European leaders also backed a charter of sustainable economic activity, that would subject all global financial activities to both regulation and accountability by credit rating agencies.

These moves were made ahead of the Group of 20 summit scheduled for April 2, 2009, in London. It was not known whether other countries outside Europe, such as the United States, Japan, India and China, would support the new and aggressive regime of market regulation. That said, German Chancellor Angela Merkel said in Berlin that Europe had a responsibility to chart this track. She said, "Europe will own up to its responsibility in the world."

## Leaders forge \$1 trillion deal at G-20 summit in London

Leaders of the world's largest economies, known as the "G-20," met in London to explore possible responses to the global financial crisis. To that end, they forged a deal valued at more than US\$1 trillion.

Central to the agreement was an infusion of \$750 billion to the International Monetary Fund (IMF), which was aimed at helping troubled economies. Up to \$100 billion of that amount was earmarked to assist the world's very poorest countries -- an amount far greater than had been expected. In many senses, the infusion of funding to the IMF marked a strengthening of that body unseen since the 1980s.



In addition, the G-20 leaders settled on a \$250 billion increase in global trade. The world's poorest countries would also benefit from the availability of \$250 billion of trade credit.

After some debate, the G-20 leaders decided to levy sanctions against clandestine tax havens and to institute strict financial regulations. Such regulations included tougher controls on banking professionals' salaries and bonuses, and increased oversight of hedge funds and credit rating agencies. A Financial Stability Board was to be established that would work in concert with the IMF to facilitate cross-border cooperation, and also to provide early warnings regarding the financial system.

Aside from these measures, the G-20 countries were already implementing their own economic stimulus measures at home, aimed at reversing the global recession. Together, these economic stimulus packages would inject approximately \$5 trillion by the end of 2010.

United Kingdom Prime Minister Gordon Brown played host at the meeting, which most concurred went off successfully, despite the presence of anti-globalization and anarchist protestors. Prime Minister Brown warned that there was "no quick fix" for the economic woes facing the international community, but he drew attention to the consensus that had been forged in the interest of the common good. He said, "This is the day that the world came together to fight back against the global recession, not with words, but with a plan for global recovery and for reform and with a clear timetable for its delivery."

All eyes were on United States President Barack Obama, who characterized the G-20 summit as "a turning point" in the effort towards global economic recovery. He also hailed the advances agreed upon to reform the failed regulatory regime that contributed to the financial crisis that has gripped many of the economies across the globe. Thusly, President Obama declared the London summit to be historic saying, "It was historic because of the size and the scope of the challenges that we face and because of the timeliness and the magnitude of our response."

Ahead of the summit, there were reports of a growing rift between the respective duos of France and Germany and the United States and the United Kingdom. While France and Germany were emphasizing stricter financial regulations, the United States and the United Kingdom were advocating public spending to deal with the economic crisis. Indeed, French President Nicolas Sarkozy had threatened to bolt the meeting if his priority issues were not addressed. But such an end did not occur, although tensions were existent.

To that end, President Obama was hailed for his diplomatic skills after he brokered an agreement between France and China on tax havens. The American president played the role of peacemaker between French President Sarkozy and Chinese Premier Hu Jintao, paving the way for a meeting of the minds on the matter of tax havens.

French President Nicolas Sarkozy said the concurrence reached at the G-20 summit were "more

than we could have hoped for." President Sarkozy also credited President Obama for the American president's leadership at the summit, effusively stating: "President Obama really found the consensus. He didn't focus exclusively on stimulus ... In fact it was he who managed to help me persuade [Chinese] President Hu Jintao to agree to the reference to the ... publication of a list of tax havens, and I wish to thank him for that."

Meanwhile, German Chancellor Angela Merkel also expressed positive feedback about the success of the summit noting that the new measures would give the international arena a "clearer financial market architecture." She noted the agreement reached was "a very, very good, almost historic compromise." Finally, Chancellor Merkel had warm words of praise for President Obama. "The American president also put his hand into this," said Merkel.

Note: The G-20 leaders agreed to meet again in September 2009 in New York to assess the progress of their agenda.

## **Special Entry 2**

### **Iceland rejects banking repayment to U.K. and the Netherlands**

On Jan. 5, 2010, Icelandic President Olafur Ragnar Grimsson vetoed legislation aimed at saving the online bank, Icesave. At issue was a bill that would authorize the payment of 3.8 billion euros (US\$5.4 billion) to the British and Dutch governments, which had partially compensated banking clients who lost money in the collapse of the Icesave online bank during the global financial crisis of 2008.

The legislation had been previously passed by the Icelandic parliament, the Althingi, but now with the veto having been carried out, the president said the bill would have to be ratified by national referendum. Iceland's Prime Minister Johanna Sigurdardottir expressed disappointment with the move, saying during a news conference, "A solution to the Icesave dispute is a condition for continued cooperation with the International Monetary Fund (IMF) and the disbursement of loans from the Nordic countries." Sigurdardottir warned the decision would imperil further disbursement of these loans and affect the IMF's next review of Iceland's economic stabilization program, while also upsetting the economic progress made by the government in the previous year.

The British government responded to these developments in Iceland by issuing a sharp rebuke and threatening to veto Iceland's entry into the European Union. In an interview with the Times of London, British Financial Services Secretary Paul Myners said, "The (British) government stepped in to ensure that all retail depositors with Icesave were fully paid out, and now we expect the Icelandic government to ensure that we are repaid."

In March 2010, voters in Iceland reified the move by the president to reject the repayment plan

with a resounding "no" vote in a national referendum. This voting result appeared to reflect the view of the Icelandic people that they were being punished for the ills of the banking sector. Prime Minister Johanna Sigurdardottir said that despite the defeat, her government would remain in office, and try to forge an agreement to resolve the financial crisis. She said, "This has no impact on the life of the government. We need to keep going and finish the debate. We have to get an agreement." The agreement to which she referred to ongoing negotiations with the British and the Dutch, aimed at crafting a new repayment plan, irrespective of the referendum results.

The year 2011 began with fresh negotiations on a repayment deal as regards the Icesave situation. By February 2011, a new deal was forged and approved by the Icelandic parliament. As before, the president of Iceland once again refused to sign the new agreement and instead called for a referendum, with an eye on ratification from the Icelandic people.

At the start of April 2011, voters in Iceland rejected a repayment plan for lost deposits following the collapse of Iceland's "Icesave" bank system. Icelandic Prime Minister Johanna Sigurdardottir characterized the referendum result as "the worst option," and lamented the political divisions that had been stoked in her country as a result. Iceland's Finance Minister Steingrímur Sigfússon said of the vote, "Icelandic people were not prepared to accept payments."

The sentiment of the Icelandic people aside, the "no" vote in the referendum spurred the governments of the United Kingdom and the Netherlands to move in the direction of legal action in parallel bids to recover the billions lost when Iceland's banking system collapsed. Although the governments of these two countries "bailed out" British and Dutch depositors to "Icesave," they were now demanding repayment of those funds and were prepared to seek compensation via international court. The rejected deal would have provided for the repayment by Iceland to the United Kingdom at a 3.3 percent interest rate and to the Netherlands at a three percent rate, to be paid out on a 30 year period between 2016 and 2046.

Sigfússon indicated that a resolution might take up to a year in the court to go through; however, the finance minister expressed optimism about the end result saying in an interview with the BBC, "It is very important to emphasize that the U.K. and the Netherlands will begin to get their money back later this year." That being said, with a protracted end to the financial crisis plaguing Iceland, it was apparent that the country would continue to grapple with expensive borrowing rates on the open market, and could well be further downgraded by ratings agencies. Moreover, the situation could put Iceland's bid to join the European Union in jeopardy.

By mid-April 2011, Iceland's government was bracing for a confidence vote. At issue was a move by the main opposition Independence Party to introduce a no confidence vote against the government of Prime Minister Johanna Sigurdardottir. The Independence Party said that the "no vote" following the "Icesave" referendum demonstrated that the government lacked the trust and support of the people. For her part, Prime Minister Sigurdardottir said that she welcomed the

move since it would cause the coalition parties to close ranks in opposition to the Independence Party, at a time of difficulty.

Note that by the third week of April 2011, Iceland's center-left government had survived the vote of no confidence brought on by the Independence Party. The outcome of the vote was close with 32 members voting against the bill, 30 voting in its favor, and while one abstention.

The stability of Prime Minister Johanna Sigurdardottir's government settled for the moment, and attention returned to the matter of "Icesave," which would ultimately be settled in a European court, and at a potentially higher cost to Iceland in the end. Iceland was expected to see lowered credit and investment ratings as a result of this situation.

### **Special Entry 3**

#### **Iceland in recovery after economic collapse**

In mid-February 2012, Iceland's credit rating was upgraded to "investment grade" three years after its economic collapse. The credit ratings agency, Fitch, deemed Iceland's "safe to invest" and raised the northern Atlantic country's sovereign rating one notch, to BBB- from BB+.

This determination was a positive assessment for Iceland, whose economy endured a spectacular collapse in 2008, thus requiring an infusion of rescue funds from the International Monetary Fund bailout. At that time in 2008, three Icelandic banks failed under the country's massive foreign debt, which exceeded the size of the economy. The value of the currency -- the krona --plummeted significantly and the country has since been battling its economic woes. A new government came to power in 2009 and eschewed the immediate implementation of stark austerity measures now being favored by the debt-plagued European Union. Instead, it worked under a borrow and spend regime for a year, before triggering spending cuts.

As of 2012, as noted by Fitch, Iceland made progress "in restoring macroeconomic stability, pushing ahead with structural reform, and rebuilding sovereign creditworthiness." Speaking of this progress, Finance Minister Steingrimur Sigfusson noted that Iceland's size was a crucial element in his country's success story saying, "You are quicker turning a small boat around than a big ship." Accordingly, Iceland was something of a success story amidst the narrative of gloom in euro zone countries, such as Greece, Italy, Spain, and Portugal, which -- as part of the euro zone -- cannot devalue their currency and thus continue to deal with dire debt crises.

## Nominal GDP and Components

Nominal GDP and Components					
	2011	2012	2013	2014	2015
Nominal GDP (LCU billions)	1,703.15	1,780.24	1,880.89	1,993.34	2,190.67
Nominal GDP Growth Rate (%)	5.065	4.527	5.654	5.978	9.900
Consumption (LCU billions)	878.950	946.706	984.307	1,048.47	1,201.79
Government Expenditure (LCU billions)	419.389	435.213	457.518	484.262	555.074
Gross Capital Formation (LCU billions)	267.050	289.189	285.514	332.775	411.014
Exports of Goods & Services (LCU billions)	959.867	1,009.94	1,045.94	1,065.92	1,077.63
Imports of Goods & Services (LCU billions)	822.105	900.800	892.383	938.088	1,054.83

## Population and GDP Per Capita

Population and GDP Per Capita					
	2011	2012	2013	2014	2015
Population, total (million)	0.3180	0.3200	0.3220	0.3260	0.3280
Population growth (%)	0.0000	0.6289	0.6250	1.242	0.6135
Nominal GDP per Capita (LCU 1000s)	5,355,820.75	5,563,265.62	5,841,282.61	6,114,527.61	6,678,871.9

## Real GDP and Inflation

Real GDP and Inflation					
	2011	2012	2013	2014	2015
Real Gross Domestic Product (LCU billions 2005 base)	1,146.56	1,161.43	1,204.86	1,227.95	1,284.33
Real GDP Growth Rate (%)	1.961	1.296	3.740	1.916	4.592
GDP Deflator (2005=100.0)	148.544	153.281	156.109	162.331	170.569
Inflation, GDP Deflator (%)	3.044	3.189	1.845	3.986	5.075

## Government Spending and Taxation

Government Spending and Taxation					
	2011	2012	2013	2014	2015
Government Fiscal Budget (billions)	777.435	807.323	828.996	905.732	955.410
Fiscal Budget Growth Rate (percentage)	-2.7362	3.844	2.685	9.256	5.485
National Tax Rate Net of Transfers (%)	40.086	41.686	42.371	45.287	44.948
Government Revenues Net of Transfers (LCU billions)	682.720	742.109	796.946	902.729	984.657
Government Surplus(-) Deficit(+) (LCU billions)	-94.7150	-65.2140	-32.0500	-3.0030	29.247
Government Surplus(+) Deficit(-) (%GDP)	-5.5612	-3.6632	-1.7040	-0.1507	1.335



## Money Supply, Interest Rates and Unemployment

Money Supply, Interest Rates and Unemployment					
	2011	2012	2013	2014	2015
Money and Quasi-Money (M2) (LCU billions)	1,544.55	1,473.99	1,542.59	1,677.19	1,843.22
Money Supply Growth Rate (%)	5.693	-4.5684	4.654	8.726	9.900
Lending Interest Rate (%)	7.698	8.324	8.152	7.742	8.457
Unemployment Rate (%)	7.050	6.025	5.375	4.950	4.300

## Foreign Trade and the Exchange Rate

Foreign Trade and the Exchange Rate					
	2011	2012	2013	2014	2015
Official Exchange Rate (LCU/\$US)	116.137	125.414	122.319	117.007	130.880
Trade Balance NIPA (\$US billions)	1.186	0.8702	1.255	1.092	0.1742
Trade Balance % of GDP	8.089	6.130	8.164	6.413	1.041
Total Foreign Exchange Reserves (\$US billions)	8.548	4.192	4.238	4.177	5.453

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**Data in US Dollars**

Data in US Dollars					
	2011	2012	2013	2014	2015
Nominal GDP (\$US billions)	14.665	14.195	15.377	17.036	16.738
Exports (\$US billions)	8.265	8.053	8.551	9.110	8.234
Imports (\$US billions)	7.079	7.183	7.296	8.017	8.060

## Energy Consumption and Production Standard Units

Energy Consumption and Production Standard Units					
	2011	2012	2013	2014	2015
Petroleum Consumption (TBDP)	14.650	17.382	15.481	14.727	15.188
Petroleum Production (TBDP)	0.0000	0.0000	0.0000	0.0000	0.0000
Petroleum Net Exports (TBDP)	-14.6496	-17.3815	-15.4807	-14.7268	-15.1879
Natural Gas Consumption (bcf)	0.0000	0.0000	0.0000	0.0000	0.0000
Natural Gas Production (bcf)	0.0000	0.0000	0.0000	0.0000	0.0000
Natural Gas Net Exports (bcf)	0.0000	0.0000	0.0000	0.0000	0.0000
Coal Consumption (1000s st)	151.017	162.040	170.503	151.913	156.781
Coal Production (1000s st)	0.0000	0.0000	0.0000	0.0000	0.0000
Coal Net Exports (1000s st)	-151.0167	-162.0398	-170.5027	-151.9125	-156.7812

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Nuclear Production (bil kwh)	0.0000	0.0000	0.0000	0.0000	0.0000
Hydroelectric Production (bil kwh)	12.382	12.214	13.834	13.390	13.743
Renewables Production (bil kwh)	4.701	5.209	5.489	5.784	6.199

## Energy Consumption and Production QUADS

Energy Consumption and Production QUADS					
	2011	2012	2013	2014	2015
Petroleum Consumption (Quads)	0.0313	0.0371	0.0331	0.0314	0.0324
Petroleum Production (Quads)	0.0000	0.0000	0.0000	0.0000	0.0000
Petroleum Net Exports (Quads)	-0.0313	-0.0371	-0.0331	-0.0314	-0.0324
Natural Gas Consumption (Quads)	0.0000	0.0000	0.0000	0.0000	0.0000
Natural Gas Production (Quads)	0.0000	0.0000	0.0000	0.0000	0.0000
Natural Gas Net Exports (Quads)	0.0000	0.0000	0.0000	0.0000	0.0000
Coal Consumption (Quads)	0.0030	0.0032	0.0034	0.0030	0.0031
Coal Production (Quads)	0.0000	0.0000	0.0000	0.0000	0.0000
Coal Net Exports (Quads)	-0.0030	-0.0032	-0.0034	-0.0030	-0.0031
Nuclear Production (Quads)	0.0000	0.0000	0.0000	0.0000	0.0000
Hydroelectric Production (Quads)	0.1238	0.1221	0.1383	0.1339	0.1374
Renewables Production (Quads)	0.0470	0.0521	0.0549	0.0578	0.0620

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**World Energy Price Summary**

World Energy Price Summary					
	2011	2012	2013	2014	2015
Petroleum-WTI (\$/bbl)	95.054	94.159	97.943	93.112	48.709
Natural Gas-Henry Hub (\$/mmbtu)	3.999	2.752	3.729	4.369	2.614
Coal Thermal-Australian (\$/mt)	121.448	96.364	84.562	70.130	57.511

## CO2 Emissions

CO2 Emissions					
	2011	2012	2013	2014	2015
Petroleum Based (mm mt C)	0.6988	0.8292	0.7385	0.7025	0.7245
Natural Gas Based (mm mt C)	0.0000	0.0000	0.0000	0.0000	0.0000
Coal Based (mm mt C)	0.0865	0.0929	0.0977	0.0871	0.0899
Total CO2 Emissions (mm mt C)	0.7854	0.9220	0.8362	0.7896	0.8144



## Agriculture Consumption and Production

Agriculture Consumption and Production					
	2011	2012	2013	2014	2015
Corn Total Consumption (1000 metric tons)	20.099	14.232	16.100	16.507	15.841
Corn Production (1000 metric tons)	0.0000	0.0000	0.0000	0.0000	0.0000
Corn Net Exports (1000 metric tons)	-20.0990	-14.2320	-16.1000	-16.5075	-15.8409
Soybeans Total Consumption (1000 metric tons)	0.0070	0.0080	0.0070	0.0070	0.0065
Soybeans Production (1000 metric tons)	0.0000	0.0000	0.0000	0.0000	0.0000
Soybeans Net Exports (1000 metric tons)	-0.0070	-0.0080	-0.0070	-0.0070	-0.0065
Rice Total Consumption (1000 metric tons)	0.1805	0.1542	0.1349	0.1602	0.1498

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
tons)					
Rice Production (1000 metric tons)	0.0000	0.0000	0.0000	0.0000	0.0000
Rice Net Exports (1000 metric tons)	-0.1805	-0.1542	-0.1349	-0.1602	-0.1498
Coffee Total Consumption (metric tons)	1,036.00	973.000	1,102.00	1,087.08	1,067.38
Coffee Production (metric tons)	0.0000	0.0000	0.0000	0.0000	0.0000
Coffee Net Exports (metric tons)	-1036.0000	-973.0000	-1102.0000	-1087.0800	-1067.3826
Cocoa Beans Total Consumption (metric tons)	1.000	2.000	2.000	2.520	2.675
Cocoa Beans Production (metric tons)	0.0000	0.0000	0.0000	0.0000	0.0000
Cocoa Beans Net Exports (metric tons)	-1.0000	-2.0000	-2.0000	-2.5198	-2.6753
Wheat Total Consumption (1000 metric	36.133	38.624	38.481	39.181	34.363

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
tons)					
Wheat Production (1000 metric tons)	0.0000	0.0000	0.0000	0.0000	0.0000
Wheat Net Exports (1000 metric tons)	-36.1330	-38.6244	-38.4815	-39.1812	-34.3630

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**World Agriculture Pricing Summary**

World Agriculture Pricing Summary					
	2011	2012	2013	2014	2015
Corn Pricing Summary (\$/metric ton)	291.684	298.417	259.389	192.881	169.750
Soybeans Pricing Summary (\$/metric ton)	540.667	591.417	538.417	491.771	390.417
Rice Pricing Summary (\$/metric ton)	458.558	525.071	473.989	425.148	386.033
Coffee Pricing Summary (\$/kilogram)	5.976	4.111	3.076	4.424	3.526
Cocoa Beans Pricing Summary (\$/kilogram)	2.980	2.392	2.439	3.062	3.135
Wheat Pricing Summary (\$/metric ton)	316.264	313.242	312.248	284.895	203.177

## Metals Consumption and Production

Metals Consumption and Production					
	2011	2012	2013	2014	2015
Copper Consumption (1000 mt)	0.0000	0.0000	0.0000	0.0000	0.0000
Copper Production (1000 mt)	0.0000	0.0000	0.0000	0.0000	0.0000
Copper Net Exports (1000 mt)	0.0000	0.0000	0.0000	0.0000	0.0000
Zinc Consumption (1000 mt)	705.409	125.551	170.295	203.510	191.859
Zinc Production (1000 mt)	0.0000	0.0000	0.0000	0.0000	0.0000
Zinc Exports (1000 mt)	-705.4090	-125.5510	-170.2950	-203.5100	-191.8595
Lead Consumption (1000 mt)	5.767	5.157	5.832	3.578	3.155
Lead Production (1000 mt)	0.0000	0.0000	0.0000	0.0000	0.0000
Lead Exports (1000 mt)	-5.7670	-5.1570	-5.8320	-3.5778	-3.1547
Tin Consumption (1000 mt)	0.0100	0.2030	0.1710	0.0863	0.0836

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Tin Production (1000 mt)	0.0000	0.0000	0.0000	0.0000	0.0000
Tin Exports (1000 mt)	-0.0100	-0.2030	-0.1710	-0.0863	-0.0836
Nickel Consumption (1000 mt)	0.2000	0.2550	0.3100	0.3940	0.3308
Nickel Production (1000 mt)	0.0000	0.0000	0.0000	0.0000	0.0000
Nickel Exports (1000 mt)	-0.2000	-0.2550	-0.3100	-0.3940	-0.3308
Gold Consumption (kg)	166.891	81.468	220.277	284.198	262.419
Gold Production (kg)	47.832	49.319	50.939	54.356	52.459
Gold Exports (kg)	-119.0596	-32.1494	-169.3373	-229.8418	-209.9604
Silver Consumption (mt)	703.000	618.000	420.000	497.000	429.384
Silver Production (mt)	240.464	252.311	256.390	265.331	243.846
Silver Exports (mt)	-462.5360	-365.6892	-163.6101	-231.6693	-185.5384

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**World Metals Pricing Summary**

World Metals Pricing Summary					
	2011	2012	2013	2014	2015
Copper (\$/mt)	8,828.19	7,962.35	7,332.10	6,863.40	5,510.46
Zinc (\$/mt)	2,193.90	1,950.41	1,910.26	2,160.97	1,931.68
Tin (\$/mt)	26,053.68	21,125.99	22,282.80	21,898.87	16,066.63
Lead (\$/mt)	2,400.81	2,064.64	2,139.79	2,095.46	1,787.82
Nickel (\$/mt)	22,910.36	17,547.55	15,031.80	16,893.38	11,862.64
Gold (\$/oz)	1,569.21	1,669.52	1,411.46	1,265.58	1,160.66
Silver (\$/oz)	35.224	31.137	23.850	19.071	15.721

## Economic Performance Index

### Economic Performance Index

The Economic Performance rankings are calculated by CountryWatch's editorial team, and are based on criteria including sustained economic growth, monetary stability, current account deficits, budget surplus, unemployment and structural imbalances. Scores are assessed from 0 to 100 using this aforementioned criteria as well as CountryWatch's proprietary economic research data and models.

	Bank stability risk	Monetary/ Currency stability	Government Finances	Empl./ Unempl.	Econ.GNP growth or decline/ forecast
	0 - 100	0 - 100	0 - 100	0 - 100	%
<b>North Americas</b>					
Canada	92	69	35	38	3.14%
United States	94	76	4	29	3.01%
<b>Western Europe</b>					
Austria	90	27	30	63	1.33%
Belgium	88	27	19	23	1.15%
Cyprus	81	91	16	80	-0.69%
Denmark	97	70	45	78	1.20%
Finland	89	27	41	33	1.25%



France	87	27	18	27	1.52%
Germany	86	27	22	21	1.25%
Greece	79	27	5	24	-2.00%
Iceland	90	17	2	34	-3.04%
Italy	85	27	37	24	0.84%
Ireland	92	27	11	10	-1.55%
Luxembourg	99	27	28	66	2.08%
Malta	77	27	41	51	0.54%
Netherlands	91	27	26	74	1.30%
Norway	98	44	10	76	1.08%
Portugal	77	27	13	20	0.29%
Spain	83	27	9	3	-0.41%
Sweden	94	72	54	32	1.23%
Switzerland	97	86	55	77	1.53%
United Kingdom	85	12	9	37	1.34%
<b>Central and Eastern Europe</b>					
Albania	44	60	33	6	2.30%
Armenia	45	59	49	30	1.80%

Azerbaijan	56	4	84	99	2.68%
Belarus	59	21	83	98	2.41%
Bosnia and Herzegovina	34	68	69	N/A	0.50%
Bulgaria	58	75	88	49	0.20%
Croatia	69	68	94	9	0.18%
Czech Republic	80	89	29	70	1.67%
Estonia	72	90	66	92	0.80%
Georgia	36	60	53	56	2.00%
Hungary	70	66	26	54	-0.16%
Latvia	67	100	65	44	-3.97%
Lithuania	65	91	87	79	-1.65%
Macedonia (FYR)	53	69	56	2	2.03%
Moldova	23	36	81	67	2.50%
Poland	74	74	38	12	2.72%
Romania	62	56	70	62	0.75%
Russia	73	18	90	8	4.00%
Serbia	48	49	52	5	1.97%

Montenegro	39	27	73	1	-1.70%
Slovak Republic	80	62	30	14	4.06%
Slovenia	81	27	36	65	1.12%
Ukraine	41	11	57	N/A	3.68%
Africa					
Algeria	57	18	96	7	4.55%
Angola	49	1	97	N/A	7.05%
Benin	19	91	20	N/A	3.22%
Botswana	68	58	76	N/A	6.33%
Burkina Faso	16	91	13	N/A	4.41%
Burundi	2	91	6	N/A	3.85%
Cameroon	26	91	91	N/A	2.58%
Cape Verde	52	87	4	N/A	4.96%
Central African Republic	9	91	32	N/A	3.18%
Chad	22	91	89	N/A	4.42%
Congo	52	87	87	N/A	12.13%
Côte d'Ivoire	25	91	82	28	2.98%
Dem. Republic					

Congo	4	91	47	N/A	5.44%
Djibouti	31	76	50	N/A	4.47%
Egypt	37	20	24	69	5.01%
Equatorial Guinea	82	91	85	N/A	0.94%
Eritrea	1	3	1	18	1.81%
Ethiopia	6	45	8	N/A	6.96%
Gabon	64	91	96	N/A	5.36%
Gambia	8	48	86	N/A	4.82%
Ghana	9	11	69	N/A	4.50%
Guinea	10	7	91	N/A	3.03%
Guinea-Bissau	5	91	46	N/A	3.47%
Kenya	20	41	59	N/A	4.11%
Lesotho	13	40	12	N/A	2.98%
Liberia	12	73	74	N/A	5.92%
Libya	73	2	94	N/A	5.22%
Madagascar	4	22	24	N/A	-1.02%
Malawi	7	25	55	N/A	5.96%
Mali	20	91	82	N/A	5.12%

Mauritania	15	13	93	N/A	4.58%
Mauritius	65	52	56	55	4.10%
Morocco	37	72	48	26	3.23%
Mozambique	12	23	71	N/A	6.45%
Namibia	40	39	62	N/A	1.70%
Niger	10	91	21	N/A	4.41%
Nigeria	30	6	61	N/A	6.98%
Rwanda	21	40	68	N/A	5.39%
Sao Tome & Principe	1	61	100	N/A	3.40%
Senegal	24	91	63	N/A	3.44%
Seychelles	60	67	97	N/A	4.01%
Sierra Leone	5	10	39	N/A	4.77%
Somalia	2	38	59	N/A	3.19%
South Africa	61	37	70	N/A	2.59%
Sudan	16	5	73	N/A	5.52%
Swaziland	32	44	79	N/A	1.09%
Tanzania	15	45	32	N/A	6.17%
Togo	8	91	92	N/A	2.56%

Tunisia	50	61	44	39	4.00%
Uganda	11	17	54	N/A	5.59%
Zambia	29	20	49	N/A	5.84%
Zimbabwe	0	8	16	N/A	2.24%
<b>South and Central America</b>					
Argentina	66	3	80	36	3.50%
Belize	47	76	80	N/A	1.00%
Bolivia	32	51	61	81	3.99%
Brazil	71	47	78	11	5.50%
Chile	78	25	92	73	4.72%
Columbia	47	52	34	47	2.25%
Costa Rica	60	42	39	57	3.45%
Ecuador	43	76	75	64	2.51%
El Salvador	35	76	67	N/A	1.04%
Guatemala	46	59	58	N/A	2.52%
Honduras	27	47	58	N/A	2.00%
Mexico	69	42	52	61	4.07%
Nicaragua	23	49	42	N/A	1.75%

Panama	66	76	72	45	5.00%
Paraguay	35	46	66	16	5.27%
Peru	59	66	75	22	6.33%
Suriname	58	26	81	59	4.02%
Uruguay	70	26	27	N/A	5.71%
Venezuela	55	1	28	13	-2.63%
<b>Caribbean</b>					
Antigua & Barbuda	72	76	15	N/A	-2.01%
Bahamas	74	76	45	87	-0.50%
Barbados	67	76	33	15	-0.50%
Bermuda	N/A	N/A	N/A	N/A	N/A
Cuba	45	76	18	95	0.25%
Dominica	53	76	65	N/A	1.40%
Dominican Republic	54	39	43	4	3.50%
Grenada	63	76	48	N/A	0.80%
Guyana	28	56	17	N/A	4.36%
Haiti	11	27	89	N/A	-8.50%
Jamaica	42	9	85	19	-0.28%

St Lucia	55	76	67	N/A	1.14%
St Vincent & Grenadines	49	76	95	N/A	0.50%
Trinidad & Tobago	82	37	77	72	2.13%
<b>Middle East</b>					
Bahrain	84	76	62	91	3.48%
Iran	51	19	40	58	3.01%
Iraq	48	9	8	N/A	7.27%
Israel	87	62	12	48	3.20%
Jordan	41	51	3	N/A	4.10%
Kuwait	96	4	99	N/A	3.10%
Lebanon	63	54	2	N/A	6.00%
Oman	76	16	88	N/A	4.71%
Qatar	99	16	83	N/A	18.54%
Saudi Arabia	76	8	98	N/A	3.70%
Syria	61	24	40	N/A	5.00%
Turkey	75	23	27	60	5.20%
United Arab Emirates	96	24	98	94	1.29%



Yemen	28	2	78	N/A	7.78%
<b>Asia</b>					
Afghanistan	17	70	74	N/A	8.64%
Bangladesh	13	43	25	N/A	5.38%
Bhutan	24	55	5	N/A	6.85%
Brunei	78	19	99	75	0.48%
Cambodia	18	67	42	N/A	4.77%
China	54	90	19	68	11.03%
Hong Kong	89	76	14	82	5.02%
India	31	38	34	35	8.78%
Indonesia	42	46	37	31	6.00%
Japan	88	89	6	71	1.90%
Kazakhstan	62	13	76	42	2.40%
Korea North	18	65	23	N/A	1.50%
Korea South	83	63	22	85	4.44%
Kyrgyz Republic	24	15	84	88	4.61%
Laos	17	54	7	N/A	7.22%
Macao	91	76	14	82	3.00%

Malaysia	68	65	44	90	4.72%
Maldives	44	55	17	N/A	3.45%
Mongolia	33	5	77	93	7.22%
Myanmar	3	41	72	N/A	5.26%
Nepal	3	14	25	N/A	2.97%
Pakistan	19	15	31	41	3.00%
Papua New Guinea	75	50	11	N/A	7.96%
Philippines	30	48	53	43	3.63%
Singapore	93	75	63	40	5.68%
Sri Lanka	38	22	10	N/A	5.50%
Taiwan	84	88	35	89	6.50%
Tajikistan	6	6	60	97	4.00%
Thailand	56	64	90	96	5.46%
Turkmenistan	51	53	68	N/A	12.00%
Uzbekistan	40	10	60	100	8.00%
Vietnam	25	12	20	N/A	6.04%
<b>Pacific</b>					
Australia	96	63	31	46	2.96%

Fiji	46	53	3	N/A	2.06%
Marshall Islands	27	76	46	N/A	1.08%
Micronesia (Fed. States)	N/A	N/A	N/A	N/A	N/A
New Caledonia	96	73	51	52	2.00%
New Zealand	98	73	51	52	2.00%
Samoa	34	88	64	N/A	-2.77%
Solomon Islands	14	71	1	N/A	3.36%
Tonga	26	57	38	N/A	0.60%
Vanuatu	33	58	47	N/A	3.80%

Source:

CountryWatch Inc. [www.countrywatch.com](http://www.countrywatch.com)

Updated:

This material was produced in 2010; it is subject to updating in 2012.

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# **Chapter 4**

## **Investment Overview**

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## Foreign Investment Climate

### Foreign Investment Assessment

#### Openness to Foreign Investment

According to the Invest in Iceland Agency, "Iceland has systematically made its business environment increasingly attractive for investment and location, among other things with the series of tax cuts which now give Iceland one of the lowest levels of corporate income tax in Europe. Advantages offered by Iceland for industrial investors include the most competitive electricity prices in Europe at 2-3 US cents/kWh for large industrial users depending upon delivery terms, and industrial steam at six barg or USD \$ 3 per metric tonne. Industrial sites with good natural harbors, for small and large ventures, are available in many parts of the country, and many local authorities have designed development strategies and scenarios which provide for new investments. Highly skilled labour is available, including experts in software and a wide range of research fields. Special incentives are granted for film and TV production in Iceland, whereby costs are partially rebated if certain requirements are met."

The Agency further states, "Iceland offers both direct and indirect investors a business-friendly environment with clear and simple rules in line with European legislation, and a competitive taxation framework."

The basic principle is that Iceland is open to investment by any legal party domiciled in an OECD country. Small restrictions apply to sensitive national interests: direct investment in fishing activities and primary fish processing is limited to Icelandic citizens, while non-EEA residents may not invest in energy production or own a majority share in an Icelandic airline.

Membership of the EEA ensures the free movement of products, services, capital and labour within the most advanced economies of Europe, as well as harmonized competition rules and other elements of the deregulated pan-European business framework."

Iceland is subject to requirements in the EEA agreement such as those related to domicile or sources of equity capital that may discriminate between citizens of EEA states and those of non-member states. Beyond the EEA, there are no foreign ownership restrictions, economic needs

tests, or limits on the number of foreign suppliers in these sectors. There is a residence requirement that principal managers and a majority of directors of an Icelandic enterprise must be domiciled in Iceland, but this would not apply to a foreign business making an investment or providing services from outside the country. Iceland has scheduled General Agreement on Trade in Services (GATS) commitments in the financial services sector, which the Ministry of Industry and Commerce describes as consistent with those of other OECD states.

### Transparency of Regulatory System

According to the Invest in Iceland Agency, "Iceland offers both direct and indirect investors a business-friendly environment with clear and simple rules in line with European legislation, and a competitive taxation framework.

Operating licenses are required for businesses in certain sectors, for example manufacturing industries, and are granted on fulfillment of clearly defined rules. Details of regulations, monitoring and inspection agencies, etc., vary from one sector to the next, and the Invest in Iceland Agency will help to establish contacts and offer guidance.

Broadly speaking, as a member of the European Economic Area Iceland operates its regulatory environment on the same principles as the European Union."

### **Labor Force**

Total: 158,100

By occupation: agriculture, fishing and fish processing 10.3%, industry 18.3%, services 71.4%

### **Agriculture and Industry**

Agriculture products: potatoes, green vegetables, mutton, dairy products, fish

Industries: fish processing; aluminum smelting, ferrosilicon production, geothermal power; tourism

### **Import Commodities and Partners**

Commodities: machinery and equipment, petroleum products; foodstuffs, textiles

Partners: Germany 11.8%, Denmark 8%, US 7.5%, UK 7.4%, Norway 6.9%, Sweden 6.5%, Netherlands 6.2%, Italy 4.7%

## **Export Commodities and Partners**

Commodities: fish and fish products, aluminum, animal products, ferrosilicon, diatomite

Partners: UK 17.4%, Germany 17.3%, Netherlands 11.2%, US 9.9%, Spain 6.3%, Denmark 5.1%, Norway 4.6%, France 4%

## **Telephone System**

Telephones- main lines in use: 190,700

Telephones- mobile cellular: 279,100

*General Assessment:* extensive domestic service

*Domestic:* the trunk network consists of coaxial and fiber-optic cables and microwave radio relay links

*International:* country code - 354; satellite earth stations - 2 Intelsat (Atlantic Ocean), 1 Inmarsat (Atlantic and Indian Ocean regions); note - Iceland shares the Inmarsat earth station with the other Nordic countries (Denmark, Finland, Norway, and Sweden)

## **Internet**

Internet Hosts: 122,175

Internet users: 195,000

## **Roads, Airports, Ports and Harbors**

Highways: 13,004 km

Ports and harbors: Akureyri, Hornafjordhur, Isafjordhur, Keflavik, Raufarhofn, Reykjavik, Seydhisfjordhur, Straumsvik, Vestmannaeyjar

Airports: 98; w/paved runways: 5

## **Legal System and Considerations**

Iceland's legal system is a civil law system based on Danish law. It has not accepted compulsory ICJ jurisdiction

### Dispute Settlement

As a member of the International Center for Settlement of Investment Disputes and the World Trade Organization, Iceland accepts binding international arbitration between foreign investors and the state

### **Corruption Perception Ranking**

See Transparency International for its ranking of least to most corrupt countries; according to that listing, Iceland is one of the least corrupt country in the world (according to this index).

### **Cultural Considerations**

In Iceland, dress is generally casual and should conform to the temperate climate. Business wear is more conservative; suits are the norm for both men and women. Women generally to be more restrained in regard to makeup and jewelry, opting for a more natural look than other parts of Europe.

### **For more information see:**

United States' State Department Commercial Guide

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### **Foreign Investment Index**

#### Foreign Investment Index

**The Foreign Investment Index** is a proprietary index measuring attractiveness to international investment flows. The Foreign Investment Index is calculated using an established methodology by CountryWatch's Editor-in-Chief and is based on a given country's economic stability (sustained economic growth, monetary stability, current account deficits, budget surplus), economic risk (risk of non-servicing of payments for goods or services, loans and trade-related finance, risk of sovereign default), business and investment climate (property rights, labor force and laws, regulatory transparency, openness to foreign investment, market conditions, and stability of



government). Scores are assigned from 0-10 using the aforementioned criteria. A score of 0 marks the lowest level of foreign investment viability, while a score of 10 marks the highest level of foreign investment viability, according to this proprietary index.

Country	Assessment
Afghanistan	2
Albania	4.5
Algeria	6
Andorra	9
Angola	4.5-5
Antigua	8.5
Argentina	5
Armenia	5
Australia	9.5
Austria	9-9.5
Azerbaijan	5
Bahamas	9
Bahrain	7.5

Bangladesh	4.5
Barbados	9
Belarus	4
Belgium	9
Belize	7.5
Benin	5.5
Bhutan	4.5
Bolivia	4.5
Bosnia-Herzegovina	5
Botswana	7.5-8
Brazil	8
Brunei	7
Bulgaria	5.5
Burkina Faso	4
Burma (Myanmar)	4.5
Burundi	4
Cambodia	4.5
Cameroon	5

Canada	9.5
Cape Verde	6
Central African Republic	3
Chad	4
Chile	9
China	7.5
China: Hong Kong	8.5
China: Taiwan	8.5
Colombia	7
Comoros	4
Congo DRC	4
Congo RC	5
Costa Rica	8
Cote d'Ivoire	4.5
Croatia	7
Cuba	4.5
Cyprus	7
Czech Republic	8.5

Denmark	9.5
Djibouti	4.5
Dominica	6
Dominican Republic	6.5
East Timor	4.5
Ecuador	5.5
Egypt	4.5-5
El Salvador	6
Equatorial Guinea	4.5
Eritrea	3.5
Estonia	8
Ethiopia	4.5
Fiji	5
Finland	9
Former Yugoslav Rep. of Macedonia	5
France	9-9.5
Gabon	5.5
Gambia	5

Georgia	5
Germany	9-9.5
Ghana	5.5
Greece	5
Grenada	7.5
Guatemala	5.5
Guinea	3.5
Guinea-Bissau	3.5
Guyana	4.5
Haiti	4
Holy See (Vatican)	n/a
Hong Kong (China)	8.5
Honduras	5.5
Hungary	8
Iceland	8-8.5
India	8
Indonesia	5.5
Iran	4

Iraq	3
Ireland	8
Israel	8.5
Italy	8
Jamaica	5.5
Japan	9.5
Jordan	6
Kazakhstan	6
Kenya	5
Kiribati	5.5
Korea, North	1
Korea, South	9
Kosovo	4.5
Kuwait	8.5
Kyrgyzstan	4.5
Laos	4
Latvia	7
Lebanon	5

Lesotho	5.5
Liberia	3.5
Libya	3
Liechtenstein	9
Lithuania	7.5
Luxembourg	9-9.5
Madagascar	4.5
Malawi	4.5
Malaysia	8.5
Maldives	6.5
Mali	5
Malta	9
Marshall Islands	5
Mauritania	4.5
Mauritius	7.5-8
Mexico	6.5-7
Micronesia	5
Moldova	4.5-5

Monaco	9
Mongolia	5
Montenegro	5.5
Morocco	7.5
Mozambique	5
Namibia	7.5
Nauru	4.5
Nepal	4
Netherlands	9-9.5
New Zealand	9.5
Nicaragua	5
Niger	4.5
Nigeria	4.5
Norway	9-9.5
Oman	8
Pakistan	4
Palau	4.5-5
Panama	7



Papua New Guinea	5
Paraguay	6
Peru	6
Philippines	6
Poland	8
Portugal	7.5-8
Qatar	9
Romania	6-6.5
Russia	6
Rwanda	4
Saint Kitts and Nevis	8
Saint Lucia	8
Saint Vincent and Grenadines	7
Samoa	7
San Marino	8.5
Sao Tome and Principe	4.5-5
Saudi Arabia	7
Senegal	6

Serbia	6
Seychelles	5
Sierra Leone	4
Singapore	9.5
Slovak Republic (Slovakia)	8.5
Slovenia	8.5-9
Solomon Islands	5
Somalia	2
South Africa	8
Spain	7.5-8
Sri Lanka	5.5
Sudan	4
Suriname	5
Swaziland	4.5
Sweden	9.5
Switzerland	9.5
Syria	2.5
Tajikistan	4

Taiwan (China)	8.5
Tanzania	5
Thailand	7.5-8
Togo	4.5-5
Tonga	5.5-6
Trinidad and Tobago	8-8.5
Tunisia	6
Turkey	6.5-7
Turkmenistan	4
Tuvalu	7
Uganda	5
Ukraine	4.5-5
United Arab Emirates	8.5
United Kingdom	9
United States	9
Uruguay	6.5-7
Uzbekistan	4
Vanuatu	6

Venezuela	5
Vietnam	5.5
Yemen	3
Zambia	4.5-5
Zimbabwe	3.5

#### Editor's Note:

As of 2015, the global economic crisis (emerging in 2008) had affected many countries across the world, resulting in changes to their rankings. Among those countries affected were top tier economies, such as the [United Kingdom](#), [Iceland](#), [Switzerland](#) and [Austria](#). However, in all these cases, their rankings have moved back upward in the last couple of years as anxieties have eased. Other top tier countries, such as [Spain](#), [Portugal](#), [Ireland](#), and [Italy](#), suffered some effects due to debt woes and the concomitant effect on the euro zone. Greece, another euro zone nation, was also downgraded due to its sovereign debt crisis; however, Greece's position on the precipice of default incurred a sharper downgrade than the other four euro zone countries mentioned above. Cyprus' exposure to Greek bank yielded a downgrade in its case. Slovenia and [Latvia](#) have been slightly downgraded due to a mix of economic and political concerns but could easily be upgraded in a future assessment, should these concerns abate. Meanwhile, the crisis in eastern [Ukraine](#) fueled downgrades in that country and neighboring [Russia](#).

Despite the "trifecta of tragedy" in [Japan](#) in 2011 -- the earthquake, the ensuing tsunami, and the resulting nuclear crisis -- and the appreciable destabilization of the economic and political terrain therein, this country has only slightly been downgraded. Japan's challenges have been assessed to be transient, the government remains accountable, and there is little risk of default. Both [India](#) and China retain their rankings; [India](#) holds a slightly higher ranking than [China](#) due to its record of democratic representation and accountability.

There were shifts in opposite directions for [Mali](#) and [Nigeria](#) versus the [Central African Republic](#), [Burkina Faso](#), and [Burundi](#). [Mali](#) was slightly upgraded due to its efforts to return to constitutional order following the 2012 coup and to neutralize the threat of separatists and Islamists. Likewise, a new government in [Nigeria](#) generated a slight upgrade as the country attempts to confront corruption, crime, and terrorism. But the [Central African Republic](#) was downgraded due to the

takeover of the government by Seleka rebels and the continued decline into lawlessness in that country. Likewise, the attempts by the leaders of [Burundi](#) and [Burkina Faso](#) to hold onto power by by-passing the constitution raised eyebrows and resulted in downgrades.

Political unrest in [Libya](#) and [Algeria](#) have contributed to a decision to marginally downgrade these countries as well. [Syria](#) incurred a sharper downgrade due to the devolution into de facto civil war and the dire security threat posed by Islamist terrorists. [Iraq](#) saw a similar downgrade as a result of the takeover of wide swaths of territory and the threat of genocide at the hands of Islamist terrorists. [Yemen](#), likewise, has been downgraded due to political instability at the hands of secessionists, terrorists, Houthi rebels, and the intervention of external parties. Conversely, [Egypt](#) and [Tunisia](#) saw slight upgrades as their political environments stabilize.

At the low end of the spectrum, devolving security conditions and/or economic crisis have resulted in countries like [Pakistan](#), [Afghanistan](#), [Somalia](#), and [Zimbabwe](#) maintaining their low ratings.

The [United States](#) continues to retain its previous slight downgrade due to the enduring threat of default surrounding the debt ceiling in that country, matched by a conflict-ridden political climate. In the case of [Mexico](#), there is limited concern about default, but increasing alarm over the security situation in that country and the government's ability to contain it. In [Argentina](#), a default to bond holders resulted in a downgrade to that country. Finally, a small but significant upgrade was attributed to [Cuba](#) due to its recent pro-business reforms and its normalization of ties with the United States.

Source:

CountryWatch Inc. [www.countrywatch.com](http://www.countrywatch.com)

Updated:

2015

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## Corruption Perceptions Index

Corruption Perceptions Index

Transparency International: [Corruption Perceptions Index](#)

Editor's Note:

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Transparency International's [Corruption Perceptions Index](#) is a composite index which ranks countries in terms of the degree to which corruption is perceived to exist among public officials. This index indicates the views of national and international business people and analysts about the levels of corruption in each country. The highest (and best) level of transparency is indicated by the number, 10. The lower (and worse) levels of transparency are indicated by lower numbers.

Rank	Country/Territory	CPI 2009 Score	Surveys Used	Confidence Range
1	New Zealand	9.4	6	9.1 - 9.5
2	Denmark	9.3	6	9.1 - 9.5
3	Singapore	9.2	9	9.0 - 9.4
3	Sweden	9.2	6	9.0 - 9.3
5	Switzerland	9.0	6	8.9 - 9.1
6	Finland	8.9	6	8.4 - 9.4
6	Netherlands	8.9	6	8.7 - 9.0
8	Australia	8.7	8	8.3 - 9.0
8	Canada	8.7	6	8.5 - 9.0
8	Iceland	8.7	4	7.5 - 9.4
11	Norway	8.6	6	8.2 - 9.1
12	Hong Kong	8.2	8	7.9 - 8.5
12	Luxembourg	8.2	6	7.6 - 8.8

14	Germany	8.0	6	7.7 - 8.3
14	Ireland	8.0	6	7.8 - 8.4
16	Austria	7.9	6	7.4 - 8.3
17	Japan	7.7	8	7.4 - 8.0
17	United Kingdom	7.7	6	7.3 - 8.2
19	United States	7.5	8	6.9 - 8.0
20	Barbados	7.4	4	6.6 - 8.2
21	Belgium	7.1	6	6.9 - 7.3
22	Qatar	7.0	6	5.8 - 8.1
22	Saint Lucia	7.0	3	6.7 - 7.5
24	France	6.9	6	6.5 - 7.3
25	Chile	6.7	7	6.5 - 6.9
25	Uruguay	6.7	5	6.4 - 7.1
27	Cyprus	6.6	4	6.1 - 7.1
27	Estonia	6.6	8	6.1 - 6.9
27	Slovenia	6.6	8	6.3 - 6.9
30	United Arab Emirates	6.5	5	5.5 - 7.5
31	Saint Vincent and the Grenadines	6.4	3	4.9 - 7.5

32	Israel	6.1	6	5.4 - 6.7
32	Spain	6.1	6	5.5 - 6.6
34	Dominica	5.9	3	4.9 - 6.7
35	Portugal	5.8	6	5.5 - 6.2
35	Puerto Rico	5.8	4	5.2 - 6.3
37	Botswana	5.6	6	5.1 - 6.3
37	Taiwan	5.6	9	5.4 - 5.9
39	Brunei Darussalam	5.5	4	4.7 - 6.4
39	Oman	5.5	5	4.4 - 6.5
39	Korea (South)	5.5	9	5.3 - 5.7
42	Mauritius	5.4	6	5.0 - 5.9
43	Costa Rica	5.3	5	4.7 - 5.9
43	Macau	5.3	3	3.3 - 6.9
45	Malta	5.2	4	4.0 - 6.2
46	Bahrain	5.1	5	4.2 - 5.8
46	Cape Verde	5.1	3	3.3 - 7.0
46	Hungary	5.1	8	4.6 - 5.7
49	Bhutan	5.0	4	4.3 - 5.6



49	Jordan	5.0	7	3.9 - 6.1
49	Poland	5.0	8	4.5 - 5.5
52	Czech Republic	4.9	8	4.3 - 5.6
52	Lithuania	4.9	8	4.4 - 5.4
54	Seychelles	4.8	3	3.0 - 6.7
55	South Africa	4.7	8	4.3 - 4.9
56	Latvia	4.5	6	4.1 - 4.9
56	Malaysia	4.5	9	4.0 - 5.1
56	Namibia	4.5	6	3.9 - 5.1
56	Samoa	4.5	3	3.3 - 5.3
56	Slovakia	4.5	8	4.1 - 4.9
61	Cuba	4.4	3	3.5 - 5.1
61	Turkey	4.4	7	3.9 - 4.9
63	Italy	4.3	6	3.8 - 4.9
63	Saudi Arabia	4.3	5	3.1 - 5.3
65	Tunisia	4.2	6	3.0 - 5.5
66	Croatia	4.1	8	3.7 - 4.5
66	Georgia	4.1	7	3.4 - 4.7

66	Kuwait	4.1	5	3.2 - 5.1
69	Ghana	3.9	7	3.2 - 4.6
69	Montenegro	3.9	5	3.5 - 4.4
71	Bulgaria	3.8	8	3.2 - 4.5
71	FYR Macedonia	3.8	6	3.4 - 4.2
71	Greece	3.8	6	3.2 - 4.3
71	Romania	3.8	8	3.2 - 4.3
75	Brazil	3.7	7	3.3 - 4.3
75	Colombia	3.7	7	3.1 - 4.3
75	Peru	3.7	7	3.4 - 4.1
75	Suriname	3.7	3	3.0 - 4.7
79	Burkina Faso	3.6	7	2.8 - 4.4
79	China	3.6	9	3.0 - 4.2
79	Swaziland	3.6	3	3.0 - 4.7
79	Trinidad and Tobago	3.6	4	3.0 - 4.3
83	Serbia	3.5	6	3.3 - 3.9
84	El Salvador	3.4	5	3.0 - 3.8
84	Guatemala	3.4	5	3.0 - 3.9

84	India	3.4	10	3.2 - 3.6
84	Panama	3.4	5	3.1 - 3.7
84	Thailand	3.4	9	3.0 - 3.8
89	Lesotho	3.3	6	2.8 - 3.8
89	Malawi	3.3	7	2.7 - 3.9
89	Mexico	3.3	7	3.2 - 3.5
89	Moldova	3.3	6	2.7 - 4.0
89	Morocco	3.3	6	2.8 - 3.9
89	Rwanda	3.3	4	2.9 - 3.7
95	Albania	3.2	6	3.0 - 3.3
95	Vanuatu	3.2	3	2.3 - 4.7
97	Liberia	3.1	3	1.9 - 3.8
97	Sri Lanka	3.1	7	2.8 - 3.4
99	Bosnia and Herzegovina	3.0	7	2.6 - 3.4
99	Dominican Republic	3.0	5	2.9 - 3.2
99	Jamaica	3.0	5	2.8 - 3.3
99	Madagascar	3.0	7	2.8 - 3.2
99	Senegal	3.0	7	2.5 - 3.6

99	Tonga	3.0	3	2.6 - 3.3
99	Zambia	3.0	7	2.8 - 3.2
106	Argentina	2.9	7	2.6 - 3.1
106	Benin	2.9	6	2.3 - 3.4
106	Gabon	2.9	3	2.6 - 3.1
106	Gambia	2.9	5	1.6 - 4.0
106	Niger	2.9	5	2.7 - 3.0
111	Algeria	2.8	6	2.5 - 3.1
111	Djibouti	2.8	4	2.3 - 3.2
111	Egypt	2.8	6	2.6 - 3.1
111	Indonesia	2.8	9	2.4 - 3.2
111	Kiribati	2.8	3	2.3 - 3.3
111	Mali	2.8	6	2.4 - 3.2
111	Sao Tome and Principe	2.8	3	2.4 - 3.3
111	Solomon Islands	2.8	3	2.3 - 3.3
111	Togo	2.8	5	1.9 - 3.9
120	Armenia	2.7	7	2.6 - 2.8
120	Bolivia	2.7	6	2.4 - 3.1

120	Ethiopia	2.7	7	2.4 - 2.9
120	Kazakhstan	2.7	7	2.1 - 3.3
120	Mongolia	2.7	7	2.4 - 3.0
120	Vietnam	2.7	9	2.4 - 3.1
126	Eritrea	2.6	4	1.6 - 3.8
126	Guyana	2.6	4	2.5 - 2.7
126	Syria	2.6	5	2.2 - 2.9
126	Tanzania	2.6	7	2.4 - 2.9
130	Honduras	2.5	6	2.2 - 2.8
130	Lebanon	2.5	3	1.9 - 3.1
130	Libya	2.5	6	2.2 - 2.8
130	Maldives	2.5	4	1.8 - 3.2
130	Mauritania	2.5	7	2.0 - 3.3
130	Mozambique	2.5	7	2.3 - 2.8
130	Nicaragua	2.5	6	2.3 - 2.7
130	Nigeria	2.5	7	2.2 - 2.7
130	Uganda	2.5	7	2.1 - 2.8
139	Bangladesh	2.4	7	2.0 - 2.8

139	Belarus	2.4	4	2.0 - 2.8
139	Pakistan	2.4	7	2.1 - 2.7
139	Philippines	2.4	9	2.1 - 2.7
143	Azerbaijan	2.3	7	2.0 - 2.6
143	Comoros	2.3	3	1.6 - 3.3
143	Nepal	2.3	6	2.0 - 2.6
146	Cameroon	2.2	7	1.9 - 2.6
146	Ecuador	2.2	5	2.0 - 2.5
146	Kenya	2.2	7	1.9 - 2.5
146	Russia	2.2	8	1.9 - 2.4
146	Sierra Leone	2.2	5	1.9 - 2.4
146	Timor-Leste	2.2	5	1.8 - 2.6
146	Ukraine	2.2	8	2.0 - 2.6
146	Zimbabwe	2.2	7	1.7 - 2.8
154	Côte d'Ivoire	2.1	7	1.8 - 2.4
154	Papua New Guinea	2.1	5	1.7 - 2.5
154	Paraguay	2.1	5	1.7 - 2.5
154	Yemen	2.1	4	1.6 - 2.5

158	Cambodia	2.0	8	1.8 - 2.2
158	Central African Republic	2.0	4	1.9 - 2.2
158	Laos	2.0	4	1.6 - 2.6
158	Tajikistan	2.0	8	1.6 - 2.5
162	Angola	1.9	5	1.8 - 1.9
162	Congo Brazzaville	1.9	5	1.6 - 2.1
162	Democratic Republic of Congo	1.9	5	1.7 - 2.1
162	Guinea-Bissau	1.9	3	1.8 - 2.0
162	Kyrgyzstan	1.9	7	1.8 - 2.1
162	Venezuela	1.9	7	1.8 - 2.0
168	Burundi	1.8	6	1.6 - 2.0
168	Equatorial Guinea	1.8	3	1.6 - 1.9
168	Guinea	1.8	5	1.7 - 1.8
168	Haiti	1.8	3	1.4 - 2.3
168	Iran	1.8	3	1.7 - 1.9
168	Turkmenistan	1.8	4	1.7 - 1.9
174	Uzbekistan	1.7	6	1.5 - 1.8
175	Chad	1.6	6	1.5 - 1.7

176	Iraq	1.5	3	1.2 - 1.8
176	Sudan	1.5	5	1.4 - 1.7
178	Myanmar	1.4	3	0.9 - 1.8
179	Afghanistan	1.3	4	1.0 - 1.5
180	Somalia	1.1	3	0.9 - 1.4

### Methodology:

As noted above, the highest (and best) level of transparency with the least perceived corruption is indicated by the number, 10. The lower (and worse) levels of transparency are indicated by lower numbers.

According to Transparency International, the [Corruption Perceptions Index](#) (CPI) table shows a country's ranking and score, the number of surveys used to determine the score, and the confidence range of the scoring.

The rank shows how one country compares to others included in the index. The CPI score indicates the perceived level of public-sector corruption in a country/territory.

The CPI is based on 13 independent surveys. However, not all surveys include all countries. The surveys used column indicates how many surveys were relied upon to determine the score for that country.

The confidence range indicates the reliability of the CPI scores and tells us that allowing for a margin of error, we can be 90% confident that the true score for this country lies within this range.

### Note:

Kosovo, which separated from the Yugoslav successor state of [Serbia](#), is not listed above. No calculation is available for [Kosovo](#) at this time, however, a future corruption index by Transparency International may include the world's newest country in its tally. Taiwan has been listed above despite its contested status; while Taiwan claims sovereign status, [China](#) claims ultimate jurisdiction over Taiwan. Hong Kong, which is also under the rubric of Chinese



sovereignty, is listed above. Note as well that Puerto Rico, which is a [United States](#) domain, is also included in the list above. These inclusions likely have to do with the size and fairly autonomous status of their economies.

Source:

Transparency International's Corruption Perception Index; available at URL: <http://www.transparency.org>

Updated:

Uploaded in 2011 using most recent ranking available; reviewed in 2015.

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## Competitiveness Ranking

### Competitiveness Ranking

Editor's Note:

The Global Competitiveness Report's competitiveness ranking is based on the Global Competitiveness Index (GCI), which was developed for the World Economic Forum. The GCI is based on a number of competitiveness considerations, and provides a comprehensive picture of the competitiveness landscape in countries around the world. The competitiveness considerations are: institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labour market efficiency, financial market development, technological readiness, market size, business sophistication, and innovation. The rankings are calculated from both publicly available data and the Executive Opinion Survey.

Country/Economy	GCI 2010 Rank	GCI 2010 Score	GCI 2009 Rank	Change 2009-2010
Switzerland	1	5.63	1	0
Sweden	2	5.56	4	2
Singapore	3	5.48	3	0

United States	4	5.43	2	-2
Germany	5	5.39	7	2
Japan	6	5.37	8	2
Finland	7	5.37	6	-1
Netherlands	8	5.33	10	2
Denmark	9	5.32	5	-4
Canada	10	5.30	9	-1
Hong Kong SAR	11	5.30	11	0
United Kingdom	12	5.25	13	1
Taiwan, China	13	5.21	12	-1
Norway	14	5.14	14	0
France	15	5.13	16	1
Australia	16	5.11	15	-1
Qatar	17	5.10	22	5
Austria	18	5.09	17	-1
Belgium	19	5.07	18	-1
Luxembourg	20	5.05	21	1
Saudi Arabia	21	4.95	28	7

Korea, Rep.	22	4.93	19	-3
New Zealand	23	4.92	20	-3
Israel	24	4.91	27	3
United Arab Emirates	25	4.89	23	-2
Malaysia	26	4.88	24	-2
China	27	4.84	29	2
Brunei Darussalam	28	4.75	32	4
Ireland	29	4.74	25	-4
Chile	30	4.69	30	0
Iceland	31	4.68	26	-5
Tunisia	32	4.65	40	8
Estonia	33	4.61	35	2
Oman	34	4.61	41	7
Kuwait	35	4.59	39	4
Czech Republic	36	4.57	31	-5
Bahrain	37	4.54	38	1
Thailand	38	4.51	36	-2
Poland	39	4.51	46	7

Cyprus	40	4.50	34	-6
Puerto Rico	41	4.49	42	1
Spain	42	4.49	33	-9
Barbados	43	4.45	44	1
Indonesia	44	4.43	54	10
Slovenia	45	4.42	37	-8
Portugal	46	4.38	43	-3
Lithuania	47	4.38	53	6
Italy	48	4.37	48	0
Montenegro	49	4.36	62	13
Malta	50	4.34	52	2
India	51	4.33	49	-2
Hungary	52	4.33	58	6
Panama	53	4.33	59	6
South Africa	54	4.32	45	-9
Mauritius	55	4.32	57	2
Costa Rica	56	4.31	55	-1
Azerbaijan	57	4.29	51	-6

Brazil	58	4.28	56	-2
Vietnam	59	4.27	75	16
Slovak Republic	60	4.25	47	-13
Turkey	61	4.25	61	0
Sri Lanka	62	4.25	79	17
Russian Federation	63	4.24	63	0
Uruguay	64	4.23	65	1
Jordan	65	4.21	50	-15
Mexico	66	4.19	60	-6
Romania	67	4.16	64	-3
Colombia	68	4.14	69	1
Iran	69	4.14	n/a	n/a
Latvia	70	4.14	68	-2
Bulgaria	71	4.13	76	5
Kazakhstan	72	4.12	67	-5
Peru	73	4.11	78	5
Namibia	74	4.09	74	0
Morocco	75	4.08	73	-2

Botswana	76	4.05	66	-10
Croatia	77	4.04	72	-5
Guatemala	78	4.04	80	2
Macedonia, FYR	79	4.02	84	5
Rwanda	80	4.00	n/a	n/a
Egypt	81	4.00	70	-11
El Salvador	82	3.99	77	-5
Greece	83	3.99	71	-12
Trinidad and Tobago	84	3.97	86	2
Philippines	85	3.96	87	2
Algeria	86	3.96	83	-3
Argentina	87	3.95	85	-2
Albania	88	3.94	96	8
Ukraine	89	3.90	82	-7
Gambia, The	90	3.90	81	-9
Honduras	91	3.89	89	-2
Lebanon	92	3.89	n/a	n/a
Georgia	93	3.86	90	-3

Moldova	94	3.86	n/a	n/a
Jamaica	95	3.85	91	-4
Serbia	96	3.84	93	-3
Syria	97	3.79	94	-3
Armenia	98	3.76	97	-1
Mongolia	99	3.75	117	18
Libya	100	3.74	88	-12
Dominican Republic	101	3.72	95	-6
Bosnia and Herzegovina	102	3.70	109	7
Benin	103	3.69	103	0
Senegal	104	3.67	92	-12
Ecuador	105	3.65	105	0
Kenya	106	3.65	98	-8
Bangladesh	107	3.64	106	-1
Bolivia	108	3.64	120	12
Cambodia	109	3.63	110	1
Guyana	110	3.62	104	-6
Cameroon	111	3.58	111	0

Nicaragua	112	3.57	115	3
Tanzania	113	3.56	100	-13
Ghana	114	3.56	114	0
Zambia	115	3.55	112	-3
Tajikistan	116	3.53	122	6
Cape Verde	117	3.51	n/a	n/a
Uganda	118	3.51	108	-10
Ethiopia	119	3.51	118	-1
Paraguay	120	3.49	124	4
Kyrgyz Republic	121	3.49	123	2
Venezuela	122	3.48	113	-9
Pakistan	123	3.48	101	-22
Madagascar	124	3.46	121	-3
Malawi	125	3.45	119	-6
Swaziland	126	3.40	n/a	n/a
Nigeria	127	3.38	99	-28
Lesotho	128	3.36	107	-21
Côte d'Ivoire	129	3.35	116	-13



Nepal	130	3.34	125	-5
Mozambique	131	3.32	129	-2
Mali	132	3.28	130	-2
Timor-Leste	133	3.23	126	-7
Burkina Faso	134	3.20	128	-6
Mauritania	135	3.14	127	-8
Zimbabwe	136	3.03	132	-4
Burundi	137	2.96	133	-4
Angola	138	2.93	n/a	n/a
Chad	139	2.73	131	-8

### Methodology:

The competitiveness rankings are calculated from both publicly available data and the Executive Opinion Survey, a comprehensive annual survey conducted by the World Economic Forum together with its network of Partner Institutes (leading research institutes and business organizations) in the countries covered by the Report.

Highlights according to WEF --

- The [United States](#) falls two places to fourth position, overtaken by [Sweden](#) and [Singapore](#) in the rankings of the World Economic Forum's Global Competitiveness Report 2010-2011
- The People's Republic of [China](#) continues to move up the rankings, with marked improvements in several other Asian countries
- [Germany](#) moves up two places to fifth place, leading the Eurozone countries
- [Switzerland](#) tops the rankings

Source:

World Economic Forum; available at URL: <http://www.weforum.org>

Updated:

2011 using most recent ranking available; reviewed in 2015.

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## **Taxation**

### **Corporate tax**

The main standard rate of taxation is 18 percent. There is a lower 5 percent rate for international trading companies (ITCs), however, this ITC regime is expected to end in 2008 .

### **Individual tax**

The main rate of individual tax is 22.75 percent. The tax rate for investment income is a flat rate of 10 percent.

### **Capital gains**

Business gains are taxed as income

### **Dividends**

Dividends are taxable on individuals at a rate of 10 percent.

### **Indirect tax**

The Value-added tax (VAT) is applies to most transactions at the standard rate of 24.5 percent

although a lower rate of 14 percent applies in some cases. As well, there is a zero rate for exports, and a 7 percent rate for certain foods, hotels, publications, heating and power.

### **Tax treaties**

Iceland is a party to more than 20 double tax treaties with other countries.

### NOTE:

Tax rates are subject to change and reflect only information available at the time of writing.

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## **Stock Market**

The Iceland Stock Exchange was established in 1985 and is now a completely computerized exchange. The Exchange had 56 companies at the end of the 1990's.

For more information on the Iceland Stock Exchange, see URL:

[http://www.vi.is/vsm\\_vthi/owa/disp.birta?pk=781](http://www.vi.is/vsm_vthi/owa/disp.birta?pk=781)

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### **Partner Links**

Partner Links



# **Chapter 5**

## **Social Overview**

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## People

### **Cultural Demography**

Iceland's population of over 300,000 is extremely homogeneous, with the vast majority of Icelanders descending from Norwegian and Celtic settlers.

Icelandic, a language of Nordic and Germanic linguistic roots, remains largely unchanged since the 12<sup>th</sup> century. It is the predominant language spoken. Most Icelanders also speak another language, often English, Danish, Norwegian or Swedish.

In terms of religious affiliation, over 91 percent of Icelanders belong to the state church, the Evangelical Lutheran Church. Members of other Protestant churches and of the Roman Catholic Church are also resident.

### **Human Development**

Iceland is a wealthy country. It is usually ranked within the top 10 countries in terms of GDP per capita (\$US PPP).

The level of human development in Iceland is very high. According to recent estimates, the life expectancy rate in Iceland is 80 years of age for the total population (83 years for females and 78 years for males). The population growth rate was estimated at .52 percent recently and the infant mortality rate was estimated at 3.53 deaths per 1,000 live births.

The population is close to being universally literate with official literacy rates showing that 99 percent of the population can read and write.

About 4.2 percent of GDP is spent on health expenditures in this country; about 7.4 percent of GDP is spent on educational expenditures. Access to education, sanitation, water, and health is regarded to be very good.

One notable measure used to determine a country's quality of life is the Human Development

Index (HDI), which has been compiled annually since 1990 by the United Nations Development Programme (UNDP). The HDI is a composite of several indicators, which measure a country's achievements in three main arenas of human development: longevity, knowledge and education, as well as economic standard of living. In a recent rankings of 169 countries, the HDI placed Iceland in the very high human development category, at 17th place.

Note: Although the concept of human development is complicated and cannot be properly captured by values and indices, the HDI, which is calculated and updated annually, offers a wide-ranging assessment of human development in certain countries, not based solely upon traditional economic and financial indicators.

Written by Dr. Denise Youngblood Coleman, Editor in Chief, [www.countrywatch.com](http://www.countrywatch.com); see Bibliography for research sources.

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## Human Development Index

### Human Development Index

#### Human Development Index (Ranked Numerically)

The [Human Development Index](#) (HDI) is used to measure quality of life in countries across the world. The HDI has been compiled since 1990 by the United Nations Development Programme (UNDP) on a regular basis. The HDI is a composite of several indicators, which measure a country's achievements in three main arenas of human development: longevity, education, and economic standard of living. Although the concept of human development is complicated and cannot be properly captured by values and indices, the HDI offers a wide-ranging assessment of human development in certain countries, not based solely upon traditional economic and financial indicators. For more information about the methodology used to calculate the HDI, please see the "Source Materials" in the appendices of this review.

Very High			
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<b>Human Development</b>	<b>High Human Development</b>	<b>Medium Human Development</b>	<b>Low Human Development</b>
1. Norway	43. Bahamas	86. Fiji	128. Kenya
2. Australia	44. Lithuania	87. Turkmenistan	129. Bangladesh
3. New Zealand	45. Chile	88. Dominican Republic	130. Ghana
4. United States	46. Argentina	89. China	131. Cameroon
5. Ireland	47. Kuwait	90. El Salvador	132. Myanmar (Burma)
6. Liechtenstein	48. Latvia	91. Sri Lanka	133. Yemen
7. Netherlands	49. Montenegro	92. Thailand	134. Benin
8. Canada	50. Romania	93. Gabon	135. Madagascar
9. Sweden	51. Croatia	94. Suriname	136. Mauritania
10. Germany	52. Uruguay	95. Bolivia	137. Papua New Guinea
11. Japan	53. Libya	96. Paraguay	138. Nepal
12. South Korea	54. Panama	97. Philippines	139. Togo
13. Switzerland	55. Saudi Arabia	98. Botswana	140. Comoros
14. France	56. Mexico	99. Moldova	141. Lesotho
15. Israel	57. Malaysia	100. Mongolia	142. Nigeria



16. Finland	58. Bulgaria	101. Egypt	143. Uganda
17. Iceland	59. Trinidad and Tobago	102. Uzbekistan	144. Senegal
18. Belgium	60. Serbia	103. Micronesia	145. Haiti
19. Denmark	61. Belarus	104. Guyana	146. Angola
20. Spain	62. Costa Rica	105. Namibia	147. Djibouti
21. Hong King	63. Peru	106. Honduras	148. Tanzania
22. Greece	64. Albania	107. Maldives	149. Cote d'Ivoire
23. Italy	65. Russian Federation	108. Indonesia	150. Zambia
24. Luxembourg	66. Kazakhstan	109. Kyrgyzstan	151. Gambia
25. Austria	67. Azerbaijan	110. South Africa	152. Rwanda
26. United Kingdom	68. Bosnia and Herzegovina	111. Syria	153. Malawi
27. Singapore	69. Ukraine	112. Tajikistan	154. Sudan
28. Czech Republic	70. Iran	113. Vietnam	155. Afghanistan
29. Slovenia	71. The former Yugoslav Republic of Macedonia	114. Morocco	156. Guinea
30. Andorra	72. Mauritius	115. Nicaragua	157. Ethiopia
31. Slovakia	73. Brazil	116. Guatemala	158. Sierra Leone

32. United Arab Emirates	74. Georgia	117. Equatorial Guinea	159. Central African Republic
33. Malta	75. Venezuela	118. Cape Verde	160. Mali
34. Estonia	76. Armenia	119. India	161. Burkina Faso
35. Cyprus	77. Ecuador	120. East Timor	162. Liberia
36. Hungary	78. Belize	121. Swaziland	163. Chad
37. Brunei	79. Colombia	122. Laos	164. Guinea-Bissau
38. Qatar	80. Jamaica	123. Solomon Islands	165. Mozambique
39. Bahrain	81. Tunisia	124. Cambodia	166. Burundi
40. Portugal	82. Jordan	125. Pakistan	167. Niger
41. Poland	83. Turkey	126. Congo RC	168. Congo DRC
42. Barbados	84. Algeria	127. Sao Tome and Principe	169. Zimbabwe
	85. Tonga		

### Methodology:

For more information about the methodology used to calculate the HDI, please see the "Source Materials" in the appendices of this Country Review.

Reference:

As published in United Nations Development Programme's Human Development Report 2010.

Source:

United Nations Development Programme's [Human Development Index](http://hdr.undp.org/en/statistics/) available at URL: <http://hdr.undp.org/en/statistics/>

Updated:

Uploaded in 2011 using ranking available; reviewed in 2015

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## Life Satisfaction Index

Life Satisfaction Index

### Life Satisfaction Index

Created by Adrian G. White, an Analytic Social Psychologist at the University of Leicester, the "Satisfaction with Life Index" measures subjective life satisfaction across various countries. The data was taken from a metastudy (see below for source) and associates the notion of subjective happiness or life satisfaction with qualitative parameters such as health, wealth, and access to basic education. This assessment serves as an alternative to other measures of happiness that tend to rely on traditional and quantitative measures of policy on quality of life, such as GNP and GDP. The methodology involved the responses of 80,000 people across the globe.

Rank	Country	Score
1	Denmark	273.4
2	Switzerland	273.33
3	Austria	260

4	Iceland	260
5	The Bahamas	256.67
6	Finland	256.67
7	Sweden	256.67
8	Iran	253.33
9	Brunei	253.33
10	Canada	253.33
11	Ireland	253.33
12	Luxembourg	253.33
13	Costa Rica	250
14	Malta	250
15	Netherlands	250
16	Antiguaand Barbuda	246.67
17	Malaysia	246.67
18	New Zealand	246.67
19	Norway	246.67
20	Seychelles	246.67
21	Saint Kitts and Nevis	246.67

22	United Arab Emirates	246.67
23	United States	246.67
24	Vanuatu	246.67
25	Venezuela	246.67
26	Australia	243.33
27	Barbados	243.33
28	Belgium	243.33
29	Dominica	243.33
30	Oman	243.33
31	Saudi Arabia	243.33
32	Suriname	243.33
33	Bahrain	240
34	Colombia	240
35	Germany	240
36	Guyana	240
37	Honduras	240
38	Kuwait	240
39	Panama	240

40	Saint Vincent and the Grenadines	240
41	United Kingdom	236.67
42	Dominican Republic	233.33
43	Guatemala	233.33
44	Jamaica	233.33
45	Qatar	233.33
46	Spain	233.33
47	Saint Lucia	233.33
48	Belize	230
49	Cyprus	230
50	Italy	230
51	Mexico	230
52	Samoa	230
53	Singapore	230
54	Solomon Islands	230
55	Trinidad and Tobago	230
56	Argentina	226.67
57	Fiji	223.33

58	Israel	223.33
59	Mongolia	223.33
60	São Tomé and Príncipe	223.33
61	El Salvador	220
62	France	220
63	Hong Kong	220
64	Indonesia	220
65	Kyrgyzstan	220
66	Maldives	220
67	Slovenia	220
68	Taiwan	220
69	East Timor	220
70	Tonga	220
71	Chile	216.67
72	Grenada	216.67
73	Mauritius	216.67
74	Namibia	216.67
75	Paraguay	216.67

76	Thailand	216.67
77	Czech Republic	213.33
78	Philippines	213.33
79	Tunisia	213.33
80	Uzbekistan	213.33
81	Brazil	210
82	China	210
83	Cuba	210
84	Greece	210
85	Nicaragua	210
86	Papua New Guinea	210
87	Uruguay	210
88	Gabon	206.67
89	Ghana	206.67
90	Japan	206.67
91	Yemen	206.67
92	Portugal	203.33
93	Sri Lanka	203.33



94	Tajikistan	203.33
95	Vietnam	203.33
96	Bhutan	200
97	Comoros	196.67
98	Croatia	196.67
99	Poland	196.67
100	Cape Verde	193.33
101	Kazakhstan	193.33
102	South Korea	193.33
103	Madagascar	193.33
104	Bangladesh	190
105	Republic of the Congo	190
106	The Gambia	190
107	Hungary	190
108	Libya	190
109	South Africa	190
110	Cambodia	186.67
111	Ecuador	186.67

112	Kenya	186.67
113	Lebanon	186.67
114	Morocco	186.67
115	Peru	186.67
116	Senegal	186.67
117	Bolivia	183.33
118	Haiti	183.33
119	Nepal	183.33
120	Nigeria	183.33
121	Tanzania	183.33
122	Benin	180
123	Botswana	180
124	Guinea-Bissau	180
125	India	180
126	Laos	180
127	Mozambique	180
128	Palestinian Authority	180
129	Slovakia	180

130	Myanmar	176.67
131	Mali	176.67
132	Mauritania	176.67
133	Turkey	176.67
134	Algeria	173.33
135	Equatorial Guinea	173.33
136	Romania	173.33
137	Bosnia and Herzegovina	170
138	Cameroon	170
139	Estonia	170
140	Guinea	170
141	Jordan	170
142	Syria	170
143	Sierra Leone	166.67
144	Azerbaijan	163.33
145	Central African Republic	163.33
146	Republic of Macedonia	163.33
147	Togo	163.33

148	Zambia	163.33
149	Angola	160
150	Djibouti	160
151	Egypt	160
152	Burkina Faso	156.67
153	Ethiopia	156.67
154	Latvia	156.67
155	Lithuania	156.67
156	Uganda	156.67
157	Albania	153.33
158	Malawi	153.33
159	Chad	150
160	Côte d'Ivoire	150
161	Niger	150
162	Eritrea	146.67
163	Rwanda	146.67
164	Bulgaria	143.33
165	Lesotho	143.33

166	Pakistan	143.33
167	Russia	143.33
168	Swaziland	140
169	Georgia	136.67
170	Belarus	133.33
171	Turkmenistan	133.33
172	Armenia	123.33
173	Sudan	120
174	Ukraine	120
175	Moldova	116.67
176	Democratic Republic of the Congo	110
177	Zimbabwe	110
178	Burundi	100

### Commentary:

European countries, such as [Denmark](#), [Iceland](#), [Finland](#), [Sweden](#), [Switzerland](#), [Austria](#) resided at the top of the ranking with highest levels of self-reported life satisfaction. Conversely, European countries such as [Latvia](#), [Lithuania](#), [Moldova](#), [Belarus](#) and [Ukraine](#) ranked low on the index. African countries such as Democratic Republic of Congo, [Zimbabwe](#) and [Burundi](#) found themselves at the very bottom of the ranking, and indeed, very few African countries could be found in the top 100. [Japan](#) was at the mid-way point in the ranking, however, other Asian countries such as [Brunei](#) and [Malaysia](#) were in the top tier, while [Pakistan](#) was close to the bottom

with a low level of self-identified life satisfaction. As a region, the Middle East presented a mixed bag with Saudi Arabians reporting healthy levels of life satisfaction and Egyptians near the bottom of the ranking. As a region, Caribbean countries were ranked highly, consistently demonstrating high levels of life satisfaction. The findings showed that health was the most crucial determining factor in life satisfaction, followed by prosperity and education.

Source:

White, A. (2007). A Global Projection of Subjective Well-being: A Challenge To Positive Psychology? *Psychiatry* 56, 17-20. The data was extracted from a meta-analysis by Marks, Abdallah, Simms & Thompson (2006).

Uploaded:

Based on study noted above in "Source" ; reviewed in 2015

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## Happy Planet Index

### Happy Planet Index

The Happy Planet Index (HPI) is used to measure human well-being in conjunction with environmental impact. The HPI has been compiled since 2006 by the New Economics Foundation. The index is a composite of several indicators including subjective life satisfaction, life expectancy at birth, and ecological footprint per capita.

As noted by NEFA, the HPI "reveals the ecological efficiency with which human well-being is delivered." Indeed, the index combines environmental impact with human well-being to measure the environmental efficiency with which, country by country, people live long and happy lives. The countries ranked highest by the HPI are not necessarily the ones with the happiest people overall, but the ones that allow their citizens to live long and fulfilling lives, without negatively impacting this opportunity for either future generations or citizens of other countries. Accordingly, a country like the [United States](#) will rank low on this list due to its large per capital ecological footprint, which uses more than its fair share of resources, and will likely cause planetary damage.

It should be noted that the HPI was designed to be a counterpoint to other well-established indices of countries' development, such as Gross Domestic Product (GDP), which measures overall

national wealth and economic development, but often obfuscates the realities of countries with stark variances between the rich and the poor. Moreover, the objective of most of the world's people is not to be wealthy but to be happy. The HPI also differs from the [Human Development Index](#) (HDI), which measures quality of life but not ecology, since it [HPI] also includes sustainability as a key indicator.

Rank	Country	HPI
1	Costa Rica	76.1
2	Dominican Republic	71.8
3	Jamaica	70.1
4	Guatemala	68.4
5	Vietnam	66.5
6	Colombia	66.1
7	Cuba	65.7
8	El Salvador	61.5
9	Brazil	61.0
10	Honduras	61.0
11	Nicaragua	60.5
12	Egypt	60.3
13	Saudi Arabia	59.7

14	Philippines	59.0
15	Argentina	59.0
16	Indonesia	58.9
17	Bhutan	58.5
18	Panama	57.4
19	Laos	57.3
20	China	57.1
21	Morocco	56.8
22	Sri Lanka	56.5
23	Mexico	55.6
24	Pakistan	55.6
25	Ecuador	55.5
26	Jordan	54.6
27	Belize	54.5
28	Peru	54.4
29	Tunisia	54.3
30	Trinidad and Tobago	54.2
31	Bangladesh	54.1



32	Moldova	54.1
33	Malaysia	54.0
34	Tajikistan	53.5
35	India	53.0
36	Venezuela	52.5
37	Nepal	51.9
38	Syria	51.3
39	Burma	51.2
40	Algeria	51.2
41	Thailand	50.9
42	Haiti	50.8
43	Netherlands	50.6
44	Malta	50.4
45	Uzbekistan	50.1
46	Chile	49.7
47	Bolivia	49.3
48	Armenia	48.3
49	Singapore	48.2

50	Yemen	48.1
51	Germany	48.1
52	Switzerland	48.1
53	Sweden	48.0
54	Albania	47.9
55	Paraguay	47.8
56	Palestinian Authority	47.7
57	Austria	47.7
58	Serbia	47.6
59	Finland	47.2
60	Croatia	47.2
61	Kyrgyzstan	47.1
62	Cyprus	46.2
63	Guyana	45.6
64	Belgium	45.4
65	Bosnia and Herzegovina	45.0
66	Slovenia	44.5
67	Israel	44.5

68	South Korea	44.4
69	Italy	44.0
70	Romania	43.9
71	France	43.9
72	Georgia	43.6
73	Slovakia	43.5
74	United Kingdom	43.3
75	Japan	43.3
76	Spain	43.2
77	Poland	42.8
78	Ireland	42.6
79	Iraq	42.6
80	Cambodia	42.3
81	Iran	42.1
82	Bulgaria	42.0
83	Turkey	41.7
84	Hong Kong	41.6
85	Azerbaijan	41.2

86	Lithuania	40.9
87	Djibouti	40.4
88	Norway	40.4
89	Canada	39.4
90	Hungary	38.9
91	Kazakhstan	38.5
92	Czech Republic	38.3
93	Mauritania	38.2
94	Iceland	38.1
95	Ukraine	38.1
96	Senegal	38.0
97	Greece	37.6
98	Portugal	37.5
99	Uruguay	37.2
100	Ghana	37.1
101	Latvia	36.7
102	Australia	36.6
103	New Zealand	36.2

104	Belarus	35.7
105	Denmark	35.5
106	Mongolia	35.0
107	Malawi	34.5
108	Russia	34.5
109	Chad	34.3
110	Lebanon	33.6
111	Macedonia	32.7
112	Republic of the Congo	32.4
113	Madagascar	31.5
114	United States	30.7
115	Nigeria	30.3
116	Guinea	30.3
117	Uganda	30.2
118	South Africa	29.7
119	Rwanda	29.6
120	Democratic Republic of the Congo	29.0
121	Sudan	28.5

122	Luxembourg	28.5
123	United Arab Emirates	28.2
124	Ethiopia	28.1
125	Kenya	27.8
126	Cameroon	27.2
127	Zambia	27.2
128	Kuwait	27.0
129	Niger	26.9
130	Angola	26.8
131	Estonia	26.4
132	Mali	25.8
133	Mozambique	24.6
134	Benin	24.6
135	Togo	23.3
136	Sierra Leone	23.1
137	Central African Republic	22.9
138	Burkina Faso	22.4
139	Burundi	21.8

140	Namibia	21.1
141	Botswana	20.9
142	Tanzania	17.8
143	Zimbabwe	16.6

**Source:** *This material is derived from the Happy Planet Index issued by the New Economics Foundation (NEF).*

**Methodology:** *The methodology for the calculations can be found at URL: <http://www.happyplanetindex.org/>*

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## Status of Women

### Gender Related Development Index (GDI) Rank:

3rd out of 140

### Gender Empowerment Measure (GEM) Rank:

4th out of 80

### Female Population:

100,000

### Female Life Expectancy at birth:

82.6 years

**Total Fertility Rate:**

2

**Maternal Mortality Ratio (2000):**

N/A

**Total Number of Women Living with HIV/AIDS:**

<200

**Ever Married Women, Ages 15-19 (%):**

1%

**Mean Age at Time of Marriage:**

31

**Contraceptive Use Among Married Women, Any Method (%):**

N/A

**Female Adult Literacy Rate:**

Almost universal

**Combined Female Gross enrollment ratio for Primary, Secondary and Tertiary schools:**

102%

**Female-Headed Households (%):**

N/A

**Economically Active Females (%):**

66.7%

**Female Contributing Family Workers (%):**

50%



**Female Estimated Earned Income:**

\$25,411

**Seats in Parliament held by women (%):**

*Lower or Single House:* 30.2%

*Upper House or Senate:* N/A

**Year Women Received the Right to Vote:**

1915 (partially recognized)

1920 (fully recognized)

**Year Women Received the Right to Stand for Election:**

1915 (partially recognized)

1920 (fully recognized)

\*The Gender Development Index (GDI) is a composite index which measures the average achievement in a country. While very similar to the Human Development Index in its use of the same variables, the GDI adjusts the average achievement of each country in terms of life expectancy, enrollment in schools, income, and literacy in accordance to the disparities between males and females.

\*The Gender Empowerment Measure (GEM) is a composite index measuring gender inequality in three of the basic dimensions of empowerment; economic participation and decision-making, political participation and decision-making, and power over economic resources.

\*Total Fertility Rate (TFR) is defined as the average number of babies born to women during their reproductive years. A TFR of 2.1 is considered the replacement rate; once a TFR of a population reaches 2.1 the population will remain stable assuming no immigration or emigration takes place. When the TFR is greater than 2.1 a population will increase and when it is less than 2.1 a population will eventually decrease, although due to the age structure of a population it will take years before a low TFR is translated into lower population.

\*Maternal Mortality Rate is the number of deaths to women per 100,000 live births that resulted from conditions related to pregnancy and or delivery related complications.

\*Economically Active Females are the share of the female population, ages 15 and above, whom supply, or are able to supply, labor for the production of goods and services.

\*Female Contributing Family Workers are those females who work without pay in an economic enterprise operated by a relative living in the same household.

\*Estimated Earned Income is measured according to Purchasing Power Parity (PPP) in US dollars.

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## Global Gender Gap Index

### Global Gender Gap Index

#### Editor's Note:

The Global Gender Gap Index by the World Economic Forum ranks most of the world's countries in terms of the division of resources and opportunities among males and females. Specifically, the ranking assesses the gender inequality gap in these four arenas:

1. Economic participation and opportunity (salaries and high skilled employment participation levels)
2. Educational attainment (access to basic and higher level education)
3. Political empowerment (representation in decision-making structures)
4. Health and survival (life expectancy and sex ratio)

	2010 rank	2010 score	2010 rank among 2009 countries	2009 rank	2009 score	2008 rank	2008 score	2007 rank
Country								
Iceland	1	0.8496	1	1	0.8276	4	0.7999	4
Norway	2	0.8404	2	3	0.8227	1	0.8239	2

Finland	3	0.8260	3	2	0.8252	2	0.8195	3
Sweden	4	0.8024	4	4	0.8139	3	0.8139	1
New Zealand	5	0.7808	5	5	0.7880	5	0.7859	5
Ireland	6	0.7773	6	8	0.7597	8	0.7518	9
Denmark	7	0.7719	7	7	0.7628	7	0.7538	8
Lesotho	8	0.7678	8	10	0.7495	16	0.7320	26
Philippines	9	0.7654	9	9	0.7579	6	0.7568	6
Switzerland	10	0.7562	10	13	0.7426	14	0.7360	40
Spain	11	0.7554	11	17	0.7345	17	0.7281	10
South Africa	12	0.7535	12	6	0.7709	22	0.7232	20
Germany	13	0.7530	13	12	0.7449	11	0.7394	7
Belgium	14	0.7509	14	33	0.7165	28	0.7163	19
United Kingdom	15	0.7460	15	15	0.7402	13	0.7366	11
Sri Lanka	16	0.7458	16	16	0.7402	12	0.7371	15
Netherlands	17	0.7444	17	11	0.7490	9	0.7399	12
Latvia	18	0.7429	18	14	0.7416	10	0.7397	13
United States	19	0.7411	19	31	0.7173	27	0.7179	31

Canada	20	0.7372	20	25	0.7196	31	0.7136	18
Trinidad and Tobago	21	0.7353	21	19	0.7298	19	0.7245	46
Mozambique	22	0.7329	22	26	0.7195	18	0.7266	43
Australia	23	0.7271	23	20	0.7282	21	0.7241	17
Cuba	24	0.7253	24	29	0.7176	25	0.7195	22
Namibia	25	0.7238	25	32	0.7167	30	0.7141	29
Luxembourg	26	0.7231	26	63	0.6889	66	0.6802	58
Mongolia	27	0.7194	27	22	0.7221	40	0.7049	62
Costa Rica	28	0.7194	28	27	0.7180	32	0.7111	28
Argentina	29	0.7187	29	24	0.7211	24	0.7209	33
Nicaragua	30	0.7176	30	49	0.7002	71	0.6747	90
Barbados	31	0.7176	31	21	0.7236	26	0.7188	n/a
Portugal	32	0.7171	32	46	0.7013	39	0.7051	37
Uganda	33	0.7169	33	40	0.7067	43	0.6981	50
Moldova	34	0.7160	34	36	0.7104	20	0.7244	21
Lithuania	35	0.7132	35	30	0.7175	23	0.7222	14
Bahamas	36	0.7128	36	28	0.7179	n/a	n/a	n/a
Austria	37	0.7091	37	42	0.7031	29	0.7153	27

Guyana	38	0.7090	38	35	0.7108	n/a	n/a	n/a
Panama	39	0.7072	39	43	0.7024	34	0.7095	38
Ecuador	40	0.7072	40	23	0.7220	35	0.7091	44
Kazakhstan	41	0.7055	41	47	0.7013	45	0.6976	32
Slovenia	42	0.7047	42	52	0.6982	51	0.6937	49
Poland	43	0.7037	43	50	0.6998	49	0.6951	60
Jamaica	44	0.7037	44	48	0.7013	44	0.6980	39
Russian Federation	45	0.7036	45	51	0.6987	42	0.6994	45
France	46	0.7025	46	18	0.7331	15	0.7341	51
Estonia	47	0.7018	47	37	0.7094	37	0.7076	30
Chile	48	0.7013	48	64	0.6884	65	0.6818	86
Macedonia, FYR	49	0.6996	49	53	0.6950	53	0.6914	35
Bulgaria	50	0.6983	50	38	0.7072	36	0.7077	25
Kyrgyz Republic	51	0.6973	51	41	0.7058	41	0.7045	70
Israel	52	0.6957	52	45	0.7019	56	0.6900	36
Croatia	53	0.6939	53	54	0.6944	46	0.6967	16
Honduras	54	0.6927	54	62	0.6893	47	0.6960	68

Colombia	55	0.6927	55	56	0.6939	50	0.6944	24
Singapore	56	0.6914	56	84	0.6664	84	0.6625	77
Thailand	57	0.6910	57	59	0.6907	52	0.6917	52
Greece	58	0.6908	58	85	0.6662	75	0.6727	72
Uruguay	59	0.6897	59	57	0.6936	54	0.6907	78
Peru	60	0.6895	60	44	0.7024	48	0.6959	75
China	61	0.6881	61	60	0.6907	57	0.6878	73
Botswana	62	0.6876	62	39	0.7071	63	0.6839	53
Ukraine	63	0.6869	63	61	0.6896	62	0.6856	57
Venezuela	64	0.6863	64	69	0.6839	59	0.6875	55
Czech Republic	65	0.6850	65	74	0.6789	69	0.6770	64
Tanzania	66	0.6829	66	73	0.6797	38	0.7068	34
Romania	67	0.6826	67	70	0.6805	70	0.6763	47
Malawi	68	0.6824	68	76	0.6738	81	0.6664	87
Paraguay	69	0.6804	69	66	0.6868	100	0.6379	69
Ghana	70	0.6782	70	80	0.6704	77	0.6679	63
Slovak Republic	71	0.6778	71	68	0.6845	64	0.6824	54

Vietnam	72	0.6776	72	71	0.6802	68	0.6778	42
Dominican Republic	73	0.6774	73	67	0.6859	72	0.6744	65
Italy	74	0.6765	74	72	0.6798	67	0.6788	84
Gambia, The	75	0.6762	75	75	0.6752	85	0.6622	95
Bolivia	76	0.6751	76	82	0.6693	80	0.6667	80
Brunei Darussalem	77	0.6748	77	94	0.6524	99	0.6392	n/a
Albania	78	0.6726	78	91	0.6601	87	0.6591	66
Hungary	79	0.6720	79	65	0.6879	60	0.6867	61
Madagascar	80	0.6713	80	77	0.6732	74	0.6736	89
Angola	81	0.6712	81	106	0.6353	114	0.6032	110
Bangladesh	82	0.6702	82	93	0.6526	90	0.6531	100
Malta	83	0.6695	83	88	0.6635	83	0.6634	76
Armenia	84	0.6669	84	90	0.6619	78	0.6677	71
Brazil	85	0.6655	85	81	0.6695	73	0.6737	74
Cyprus	86	0.6642	86	79	0.6706	76	0.6694	82
Indonesia	87	0.6615	87	92	0.6580	93	0.6473	81
Georgia	88	0.6598	88	83	0.6680	82	0.6654	67

Tajikistan	89	0.6598	89	86	0.6661	89	0.6541	79
El Salvador	90	0.6596	90	55	0.6939	58	0.6875	48
Mexico	91	0.6577	91	98	0.6503	97	0.6441	93
Zimbabwe	92	0.6574	92	95	0.6518	92	0.6485	88
Belize	93	0.6536	93	87	0.6636	86	0.6610	94
Japan	94	0.6524	94	101	0.6447	98	0.6434	91
Mauritius	95	0.6520	95	96	0.6513	95	0.6466	85
Kenya	96	0.6499	96	97	0.6512	88	0.6547	83
Cambodia	97	0.6482	97	104	0.6410	94	0.6469	98
Malaysia	98	0.6479	98	100	0.6467	96	0.6442	92
Maldives	99	0.6452	99	99	0.6482	91	0.6501	99
Azerbaijan	100	0.6446	100	89	0.6626	61	0.6856	59
Senegal	101	0.6414	101	102	0.6427	n/a	n/a	n/a
Suriname	102	0.6407	102	78	0.6726	79	0.6674	56
United Arab Emirates	103	0.6397	103	112	0.6198	105	0.6220	105
Korea, Rep.	104	0.6342	104	115	0.6146	108	0.6154	97
Kuwait	105	0.6318	105	105	0.6356	101	0.6358	96
Zambia	106	0.6293	106	107	0.6310	106	0.6205	101



Tunisia	107	0.6266	107	109	0.6233	103	0.6295	102
Fiji	108	0.6256	108	103	0.6414	n/a	n/a	n/a
Guatemala	109	0.6238	109	111	0.6209	112	0.6072	106
Bahrain	110	0.6217	110	116	0.6136	121	0.5927	115
Burkina Faso	111	0.6162	111	120	0.6081	115	0.6029	117
India	112	0.6155	112	114	0.6151	113	0.6060	114
Mauritania	113	0.6152	113	119	0.6103	110	0.6117	111
Cameroon	114	0.6110	114	118	0.6108	117	0.6017	116
Nepal	115	0.6084	115	110	0.6213	120	0.5942	125
Lebanon*	116	0.6084	n/a	n/a	n/a	n/a	n/a	n/a
Qatar	117	0.6059	116	125	0.5907	119	0.5948	109
Nigeria	118	0.6055	117	108	0.6280	102	0.6339	107
Algeria	119	0.6052	118	117	0.6119	111	0.6111	108
Jordan	120	0.6048	119	113	0.6182	104	0.6275	104
Ethiopia	121	0.6019	120	122	0.5948	122	0.5867	113
Oman	122	0.5950	121	123	0.5938	118	<a href="#">0.5960</a>	119
Iran	123	0.5933	122	128	0.5839	116	0.6021	118
Syria	124	0.5926	123	121	0.6072	107	0.6181	103

Egypt	125	0.5899	124	126	0.5862	124	0.5832	120
Turkey	126	0.5876	125	129	0.5828	123	0.5853	121
Morocco	127	0.5767	126	124	0.5926	125	0.5757	122
Benin	128	0.5719	127	131	0.5643	126	0.5582	123
Saudi Arabia	129	0.5713	128	130	0.5651	128	0.5537	124
Côte d'Ivoire*	130	0.5691	n/a	n/a	n/a	n/a	n/a	n/a
Mali	131	0.5680	129	127	0.5860	109	0.6117	112
Pakistan	132	0.5465	130	132	0.5458	127	0.5549	126
Chad	133	0.5330	131	133	0.5417	129	0.5290	127
Yemen	134	0.4603	132	134	0.4609	130	0.4664	128
Belarus	n/a	n/a	n/a	34	0.7141	33	0.7099	23
Uzbekistan	n/a	n/a	n/a	58	0.6913	55	0.6906	41

\*new country 2010

#### Commentary:

According to the report's index, Nordic countries, such as [Iceland](#), [Norway](#), [Finland](#), and [Sweden](#) have continued to dominate at the top of the ranking for gender equality. Meanwhile, [France](#) has

seen a notable decline in the ranking, largely as a result of decreased number of women holding ministerial portfolios in that country. In the Americas, the [United States](#) has risen in the ranking to top the region, predominantly as a result of a decreasing wage gap, as well as higher number of women holding key positions in the current Obama administration. [Canada](#) has continued to remain as one of the top ranking countries of the Americas, followed by the small Caribbean island nation of Trinidad and Tobago, which has the distinction of being among the top three countries of the Americans in the realm of gender equality. [Lesotho](#) and South African ranked highly in the index, leading not only among African countries but also in global context. Despite [Lesotho](#) still lagging in the area of life expectancy, its high ranking was attributed to high levels of female participation in the labor force and female literacy. The [Philippines](#) and [Sri Lanka](#) were the top ranking countries for gender equality for Asia, ranking highly also in global context. The [Philippines](#) has continued to show strong performance in all strong performance on all four dimensions (detailed above) of the index. Finally, in the Arab world, the [United Arab Emirates](#) held the highest-rank within that region of the world; however, its placement near the bottom of the global list highlights the fact that Arab countries are generally poor performers when it comes to the matter of gender equality in global scope.

Source:

This data is derived from the latest edition of The Global Gender Gap Report by the World Economic Forum.

Available at URL:

<http://www.weforum.org/en/Communities/Women%20Leaders%20and%20Gender%20Parity/Gende>

Updated:

Based on latest available data as set forth in chart; reviewed in 2014

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## Culture and Arts

### Cultural Contributions

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There is some evidence that Iceland's earliest inhabitants included Irish monks who settled the island. Indeed, a text from around 825 in the common era (C.E.) by the Irish monk named Dicuil, called "Liber de Mensura Orbis Terrae," has been regarded as descriptions of the Faeroe Islands.

Nevertheless, the vast majority of the permanent settlers to Iceland were believed to be explorers from Norway. Among these, Ingolfur Arnarson is well-remembered in Icelandic history as one who constructed a homestead at Reykjavik, which would later become the modern capital city of Iceland. It was this period that has been regarded as the "Age of Settlement" from around 870 to 930 when many people fled the Scandinavian mainland in the hopes of escaping the political turmoil plaguing that region at the time.

The Sagas, almost all written between 1180 and 1300, remain Iceland's best-known literary accomplishment, and they have no surviving counterpart anywhere in the Nordic world. Based on Norwegian and Icelandic histories and genealogies, the Sagas present views of Nordic life and times up to 1100. The Saga writers sought to record their heroes' great achievements and to glorify the virtues of courage, pride, and honor, focusing in the Icelandic settlers.

This cultural legacy of the farmers and warriors from Scandinavia is found in the literary legacy of the country. Most significant was the proliferation of heroic poetry, depicting the struggles and heroic expeditions of the time. In the late 12th and 13th centuries, poetry was replaced with epic writings depicting sagas of settlement, struggle, battles, religion and even romance. It was this corpus of work that stood as the foundation of Iceland's cultural heritage.

In the modern era, Icelandic literature has also made its mark on the global scene in the form of famed writer, Halldor Laxness, who won the Nobel Prize for Literature in 1955. The literacy rate is 99 percent -- and literature and poetry are legendary passions with the population. Per capita publication of books and magazines is the highest in the world.

Unlike its literature, Iceland's fine arts did not flourish until the 19th century because the population was small and scattered. Iceland's most famous painters are Ásgrímur Jónsson, Jón Stefánsson, and Jóhannes Kjarval, all of whom worked during the first half of the 20th century. The best-known modern sculptor, Ásmundur Sveinsson (1893-1982), drew his inspiration from Icelandic folklore and the Sagas for many of his works.

In terms of music, the traditional variety has mostly centered on familiar themes such as lullabies and farming songs, however, even the modern music arena has welcomed popular Icelandic music singer Bjork. Kristján Jóhannsson and Garðar Thór Cortes are Iceland's most famous opera singers.

In terms of cuisine, fish, seafood and lamb are the mainstays of the diet. One traditional dish is guillemot, which is called "svartfugl" locally.

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## Etiquette

### **Cultural Dos and Taboos**

1. A handshake is the customary form of greeting.
2. Smoking is regulated in public areas.
3. One should remove his or her shoes before entering a home.
4. Married women do not take their husband's surname. Men and women take the first name of their father and add son (son) or daughter (dottir) to the end to use as their surname.
5. It is acceptable to address people by their first name, however, one might start with the formal forms of address and move to the more familiar usage when invited to do so.
6. Good topics of conversation include sports, culture, politics, and the environment.
7. As in other parts of Europe, dress is generally casual and should conform to the temperate climate. Business wear is more conservative; suits are the norm for both men and women. Women generally to be more restrained in regard to makeup and jewelry, opting for a more natural look than other parts of Europe.
8. When invited to dinner, it is fine to bring a small gift for the host or hostess.

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## Travel Information

### **Please Note**

**This is a generalized travel guide and it is intended to coalesce several resources, which a traveler might find useful, regardless of a particular destination. As such, it does not**

**include travel warnings for specific "hot spot" destinations.**

**For travel alerts and warnings, please see the United States Department of State's listings available at URL:**

**<http://travel.state.gov/content/passports/english/alertswarnings.html>**

**Please note that travel to the following countries, based on these warnings, is ill-advised, or should be undertaken with the utmost precaution:**

**Afghanistan, Algeria, Burundi, Cameroon, Central African Republic, Chad, Colombia, Democratic Republic of Congo, Djibouti, El Salvador, Eritrea, Ethiopia, Guinea, Honduras, Iraq, Iran, Lebanon, Liberia, Libya, Mali, Mauritania, Mexico, Nepal, Niger, Nigeria, North Korea, Pakistan, Palestinian Territories of West Bank and Gaza, Philippines areas of Sulu Archipelago, Mindanao, and southern Sulu Sea, Saudi Arabia, Sierra Leone, Somalia, South Sudan, Sudan, Syria, Ukraine, Venezuela, and Yemen.**

## **International Travel Guide**

### **Checklist for Travelers**

- 1. Take out travel insurance to cover hospital treatment or medical evacuation. Overseas medical costs are expensive to most international travelers, where one's domestic, nationalized or even private health insurance plans will not provide coverage outside one's home country. Learn about "reciprocal insurance plans" that some international health care companies might offer.**
- 2. Make sure that one's travel insurance is appropriate. If one intends to indulge in adventurous activities, such as parasailing, one should be sure that one is fully insured in such cases. Many traditional insurance policies do not provide coverage in cases of extreme circumstances.**
- 3. Take time to learn about one's destination country and culture. Read and learn about the place one is traveling. Also check political, economic and socio-cultural developments at the destination by reading country-specific travel reports and fact sheets noted below.**
- 4. Get the necessary visas for the country (or countries) one intends to visit - but be aware that a visa does not guarantee entry. A number of useful sites regarding visa and other entry requirements are noted below.**
- 5. Keep in regular contact with friends and relatives back at home by phone or email, and be sure to leave a travel itinerary.**
- 6. Protect one's personal information by making copies of one's passport details, insurance policy,**

travelers checks and credit card numbers. Taking copies of such documents with you, while leaving another collection copies with someone at home is also good practice for travelers. Taking copies of one's passport photograph is also recommended.

**7.** Stay healthy by taking all possible precautions against illness. Also, be sure to take extra supplies of prescription drugs along for the trip, while also taking time to pack general pharmaceutical supplies, such as aspirin and other such painkillers, bandages, stomach ailment medication, anti-inflammatory medication and anti-bacterial medication.

**8.** Do not carry illicit drugs. Understand that the punishment for possession or use of illegal drugs in some countries may be capital punishment. Make sure your prescription drugs are legal in the countries you plan to visit.

**9.** Know the laws of one's destination country and culture; be sure to understand the repercussions of breaking those laws and regulations. Often the transparency and freedoms of the juridical system at home is not consistent with that of one's destination country. Become aware of these complexities and subtleties before you travel.

**10.** For longer stays in a country, or where the security situation is volatile, one should register one's self and traveling companions at the local embassy or consulate of one's country of citizenship.

**11.** Women should take care to be prepared both culturally and practically for traveling in a different country and culture. One should be sure to take sufficient supplies of personal feminine products and prescription drugs. One should also learn about local cultural standards for women, including norms of dressing. Be aware that it is simply inappropriate and unsafe for women to travel alone in some countries, and take the necessary precautions to avoid risk-filled situations.

**12.** If one is traveling with small children, one should pack extra supplies, make arrangements with the travel carrier for proper seating that would adequately accommodate children, infants or toddlers. Note also that whether one is male or female, traveling with children means that one's hands are thus not free to carry luggage and bags. Be especially aware that this makes one vulnerable to pickpockets, thieves and other sorts of crime.

**13.** Make proper arrangements for accommodations, well in advance of one's arrival at a destination. Some countries have limited accommodation, while others may have culturally distinctive facilities. Learning about these practicalities before one travels will greatly aid the enjoyment of one's trip.

**14.** Travel with different forms of currency and money (cash, traveler's checks and credit cards) in anticipation that venues may not accept one or another form of money. Also, ensuring that one's financial resources are not contained in one location, or by one person (if one is traveling with others) can be a useful measure, in the event that one loses a wallet or purse.

**15.** Find out about transportation in the destination country. In some places, it might be advisable to hire a local driver or taxi guide for safety reasons, while in other countries, enjoying one's travel experience may well be enhanced by renting a vehicle and seeing the local sights and culture independently. Costs may also be prohibitive for either of these choices, so again, prior planning is suggested.

## **Tips for Travelers**

- Take cash and travelers checks with you; do not rely on credit cards as your only source of funds.
- Ensure you are in possession of adequate travel insurance, including medical cover.
- Enter next of kin details into the back of your passport.
- Distances can be great, roads narrow and winding and speed limits low. Driving takes longer than you think.
- Drink/drive laws are strictly enforced.
- Do not get involved with drugs; the laws are strictly enforced.
- Iceland is very expensive - be prepared to spend plenty of money, especially if intending to eat and drink in restaurants and bars. Credit cards are widely used.
- Summer visitors intending to visit particularly lake and mountainous regions should bring plenty of insect repellent as mosquitoes and midges can be a problem.

Note: This information is directly quoted from the United Kingdom Foreign and Commonwealth Office.

Sources: *United Kingdom Foreign and Commonwealth Office*

## **Business Culture: Information for Business Travelers**

For general information on etiquette in Iceland see our Cultural Etiquette page.

## **Online Resources Regarding Entry Requirements and Visas**

Foreign Entry Requirements for Americans from the United States Department of State  
[http://travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_1765.html](http://travel.state.gov/travel/cis_pa_tw/cis/cis_1765.html)

Visa Services for Non-Americans from the United States Department of State



[http://travel.state.gov/visa/visa\\_1750.html](http://travel.state.gov/visa/visa_1750.html)

Visa Bulletins from the United States Department of State

[http://travel.state.gov/visa/frvi/bulletin/bulletin\\_1360.html](http://travel.state.gov/visa/frvi/bulletin/bulletin_1360.html)

Visa Waivers from the United States Department of State

[http://travel.state.gov/visa/temp/without/without\\_1990.html](http://travel.state.gov/visa/temp/without/without_1990.html) - new

Passport and Visa Information from the Government of the United Kingdom

<http://www.bia.homeoffice.gov.uk/>

Visa Information from the Government of Australia

<http://www.dfat.gov.au/visas/index.html>

Passport Information from the Government of Australia

<https://www.passports.gov.au/Web/index.aspx>

Passport Information from the Government of Canada

[http://www.voyage.gc.ca/preparation\\_information/passport\\_passeport-eng.asp](http://www.voyage.gc.ca/preparation_information/passport_passeport-eng.asp)

Visa Information from the Government of Canada

[http://www.voyage.gc.ca/preparation\\_information/visas-eng.asp](http://www.voyage.gc.ca/preparation_information/visas-eng.asp)

Online Visa Processing by Immigration Experts by VisaPro

<http://www.visapro.com>

Sources: United States Department of State, United Kingdom Foreign and Commonwealth Office, Government of Australia: Department of Foreign Affairs and Trade, Government of Canada Department of Foreign Affairs and International Trade

## Useful Online Resources for Travelers

Country-Specific Travel Information from United States

[http://travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_1765.html](http://travel.state.gov/travel/cis_pa_tw/cis/cis_1765.html)

Travel Advice by Country from Government of United Kingdom

<http://www.fco.gov.uk/en/travelling-and-living-overseas/travel-advice-by-country/>

General Travel Advice from Government of Australia

<http://www.smartraveller.gov.au/zw-cgi/view/Advice/General>

Travel Bulletins from the Government of Australia

<http://www.smartraveller.gov.au/zw-cgi/view/TravelBulletins/>

Travel Tips from Government of Australia

<http://www.smartraveller.gov.au/tips/index.html>

Travel Checklist by Government of Canada

[http://www.voyage.gc.ca/preparation\\_information/checklist\\_sommaire-eng.asp](http://www.voyage.gc.ca/preparation_information/checklist_sommaire-eng.asp)

Travel Checklist from Government of United Kingdom

<http://www.fco.gov.uk/en/travelling-and-living-overseas/staying-safe/checklist>

Your trip abroad from United States Department of State

[http://travel.state.gov/travel/tips/brochures/brochures\\_1225.html](http://travel.state.gov/travel/tips/brochures/brochures_1225.html)

A safe trip abroad from United States Department of State

[http://travel.state.gov/travel/tips/safety/safety\\_1747.html](http://travel.state.gov/travel/tips/safety/safety_1747.html)

Tips for expatriates abroad from United States Department of State

[http://travel.state.gov/travel/living/residing/residing\\_1235.html](http://travel.state.gov/travel/living/residing/residing_1235.html)

Tips for students from United States Department of State

[http://travel.state.gov/travel/living/studying/studying\\_1238.html](http://travel.state.gov/travel/living/studying/studying_1238.html) <http://travel.state.gov/travel/tips/broc>

Medical information for travelers from United States Department of State

[http://travel.state.gov/travel/tips/health/health\\_1185.html](http://travel.state.gov/travel/tips/health/health_1185.html)

US Customs Travel information

<http://www.customs.gov/xp/cgov/travel/>

Sources: United States Department of State; United States Customs Department, United Kingdom Foreign and Commonwealth Office, Foreign and Commonwealth Office, Government of Australia; Government of Canada: Department of Foreign Affairs and International Trade

Other Practical Online Resources for Travelers

Foreign Language Phrases for Travelers

<http://www.travlang.com/languages/>

<http://www.omniglot.com/language/phrases/index.htm>

#### World Weather Forecasts

<http://www.intellicast.com/>

<http://www.wunderground.com/>

<http://www.worldweather.org/>

#### Worldwide Time Zones, Map, World Clock

<http://www.timeanddate.com/>

<http://www.worldtimezone.com/>

#### International Airport Codes

<http://www.world-airport-codes.com/>

#### International Dialing Codes

<http://www.kropla.com/dialcode.htm>

<http://www.countrycallingcodes.com/>

#### International Phone Guide

<http://www.kropla.com/phones.htm>

#### International Mobile Phone Guide

<http://www.kropla.com/mobilephones.htm>

#### International Internet Café Search Engine

<http://cybercaptive.com/>

#### Global Internet Roaming

<http://www.kropla.com/roaming.htm>

#### World Electric Power Guide

<http://www.kropla.com/electric.htm>

<http://www.kropla.com/electric2.htm>

#### World Television Standards and Codes

<http://www.kropla.com/tv.htm>

#### International Currency Exchange Rates

<http://www.xe.com/ucc/>

#### Banking and Financial Institutions Across the World

<http://www.123world.com/banks/index.html>

International Credit Card or Automated Teller Machine (ATM) Locator

<http://visa.via.infonow.net/locator/global/>

<http://www.mastercard.com/us/personal/en/cardholderservices/atmlocations/index.html>

International Chambers of Commerce

<http://www.123world.com/chambers/index.html>

World Tourism Websites

<http://123world.com/tourism/>

Diplomatic and Consular Information

United States Diplomatic Posts Around the World

<http://www.usembassy.gov/>

United Kingdom Diplomatic Posts Around the World

<http://www.fco.gov.uk/en/about-the-fco/embassies-and-posts/find-an-embassy-overseas/>

Australia's Diplomatic Posts Around the World

<http://www.dfat.gov.au/missions/>

<http://www.dfat.gov.au/embassies.html>

Canada's Embassies and High Commissions

<http://www.international.gc.ca/ciw-cdm/embassies-ambassades.aspx>

Resources for Finding Embassies and other Diplomatic Posts Across the World

<http://www.escapeartist.com/embassy1/embassy1.htm>

Safety and Security

Travel Warnings by Country from Government of Australia

<http://www.smarttraveller.gov.au/zw-cgi/view/Advice/>

Travel Warnings and Alerts from United States Department of State

[http://travel.state.gov/travel/cis\\_pa\\_tw/tw/tw\\_1764.html](http://travel.state.gov/travel/cis_pa_tw/tw/tw_1764.html)

[http://travel.state.gov/travel/cis\\_pa\\_tw/pa/pa\\_1766.html](http://travel.state.gov/travel/cis_pa_tw/pa/pa_1766.html)

Travel Reports and Warnings by Government of Canada

[http://www.voyage.gc.ca/countries\\_pays/menu-eng.asp](http://www.voyage.gc.ca/countries_pays/menu-eng.asp)

[http://www.voyage.gc.ca/countries\\_pays/updates\\_mise-a-jour-eng.asp](http://www.voyage.gc.ca/countries_pays/updates_mise-a-jour-eng.asp)

Travel Warnings from Government of United Kingdom

<http://www.fco.gov.uk/en/travelling-and-living-overseas/travel-advice-by-country/>  
<http://www.fco.gov.uk/en/travelling-and-living-overseas/travel-advice-by-country/?action=noTravelAll#noTravelAll>

Sources: United Kingdom Foreign and Commonwealth Office, the United States Department of State, the Government of Canada: Department of Foreign Affairs and International Trade, Government of Australia: Department of Foreign Affairs and Trade

Other Safety and Security Online Resources for Travelers

United States Department of State Information on Terrorism

<http://www.state.gov/s/ct/>

Government of the United Kingdom Resource on the Risk of Terrorism

<http://www.fco.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1044011304926>

Government of Canada Terrorism Guide

<http://www.international.gc.ca/crime/terrorism-terrorisme.aspx?lang=eng>

Information on Terrorism by Government of Australia

<http://www.dfat.gov.au/icat/index.html>

FAA Resource on Aviation Safety

<http://www.faasafety.gov/>

In-Flight Safety Information for Air Travel (by British Airways crew trainer, Anna Warman)

<http://www.warman.demon.co.uk/anna/inflight.html>

Hot Spots: Travel Safety and Risk Information

<http://www.airsecurity.com/hotspots/HotSpots.asp>

Information on Human Rights

<http://www.state.gov/g/drl/hr/>

Sources: The United States Department of State, the United States Customs Department, the Government of Canada, the Government of United Kingdom, the Government of Australia, the Federal Aviation Authority, Anna Warman's In-flight Website, Hot Spots Travel and Risk

## Information

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## Diseases/Health Data

**Please Note: Most of the entry below constitutes a generalized health advisory, which a traveler might find useful, regardless of a particular destination.**

**As a supplement, however, reader will also find below a list of countries flagged with current health notices and alerts issued by the Centers for Disease Control and Prevention (CDC).**

**Please note that travel to the following countries, based on these 3 levels of warnings, is ill-advised, or should be undertaken with the utmost precaution:**

**Level 3 (highest level of concern; avoid non-essential travel) --**

**Guinea - Ebola**

**Liberia - Ebola**

**Nepal - Earthquake zone**

**Sierra Leone - Ebola**

**Level 2 (intermediate level of concern; use utmost caution during travel) --**

**Cameroon - Polio**

**Somalia - Polio**

**Vanuatu - Tropical Cyclone zone**

**Throughout Middle East and Arabia Peninsula - MERS ((Middle East Respiratory Syndrome)**

**Level 1 (standard level of concern; use practical caution during travel) -**

**Australia - Ross River disease**  
**Bosnia-Herzegovina - Measles**  
**Brazil - Dengue Fever**  
**Brazil - Malaria**  
**Brazil - Zika**  
**China - H7N9 Avian flu**  
**Cuba - Cholera**  
**Egypt - H5N1 Bird flu**  
**Ethiopia - Measles**  
**Germany - Measles**  
**Japan - Hand, foot, and mouth disease (HFMD)**  
**Kyrgyzstan - Measles**  
**Malaysia -Dengue Fever**  
**Mexico - Chikungunya**  
**Mexico - Hepatitis A**  
**Nigeria - Meningitis**  
**Philippines - Measles**  
**Scotland - Mumps**  
**Singapore - Hand, foot, and mouth disease (HFMD)**  
**South Korea - MERS ((Middle East Respiratory Syndrome)**  
**Throughout Caribbean - Chikungunya**  
**Throughout Central America - Chikungunya**  
**Throughout South America - Chikungunya**  
**Throughout Pacific Islands - Chikungunya**

**For specific information related to these health notices and alerts please see the CDC's listing available at URL:**  
**<http://wwwnc.cdc.gov/travel/notices>**

### **Health Information for Travelers to Iceland**

The preventive measures you need to take while traveling in Western Europe depend on the areas you visit and the length of time you stay. For most areas of this region, you should observe health precautions similar to those that would apply while traveling in the United States.

Travelers' diarrhea, the number one illness in travelers, can be caused by viruses, bacteria, or parasites, which can contaminate food or water. Infections may cause diarrhea and vomiting (*E. coli*, *Salmonella*, cholera, and parasites), fever (typhoid fever and toxoplasmosis), or liver damage (hepatitis). Make sure your food and drinking water are safe. (See below.)

A certificate of yellow fever vaccination may be required for entry into certain of these countries if

you are coming from countries in tropical South America or sub-Saharan Africa. (There is no risk for yellow fever in Western Europe.) For detailed information, see Comprehensive Yellow Fever Vaccination Requirements (<http://www.cdc.gov/travel/yelfever.htm>).

Tickborne encephalitis, a viral infection of the central nervous system, occurs chiefly in Central and Western Europe. Travelers are at risk who visit or work in forested areas during the summer months and who consume unpasteurized dairy products. The vaccine for this disease is not available in the United States at this time. To prevent tickborne encephalitis, as well as Lyme disease, travelers should take precautions to prevent tick bites (see below).

### **CDC Recommends the Following Vaccines (as Appropriate for Age):**

See your doctor at least 4-6 weeks before your trip to allow time for shots to take effect.

- Hepatitis A or immune globulin (IG). You are not at increased risk in Northern, Western, and Southern Europe, including the Mediterranean regions of Italy and Greece.
- Hepatitis B, if you might be exposed to blood (for example, health-care workers), have sexual contact with the local population, stay longer than 6 months in Southern Europe, or be exposed through medical treatment.
- As needed, booster doses for tetanus-diphtheria. Hepatitis B vaccine is now recommended for all infants and for children ages 11-12 years who did not complete the series as infants.

### **All travelers should take the following precautions, no matter the destination:**

- Wash hands often with soap and water.
- Because motor vehicle crashes are a leading cause of injury among travelers, walk and drive defensively. Avoid travel at night if possible and always use seat belts.
- Always use latex condoms to reduce the risk of HIV and other sexually transmitted diseases.
- Don't eat or drink dairy products unless you know they have been pasteurized.
- Don't share needles with anyone.
- Never eat undercooked ground beef and poultry, raw eggs, and unpasteurized dairy products. Raw shellfish is particularly dangerous to persons who have liver disease or compromised immune systems. (Travelers to Western Europe should also see the information on Bovine Spongiform Encephalopathy ["Mad Cow Disease"] and New Variant Creutzfeldt-Jakob Disease [nvCJD] at URL <http://www.cdc.gov/travel/madcow.htm>.)

### **Travelers to rural or undeveloped areas should take the following precautions:**

#### **To Stay Healthy, Do:**

- Drink only bottled or boiled water, or carbonated (bubbly) drinks in cans or bottles. Avoid tap



water, fountain drinks, and ice cubes. If this is not possible, make water safer by BOTH filtering through an "absolute 1-micron or less" filter AND adding iodine tablets to the filtered water. "Absolute 1-micron filters" are found in camping/outdoor supply stores.

- Eat only thoroughly cooked food or fruits and vegetables you have peeled yourself. Remember: boil it, cook it, peel it, or forget it.
- Protect yourself from insects by remaining in well-screened areas, using repellents (applied sparingly at 4-hour intervals), and wearing long-sleeved shirts and long pants tucked into boots or socks as a deterrent to ticks.
- To prevent fungal and parasitic infections, keep feet clean and dry, and do not go barefoot.

### **To Avoid Getting Sick:**

- Don't eat food purchased from street vendors. Do not drink beverages with ice.
- Don't handle animals (especially monkeys, dogs, and cats), to avoid bites and serious diseases (including rabies and plague).

### **What You Need To Bring with You:**

- Insect repellent containing DEET (diethylmethylnolamide), in 30%-35% strength for adults and 6%-10% for children. The insecticide permethrin applied to clothing is an effective deterrent to ticks.
- Over-the-counter antidiarrheal medicine to take if you have diarrhea.
- Iodine tablets and water filters to purify water if bottled water is not available. See Food and Water Precautions and Travelers' Diarrhea Prevention (<http://www.cdc.gov/travel/foodwater.htm>) and Risks from Food and Drink (<http://www.cdc.gov/travel/food-drink-risks.htm>) or more detailed information about water filters.
- Sunblock, sunglasses, hat.
- Prescription medications: make sure you have enough to last during your trip, as well as a copy of the prescription(s).

### **After You Return Home:**

If you become ill after your trip-even as long as a year after you return-tell your doctor where you have traveled.

### **For More Information:**

Ask your doctor or check the CDC web sites for more information about how to protect yourself against diseases that occur in Western Europe, such as:

### **For information about diseases-**

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Carried by Insects

Lyme disease

Carried in Food or Water

Bovine spongiform encephalopathy ("mad cow disease"), *Escherichia coli*, diarrhea, Hepatitis A, Typhoid Fever

Person-to-Person Contact

Hepatitis B, HIV/AIDS

For more information about these and other diseases, please check the Diseases (<http://www.cdc.gov/travel/diseases.htm>) section and the Health Topics A - Z (<http://www.cdc.gov/health/diseases.htm>).

*Note:*

*Iceland is located in the Western Europe health region.*

*Sources:*

*The Center for Disease Control Destinations Website:*

<http://www.cdc.gov/travel/destinat.htm>

# **Chapter 6**

## **Environmental Overview**

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## Environmental Issues

### **Current Issues:**

- water pollution from fertilizer runoff
- inadequate wastewater treatment

### **Total Greenhouse Gas Emissions (Mtc):**

0.8

### **Country Rank (GHG output):**

154th

### **Natural Hazards:**

- earthquakes
- volcanic activity

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## Environmental Policy

### **Regulation and Jurisdiction:**

The regulation and protection of the environment in Iceland is under the jurisdiction of the following:

- Ministry of Agriculture and the Environment

**Major Non-Governmental Organizations:**

- Landvernd-Icelandic Environmental Union

**International Environmental Accords:**

*Party to:*

- Air Pollution
- Air Pollution-Persistent Organic Pollutants
- Biodiversity
- Climate Change
- Climate Change-Kyoto Protocol
- Desertification
- Endangered Species
- Hazardous Wastes
- Law of the Sea
- Marine Dumping
- Nuclear Test Ban
- Ozone Layer Protection
- Ship Pollution
- Trans-boundary Air Pollution
- Wetlands

*Signed but not ratified:*

- Environmental Modification
- Marine Life Conservation

*Kyoto Protocol Status (year ratified):*

2002

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## Greenhouse Gas Ranking

### Greenhouse Gas Ranking

### GHG Emissions Rankings

Country Rank	Country
1	United States
2	China
4	Russia
5	Japan
6	India
7	Germany
8	United Kingdom
9	Canada
10	Korea, South
11	Italy

12	Mexico
13	France
14	South Africa
15	Iran
16	Indonesia
17	Australia
18	Spain
19	Brazil
20	Saudi Arabia
21	Ukraine
22	Poland
23	Taiwan
24	Turkey
25	Thailand
26	Netherlands
27	Kazakhstan
28	Malaysia
29	Egypt

30	Venezuela
31	Argentina
32	Uzbekistan
33	Czech Republic
34	Belgium
35	Pakistan
36	Romania
37	Greece
38	United Arab Emirates
39	Algeria
40	Nigeria
41	Austria
42	Iraq
43	Finland
44	Philippines
45	Vietnam
46	Korea, North
47	Israel



48	Portugal
49	Colombia
50	Belarus
51	Kuwait
52	Hungary
53	Chile
54	Denmark
55	Serbia & Montenegro
56	Sweden
57	Syria
58	Libya
59	Bulgaria
60	Singapore
61	Switzerland
62	Ireland
63	Turkmenistan
64	Slovakia
65	Bangladesh

66	Morocco
67	New Zealand
68	Oman
69	Qatar
70	Azerbaijan
71	Norway
72	Peru
73	Cuba
74	Ecuador
75	Trinidad & Tobago
76	Croatia
77	Tunisia
78	Dominican Republic
79	Lebanon
80	Estonia
81	Yemen
82	Jordan
83	Slovenia

84	Bahrain
85	Angola
86	Bosnia & Herzegovina
87	Lithuania
88	Sri Lanka
89	Zimbabwe
90	Bolivia
91	Jamaica
92	Guatemala
93	Luxembourg
94	Myanmar
95	Sudan
96	Kenya
97	Macedonia
98	Mongolia
99	Ghana
100	Cyprus
101	Moldova

102	Latvia
103	El Salvador
104	Brunei
105	Honduras
106	Cameroon
107	Panama
108	Costa Rica
109	Cote d'Ivoire
110	Kyrgyzstan
111	Tajikistan
112	Ethiopia
113	Senegal
114	Uruguay
115	Gabon
116	Albania
117	Nicaragua
118	Botswana
119	Paraguay

120	Tanzania
121	Georgia
122	Armenia
123	Congo, RC
124	Mauritius
125	Nepal
126	Mauritius
127	Nepal
128	Mauritania
129	Malta
130	Papua New Guinea
131	Zambia
132	Suriname
133	Iceland
134	Togo
135	Benin
136	Uganda
137	Bahamas

138	Haiti
139	Congo, DRC
140	Guyana
141	Mozambique
142	Guinea
143	Equatorial Guinea
144	Laos
145	Barbados
146	Niger
147	Fiji
148	Burkina Faso
149	Malawi
150	Swaziland
151	Belize
152	Afghanistan
153	Sierra Leone
154	Eritrea
155	Rwanda

156	Mali
157	Seychelles
158	Cambodia
159	Liberia
160	Bhutan
161	Maldives
162	Antigua & Barbuda
163	Djibouti
164	Saint Lucia
165	Gambia
166	Guinea-Bissau
167	Central African Republic
168	Palau
169	Burundi
170	Grenada
171	Lesotho
172	Saint Vincent & the Grenadines
173	Solomon Islands

174	Samoa
175	Cape Verde
176	Nauru
177	Dominica
178	Saint Kitts & Nevis
179	Chad
180	Tonga
181	Sao Tome & Principe
182	Comoros
183	Vanuatu
185	Kiribati
Not Ranked	Andorra
Not Ranked	East Timor
Not Ranked	Holy See
Not Ranked	Hong Kong
Not Ranked	Liechtenstein
Not Ranked	Marshall Islands
Not Ranked	Micronesia



Not Ranked	Monaco
Not Ranked	San Marino
Not Ranked	Somalia
Not Ranked	Tuvalu

\* European Union is ranked 3rd

Cook Islands are ranked 184th

Niue is ranked 186th

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## Global Environmental Snapshot

### **Introduction**

The countries of the world face many environmental challenges in common. Nevertheless, the nature and intensity of problem vary from region to region, as do various countries' respective capacities, in terms of affluence and infrastructure, to remediate threats to environmental quality.

Consciousness of perils affecting the global environment came to the fore in the last third or so of the 20<sup>th</sup> century has continued to intensify well into the new millennium. According to the United Nations Environment Programme, considerable environmental progress has been made at the level of institutional developments, international cooperation accords, and public participation. Approximately two-dozen international environmental protection accords with global implications have been promulgated since the late 1970s under auspices of the United Nations and other international organizations, together with many additional regional agreements. Attempts to address and rectify environmental problems take the form of legal frameworks, economic instruments, environmentally sound technologies and cleaner production processes as well as conservation efforts. Environmental impact assessments have increasingly been applied across the globe.

Environmental degradation affects the quality, or aesthetics, of human life, but it also displays potential to undermine conditions necessary for the sustainability of human life. Attitudes toward the importance of environmental protection measures reflect ambivalence derived from this bifurcation. On one hand, steps such as cleaning up pollution, dedicating parkland, and suchlike,

are seen as embellishments undertaken by wealthy societies already assured they can successfully perform those functions deemed, ostensibly, more essential-for instance, public health and education, employment and economic development. On the other hand, in poorer countries, activities causing environmental damage-for instance the land degradation effects of unregulated logging, slash-and-burn agriculture, overgrazing, and mining-can seem justified insofar as such activities provide incomes and livelihoods.

Rapid rates of resource depletion are associated with poverty and high population growth, themselves correlated, whereas consumption per capita is much higher in the most developed countries, despite these nations' recent progress in energy efficiency and conservation. It is impossible to sequester the global environmental challenge from related economic, social and political challenges.

First-tier industrialized countries have recently achieved measurable decreases in environmental pollution and the rate of resource depletion, a success not matched in middle income and developing countries. It is believed that the discrepancy is due to the fact that industrialized countries have more developed infrastructures to accommodate changes in environmental policy, to apply environmental technologies, and to invest in public education. The advanced industrialized countries incur relatively lower costs in alleviating environmental problems, in comparison to developing countries, since in the former even extensive environmental programs represent a rather minuscule percentage of total expenditures. Conversely, budget constraints, lagged provision of basic services to the population, and other factors such as debt service and militarization may preclude institution of minimal environmental protection measures in the poorest countries.

A synopsis for the current situation facing each region of the world follows:

### **Regional Synopsis: Africa**

The African continent, the world's second-largest landmass, encompasses many of the world's least developed countries. By global standards, urbanization is comparatively low but rising at a rapid rate. More heavily industrialized areas at the northern and southern ends of the continent experience the major share of industrial pollution. In other regions the most serious environmental problems typically stem from inefficient subsistence farming methods and other forms of land degradation, which have affected an increasingly extensive area under pressure of a widely impoverished, fast-growing population. Africa's distribution of natural resources is very uneven. It is the continent at greatest risk of desertification, especially in the Sahel region at the edge of the Sahara but also in other dry-range areas. Yet at the same time, Africa also harbors some of the earth's richest and most diverse biological zones.

### **Key Points:**

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Up to half a billion hectares of African land are moderately to severely degraded, an occurrence reflecting short-fallow shifting cultivation and overgrazing as well as a climatic pattern of recurrent droughts.

Soil degradation is severe along the expanse directly south of the Sahara, from the west to the east coasts. Parts of southern Africa, central-eastern Africa, and the neighboring island of Madagascar suffer from serious soil degradation as well.

Africa contains about 17 percent of the world's forest cover, concentrated in the tropical belt of the continent. Many of the forests, however, are severely depleted, with an estimated 70 percent showing some degree of degradation.

Population growth has resulted in continuing loss of arable land, as inefficient subsistence farming techniques affect increasingly extensive areas. Efforts to implement settled, sustainable agriculture have met with some recent success, but much further progress in this direction is needed. Especially in previously uninhabited forestlands, concern over deforestation is intensifying.

By contrast, the African savanna remains the richest grassland in the world, supporting a substantial concentration of animal and plant life. Wildlife parks are sub-Saharan Africa's greatest tourist attraction, and with proper management-giving local people a stake in conservation and controlling the pace of development-could greatly enhance African economies.

Significant numbers of mammal species in parts of northern, southern and eastern Africa are currently threatened, while the biological diversity in Mauritania and Madagascar is even further compromised with over 20 percent of the mammal species in these two countries currently under threat.

With marine catch trends increasing from 500,000 metric tons in the 1950s to over 3,000,000 metric tons by 2000, there was increasing concern about the reduction in fisheries and marine life, should this trend continue unabated.

Water resource vulnerability is a major concern in northeastern Africa, and a moderate concern across the rest of the continent. An exception is central Africa, which has plentiful water supplies.

Many Africans lack adequate access to resources, not just (if at all) because the resources are unevenly distributed geographically, but also through institutional failures such as faulty land tenure systems or political upheaval. The quality of Africa's natural resources, despite their spotty distribution, is in fact extraordinarily rich. The infrastructure needed to protect and benefit from this natural legacy, however, is largely lacking.

## **Regional Synopsis: Asia and the Pacific**

Asia-earth's largest landmass-and the many large and nearly innumerable small islands lying off its Pacific shore display extraordinarily contrasting landscapes, levels of development, and degrees of environmental stress. In the classification used here, the world's smallest continent, Australia, is also included in the Asia-Pacific region.

The Asia-Pacific region is home to 9 of the world's 14 largest urban areas, and as energy use for utilities, industry and transport increases in developing economies, urban centers are subject to worsening air quality. Intense population density in places such as Bangladesh or Hong Kong is the quintessential image many people have of Asia, yet vast desert areas such as the Gobi and the world's highest mountain range, the Himalayas, span the continent as well. Forested areas in Southeast Asia and the islands of Indonesia and the Philippines were historically prized for their tropical hardwood, but in many places this resource is now severely depleted. Low-lying small island states are extremely vulnerable to the effects of global warming, both rising sea levels and an anticipated increase in cyclones.

### **Key Points:**

Asian timber reserves are forecast to be depleted in the next 40 years. Loss of natural forest is irreversible in some areas, but plantation programs to restore tree cover may ameliorate a portion of the resulting land degradation.

Increased usage of fossil fuels in China and other parts of southern Asia is projected to result in a marked increase in emissions, especially in regard to carbon dioxide. The increased usage of energy has led to a marked upsurge in air pollution across the region.

Acidification is an emerging problem regionally, with sulfur dioxide emissions expected to triple by 2010 if the current growth rate is sustained. China, Thailand, India, and Korea seem to be suffering from particularly high rates of acid deposition. By contrast, Asia's most highly developed economy, Japan, has effected substantial improvements in its environmental indicators.

Water pollution in the Pacific is an urgent concern since up to 70 percent of the water discharged into the region's waters receives no treatment. Additionally, the disposal of solid wastes, in like manner, poses a major threat in a region with many areas of high population density.

The Asia-Pacific region is the largest expanse of the world's land that is adversely affected by soil degradation.

The region around Australia reportedly suffers the largest degree of ozone depletion.

The microstates of the Pacific suffer land loss due to global warming, and the consequent rise in the levels of ocean waters. A high-emissions scenario and anthropogenic climate impact at the upper end of the currently predicted range would probably force complete evacuation of the lowest-elevation islands sometime in this century.

The species-rich reefs surrounding Southeast Asia are highly vulnerable to the deleterious effects of coastal development, land-based pollution, over-fishing and exploitative fishing methods, as well as marine pollution from oil spills and other activities.

With marine catch trends increasing from 5,000,000 metric tons in the 1950s to over 20,000,000 metric tons by 2000, there was increasing concern about the reduction in fisheries and marine life, should this trend continue unabated.

Significant numbers of mammal species in parts of China and south-east Asia are currently threatened, while the biological diversity in India, Japan, Australia, the Philippines, Indonesia and parts of Malaysia is even further compromised with over 20 percent of the mammal species in these countries currently under threat.

Water resource vulnerability is a serious concern in areas surrounding the Indian subcontinent.

### **Regional Synopsis: Central Asia**

The Central Asian republics, formerly in the Soviet Union, experience a range of environmental problems as the result of poorly executed agricultural, industrial, and nuclear programs during the Soviet era. Relatively low population densities are the norm, especially since upon the breakup of the U.S.S.R. many ethnic Russians migrated back to European Russia. In this largely semi-arid region, drought, water shortages, and soil salinization pose major challenges.

#### **Key Points:**

The use of agricultural pesticides, such as DDT and other chemicals, has contributed to the contamination of soil and groundwater throughout the region.

Land and soil degradation, and in particular, increased salinization, is mostly attributable to faulty irrigation practices.

Significant desertification is also a problem in the region.

Air pollution is prevalent, mostly due to use of low octane automobile fuel.

Industrial pollution of the Caspian Sea and the Aral Sea, as a result of industrial effluents as well as mining and metal production, presents a challenge to the countries bordering these bodies of water.

One of the most severe environmental problems in the region is attributable to the several billion tons of hazardous materials stored in landfills across Central Asia.

Uzbekistan's particular problem involves the contraction of the Aral Sea, which has decreased in size by a third, as a consequence of river diversions and poor irrigation practices. The effect has been the near-total biological destruction of that body of water.

Kazakhstan, as a consequence of being the heartland of the former Soviet Union's nuclear program, has incurred a high of cancerous malignancies, biogenetic abnormalities and radioactive contamination.

While part of the Soviet Union, the republics in the region experienced very high levels of greenhouse gas emissions, as a consequence of rapid industrialization using cheap but dirty energy sources, especially coal.

By contrast, however, there have recently been substantial reductions in the level of greenhouse gas emissions, especially those attributable to coal burning, with further decreases anticipated over the next decade. These changes are partially due to the use of cleaner energy technologies, such as natural gas, augmented by governmental commitment to improving environmental standards.

### **Regional Synopsis: Europe**

Western Europe underwent dramatic transformation of its landscape, virtually eliminating large-scale natural areas, during an era of rapid industrialization, which intensified upon its recovery from World War II. In Eastern Europe and European Russia, intensive land development has been less prevalent, so that some native forests and other natural areas remain. Air and water pollution from use of dirty fuels and industrial effluents, however, are more serious environmental problems in Eastern than in Western Europe, though recent trends show improvement in many indicators. Acid rain has inflicted heavy environmental damage across much of Europe, particularly on forests. Europe and North America are the only regions in which water usage for industry exceeds that for agriculture, although in Mediterranean nations agriculture is the largest water consumer.

### **Key Points:**

Europe contributes 36 percent of the world's chlorofluorocarbon emissions, 30 percent of carbon dioxide emissions, and 25 percent of sulfur dioxide emissions.

Sulfur and nitrogen oxide emissions are the cause of 30 to 50 percent of Central and Eastern Europe's deforestation.

Acid rain has been an environmental concern for decades and continues to be a challenge in parts of Western Europe.

Overexploitation of up to 60 percent of Europe's groundwater presents a problem in industrial and urban areas.

With marine catch trends increasing from 5,000,000 metric tons in the 1950s to over 20,000,000 metric tons by 2000, there was increasing concern about the reduction in fisheries and marine life, should this trend continue unabated.

Significant numbers of mammal species in parts of western Europe, Eastern Europe and Russia are currently threatened, while the biological diversity on the Iberian Peninsula is even further compromised with over 40 percent of the mammal species in this region currently under threat. As a result, there has been a 10 percent increase in protected areas of Europe.

A major environmental issue for Europe involves the depletion of various already endangered or threatened species, and most significantly, the decline of fish stocks. Some estimates suggest that up to 50 percent of the continent's fish species may be considered endangered species. Coastal fisheries have been over-harvested, resulting in catch limits or moratoriums on many commercially important fish species.

Fortunately, in the last few years, these policies have started to yield measurable results with decreasing trends in marine fish catch.

Recently, most European countries have adopted cleaner production technologies, and alternative methods of waste disposal, including recycling.

The countries of Eastern Europe have made air quality a major environmental priority. This is exemplified by the Russian Federation's addition to the 1995 "Berlin Mandate" (transnational legislation based on resolutions of the Rio Earth Summit) compelling nations to promote "carbon sinks" to absorb greenhouse gases.

On a relative basis, when compared with the degree of industrial emissions emitted by many Eastern European countries until the late 1980s, there has been some marked increase in air quality in the region, as obsolete plants are closed and a transition to cleaner fuels and more efficient energy use takes place.

**Regional Synopsis: The Middle and Near East**

Quite possibly, the Middle East will exemplify the adage that, as the 20<sup>th</sup> century was a century fixated on oil, the 21<sup>st</sup> century will be devoted to critical decisions about water. Many (though far from all) nations in the Middle East rank among those countries with the largest oil and gas reserves, but water resources are relatively scarce throughout this predominantly dry region. Effects of global warming may cause moderately high elevation areas that now typically receive winter "snowpack" to experience mainly rain instead, which would further constrain dry-season water availability. The antiquities and religious shrines of the region render it a great magnet for tourism, which entails considerable economic growth potential but also intensifies stresses on the environment.

**Key Points:**

Water resource vulnerability is a serious concern across the entire region. The increased usage of, and further demand for water, has exacerbated long-standing water scarcity in the region. For instance, river diversions and industrial salt works have caused the Dead Sea to shrink by one-third from its original surface area, with further declines expected.

The oil industry in the region contributes to water pollution in the Persian Gulf, as a result of oil spills, which have averaged 1.2 million barrels of oil spilt per year (some sources suggest that this figure is understated). The consequences are severe because even after oil spills have been cleaned up, environmental damage to the food webs and ecosystems of marine life will persist for a prolonged period.

The region's coastal zone is considered one of the most fragile and endangered ecosystems of the world. Land reclamation, shoreline construction, discharge of industrial effluents, and tourism (such as diving in the Red Sea) contribute to widespread coastal damage.

Significant numbers of mammal species in parts of the Middle East are currently threatened.

Since the 1980s, 11 percent of the region's natural forest has been depleted.

**Regional Synopsis: Latin America and the Caribbean**

The Latin American and Caribbean region is characterized by exceedingly diverse landforms that have generally seen high rates of population growth and economic development in recent decades. The percentage of inhabitants residing in urban areas is quite high at 73.4 percent; the region



includes the megacities of Mexico City, Sao Paulo, and Rio de Janeiro. The region also includes the world's second-highest mountain range, the Andes; significant expanses of desert and grassland; the coral reefs of the Caribbean Sea; and the world's largest contiguous tropical forest in the Amazon basin. Threats to the latter from subsistence and commercial farming, mineral exploitation and timbering are well publicized. Nevertheless, of eight countries worldwide that still retain at least 70 percent of their original forest cover, six are in Latin America. The region accounts for nearly half (48.3 percent) of the world's greenhouse gas emissions derived from land clearing, but as yet a comparatively minuscule share (4.3 percent) of such gases from industrial sources.

### Key Points:

Although Latin America is one of the most biologically diverse regions of the world, this biodiversity is highly threatened, as exemplified by the projected extinction of up to 100,000 species in the next few decades. Much of this loss will be concentrated in the Amazon area, although the western coastline of South America will also suffer significant depletion of biological diversity. The inventory of rainforest species with potentially useful commercial or medical applications is incomplete, but presumed to include significant numbers of such species that may become extinct before they are discovered and identified.

Up to 50 percent of the region's grazing land has lost its soil fertility as a result of soil erosion, salinization, alkalinization and overgrazing.

The Caribbean Sea, the Atlantic Ocean, and the Pacific Ocean have all been contaminated by agricultural wastes, which are discharged into streams that flow into these major waters. Water pollution derived from phosphorous, nitrates and pesticides adversely affects fish stocks, contributes to oxygen depletion and fosters overgrowth of aquatic vegetation. Marine life will continue to be severely compromised as a result of these conditions.

Due to industrial development in the region, many beaches of eastern Latin America and the Caribbean suffer from tar deposits.

Most cities in the region lack adequate sewage treatment facilities, and rapid migration of the rural poor into the cities is widening the gap between current infrastructure capacity and the much greater level needed to provide satisfactory basic services.

The rainforest region of the Amazon Basin suffers from dangerously high levels of deforestation, which may be a significant contributory factor to global warming or "the greenhouse effect." In the late 1990s and into the new millennium, the rate of deforestation was around 20 million acres of rainforest being destroyed annually.

Deforestation on the steep rainforest slopes of Caribbean islands contributes to soil erosion and

landslides, both of which then result in heavy sedimentation of nearby river systems. When these sedimented rivers drain into the sea and coral reefs, they poison the coral tissues, which are vital to the maintenance of the reef ecosystem. The result is marine degradation and nutrient depletion. Jamaica's coral reefs have never quite recovered from the effects of marine degradation.

The Southern Cone of Latin America (Argentina, Brazil, Chile, Paraguay, and Uruguay) suffers the effects of greatly increased ultraviolet-B radiation, as a consequence of more intense ozone depletion in the southern hemisphere.

Water resource vulnerability is an increasingly major concern in the northwestern portion of South America.

### **Regional Synopsis: North America**

North American nations, in particular the United States and Canada, rank among the world's most highly developed industrial economies—a fact which has generated significant pollution problems, but also financial resources and skills that have enabled many problems to be corrected. Although efforts to promote energy efficiency, recycling, and suchlike have helped ease strains on the environment in a part of the world where per capita consumption levels are high, sprawling land development patterns and recent preferences many households have demonstrated for larger vehicles have offset these advances.

Meanwhile, a large portion of North America's original forest cover has been lost, though in many cases replaced by productive second-growth woodland. In recent years, attitudes toward best use of the region's remaining natural or scenic areas seem to be shifting toward recreation and preservation and away from resource extraction. With increasing attention on the energy scarcity in the United States, however, there is speculation that this shift may be short-lived. Indeed, the energy shortage on the west coast of the United States and associated calls for energy exploration, indicate a possible retrenchment toward resource extraction. At the same time, however, it has also served to highlight the need for energy conservation as well as alternative energy sources.

Despite generally successful anti-pollution efforts, various parts of the region continue to suffer significant air, water and land degradation from industrial, vehicular, and agricultural emissions and runoff. Mexico, as a middle-income country, displays environmental problems characteristic of a developing economy, including forest depletion, pollution from inefficient industrial processes and dirty fuels, and lack of sufficient waste-treatment infrastructure.

### **Key Points:**

Because of significantly greater motor vehicle usage in the United States (U.S.) than in the rest of

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the world, the U.S. contribution of urban air pollution and greenhouse gas emissions, especially carbon dioxide, is disproportionately high in relation to its population.

Acid rain is an enduring issue of contention in the northeastern part of the United States, on the border with Canada.

Mexico's urban areas suffer extreme air pollution from carbon monoxide, nitrogen oxides, sulfur dioxide, and other toxic air pollutants. Emissions controls on vehicles are in their infancy, compared to analogous regulations in the U.S.

The cities of Mexico, including those on the U.S. border, also discharge large quantities of untreated or poorly treated sewage, though officials are currently planning infrastructure upgrades.

Deforestation is noteworthy in various regions of the U.S., especially along the northwest coastline. Old growth forests have been largely removed, but in the northeastern and upper midwestern sections of the United States, evidence suggests that the current extent of tree cover probably surpasses the figure for the beginning of the 20<sup>th</sup> century.

Extreme weather conditions in the last few years have resulted in a high level of soil erosion along the north coast of California; in addition, the coastline itself has shifted substantially due to soil erosion and concomitant landslides.

Agricultural pollution-including nitrate contamination of well water, nutrient runoff to waterways, and pesticide exposure-is significant in various areas. Noteworthy among affected places are California's Central Valley, extensive stretches of the Midwest, and land in the Chesapeake Bay watershed.

Inland waterways, especially around the Great Lakes, have substantially improved their water quality, due to concentrated efforts at reducing water pollution by governmental, commercial and community representatives. Strict curbs on industrial effluents and near-universal implementation of sewage treatment are the chief factors responsible for this improvement.

A major environmental issue for Canada and the United States involves the depletion of various already endangered or threatened species, and most significantly, the decline of fish stocks. Coastal fisheries have been over-harvested, resulting in catch limits or moratoriums on many commercially important fish species. In the last few years, these policies have started to yield measurable results with decreasing trends in marine fish catch.

Due to the decay of neighboring ecosystems in Central America and the Caribbean, the sea surrounding Florida has become increasingly sedimented, contributing to marine degradation,

nutrient depletion of the ecosystem, depletion of fish stocks, and diseases to coral species in particular.

## **Polar Regions**

### **Key Points:**

The significant rise in sea level, amounting 10 to 25 centimeters in the last 100 years, is due to the melting of the Arctic ice sheets, and is attributed to global warming.

The Antarctic suffers from a significant ozone hole, first detected in 1976. By 1985, a British scientific team reported a 40 percent decrease in usual regeneration rates of the ozone. Because a sustained increase in the amount of ultraviolet-B radiation would have adverse consequences upon all planetary life, recent environmental measures have been put into effect, aimed at reversing ozone depletion. These measures are projected to garner significant results by 2050.

Due to air and ocean currents, the Arctic is a sink for toxic releases originally discharged thousands of miles away. Arctic wildlife and Canada's Inuit population have higher bodily levels of contaminants such as PCB and dioxin than those found in people and animals in much of the rest of the world.

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## **Global Environmental Concepts**

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### **1. Global Warming and Greenhouse Gases**

#### **The Greenhouse Effect:**

In the early 19<sup>th</sup> century, the French physicist, Jean Fourier, contended that the earth's atmosphere functions in much the same way as the glass of a greenhouse, thus describing what is now understood as the "greenhouse effect." Put simply, the "greenhouse effect" confines some of the sun's energy to the earth, preserving some of the planet's warmth, rather than allowing it to flow back into space. In so doing, all kinds of life forms can flourish on earth. Thus, the "greenhouse effect" is necessary to sustain and preserve life forms and ecosystems on earth.

In the late 19<sup>th</sup> century, a Swedish chemist, Svante Arrhenius, noticed that human activities, such as the burning of coal and other fossil fuels for heat, and the removal of forested lands for urban development, led to higher concentrations of greenhouse gases, like carbon dioxide and methane, in the atmosphere. This increase in the levels of greenhouse gases was believed to advance the "greenhouse effect" exponentially, and might be related to the trend in global warming.

In the wake of the Industrial Revolution, after industrial development took place on a large scale and the total human population burgeoned simultaneously with industrialization, the resulting increase in greenhouse gas emissions could, many scientists believe, be significant enough to have some bearing on climate. Indeed, many studies in recent years support the idea that there is a linkage between human activities and global warming, although there is less consensus on the extent to which this linkage may be relevant to environmental concerns.

That said, some scientists have argued that temperature fluctuations have existed throughout the evolution of the planet. Indeed, Dr. S. Fred Singer, the president of the Science and Environment Policy Project has noted that 3,000-year-old geological records of ocean sediment reveal changes in the surface temperature of the ocean. Hence, it is possible that climate variability is merely a normal fact of the planet's evolution. Yet even skeptics as to anthropogenic factors concur that any substantial changes in global temperatures would likely have an effect upon the earth's ecosystems, as well as the life forms that inhabit them.

### **The Relationship Between Global Warming and Greenhouse Gases:**

A large number of climatologists believe that the increase in atmospheric concentrations of "greenhouse gas emissions," mostly a consequence of human activities such as the burning of fossil fuels, are contributing to global warming. The cause notwithstanding, the planet has reportedly warmed 0.3°C to 0.6°C over the last century. Indeed, each year during the 1990s was one of the very warmest in the 20<sup>th</sup> century, with the mean surface temperature for 1999 being the fifth warmest on record since 1880.

In early 2000, a panel of atmospheric scientists for the National Research Council concluded in a report that global warming was, indeed, a reality. While the panel, headed by Chairman John Wallace, a professor of atmospheric sciences at the University of Washington, stated that it remained unclear whether human activities have contributed to the earth's increasing temperatures, it was apparent that global warming exists.

In 2001, following a request for further study by the incoming Bush administration in the [United States](#), the National Academy of Sciences again confirmed that global warming had been in existence for the last 20 years. The study also projected an increase in temperature between 2.5 degrees and 10.4 degrees Fahrenheit by the year 2100. Furthermore, the study found the leading cause of global warming to be emissions of carbon dioxide from the burning of fossil fuels, and it

noted that greenhouse gas accumulations in the earth's atmosphere was a result of human activities.

Within the scientific community, the controversy regarding has centered on the difference between surface air and upper air temperatures. Information collected since 1979 suggests that while the earth's surface temperature has increased by about a degree in the past century, the atmospheric temperature five miles above the earth's surface has indicated very little increase. Nevertheless, the panel stated that this discrepancy in temperature between surface and upper air does not invalidate the conclusion that global warming is taking place. Further, the panel noted that natural events, such as volcanic eruptions, can decrease the temperature in the upper atmosphere.

The major consequences of global warming potentially include the melting of the polar ice caps, which, in turn, contribute to the rise in sea levels. Many islands across the globe have already experienced a measurable loss of land as a result. Because global warming may increase the rate of evaporation, increased precipitation, in the form of stronger and more frequent storm systems, is another potential outcome. Other consequences of global warming may include the introduction and proliferation of new infectious diseases, loss of arable land (referred to as "desertification"), destructive changes to existing ecosystems, loss of biodiversity and the isolation of species, and concomitant adverse changes in the quality of human life.

### **International Policy Development in Regard to Global Warming:**

Regardless of what the precise nature of the relationship between greenhouse gas emissions and global warming may be, it seems that there is some degree of a connection between the phenomena. Any substantial reductions in greenhouse gas emissions and global warming trends will likely involve systematic changes in industrial operations, the use of advanced energy sources and technologies, as well as global cooperation in implementing and regulating these transformations.

In this regard, the United Nations Framework Convention on Climate Change (UNFCCC) stipulated the following objectives:

1. To stabilize "greenhouse gas" concentrations within the atmosphere, in such a manner that would preclude hazardous anthropogenic intervention into the existing biosphere and ecosystems of the world. This stabilization process would facilitate the natural adaptation of ecosystems to changes in climate.
2. To ensure and enable sustainable development and food production on a global scale.

\*\*\* See section on "International Environmental Agreements and Associations" for information related to international policies related to limiting greenhouse gases and controlling climate change emanating from historic summits at Kyoto, Copenhagen, Doha, and Paris. \*\*\*

## **2. Air Pollution**

Long before global warming reared its head as a significant issue, those concerned about the environment and public health noted the deleterious effects of human-initiated combustion upon the atmosphere. Killer smogs from coal burning triggered acute health emergencies in London and other places. At a lower level of intensity motor vehicle, power plant, and industrial emissions impaired long-range visibility and probably had some chronic adverse consequences on the respiratory systems of persons breathing such air.

In time, scientists began associating the sulfur dioxide and nitrogen oxides released from coal burning with significant acid deposition in the atmosphere, eventually falling as "acid rain." This phenomenon has severely degraded forestlands, especially in Europe and a few parts of the [United States](#). It has also impaired some aquatic ecosystems and eaten away the surface of some human artifacts, such as marble monuments. Scrubber technology and conversion to cleaner fuels have enabled the level of industrial production to remain at least constant while significantly reducing acid deposition. Technologies aimed at cleaning the air and curtailing acid rain, soot, and smog may, nonetheless, boomerang as the perils of global warming become increasingly serious. In brief, these particulates act as sort of a sun shade -- comparable to the effect of volcanic eruptions on the upper atmosphere whereby periods of active volcanism correlate with temporarily cooler weather conditions. Thus, while the carbon dioxide releases that are an inevitable byproduct of combustion continue, by scrubbing the atmosphere of pollutants, an industrial society opens itself to greater insolation (penetration of the sun's rays and consequent heating), and consequently, it is likely to experience a correspondingly greater rise in ambient temperatures.

The health benefits of removing the sources of acid rain and smog are indisputable, and no one would recommend a return to previous conditions. Nevertheless, the problematic climatic effects of continually increasing emissions of carbon dioxide and other greenhouse gases pose a major global environmental challenge, not as yet addressed adequately.

## **3. Ozone Depletion**

The stratospheric ozone layer functions to prevent ultraviolet radiation from reaching the earth. Normally, stratospheric ozone is systematically disintegrated and regenerated through natural photochemical processes. The stratospheric ozone layer, however, has been depleted unnaturally as a result of anthropogenic (man-made) chemicals, most especially chlorine and bromide compounds such as chlorofluorocarbons (CFCs), halons, and various industrial chemicals in the form of solvents, refrigerants, foaming agents, aerosol propellants, fire retardants, and fumigants. Ozone



depletion is of concern because it permits a greater degree of ultraviolet-B radiation to reach the earth, which then increases the incidences of cancerous malignancies, cataracts, and human immune deficiencies. In addition, even in small doses, ozone depletion affects the ecosystem by disturbing food chains, agriculture, fisheries and other forms of biological diversity.

Transnational policies enacted to respond to the dangers of ozone depletion include the 1985 Vienna Convention on the Protection of the Ozone Layer and the 1987 Montreal Protocol on Substances that Deplete the Ozone Layer. The Montreal Protocol was subsequently amended in London in 1990, Copenhagen in 1992 and Vienna in 1995. By 1996, 155 countries had ratified the Montreal Protocol, which sets out a time schedule for the reduction (and eventual elimination) of ozone depleting substances (OPS), and bans exports and imports of ODS from and to non-participant countries.

In general, the Protocol stipulates that developed countries must eliminate halon consumption by 1994 and CFC consumption by 1996, while developing countries must eliminate these substances by 2010. Consumption of methyl bromide, which is used as a fumigant, was to be frozen at the 1995 in developed countries, and fully eliminated in 2010, while developing countries are to freeze consumption by 2002, based on average 1995-1998 consumption levels. Methyl chloroform is to be phased out by 2005. Under the Montreal Protocol, most ODS will be completely eliminated from use by 2010.

#### **4. Land Degradation**

In recent decades, land degradation in more arid regions of the world has become a serious concern. The problem, manifest as both "desertification" and "devegetation," is caused primarily by climate variability and human activities, such as "deforestation," excessive cultivation, overgrazing, and other forms of land resource exploitation. It is also exacerbated by inadequate irrigation practices. Although the effects of droughts on drylands have been temporary in the past, today, the productivity and sustainability of these lands have been severely compromised for the long term. Indeed, in every region of the world, land degradation has become an acute issue.

##### **Desertification and Devegetation:**

"Desertification" is a process of land degradation causing the soil to deteriorate, thus losing its nutrients and fertility, and eventually resulting in the loss of vegetation, known as "devegetation." As aforementioned, "desertification" and "devegetation" are caused by human activities, yet human beings are also the greatest casualties. Because these forms of land degradation affect the ability of the soil to produce crops, they concomitantly contribute to poverty. As population increases and demographic concentrations shift, the extent of land subject to stresses by those seeking to wrest



subsistence from it has inexorably risen.

In response, the United Nations has formed the Convention to Combat Desertification-aimed at implementing programs to address the underlying causes of desertification, as well as measures to prevent and minimize its effects. Of particular significance is the formulation of policies on transboundary resources, such as areas around lakes and rivers. At a broader level, the Convention has established a Conference of Parties (COP), which includes all ratifying governments, for directing and advancing international action.

To ensure more efficacious use of funding, the Convention intends to reconfigure international aid to utilize a consultative and coordinated approach in the disbursement and expenditure of donor funds. In this way, local communities that are affected by desertification will be active participants in the solution-generation process. In-depth community education projects are envisioned as part of this new international aid program, and private donor financing is encouraged. Meanwhile, as new technologies are developed to deal with the problem of desertification, they need to be distributed for application across the world. Hence, the Convention calls for international cooperation in scientific research in this regard.

Desertification is a problem of sustainable development. It is directly connected to human challenges such as poverty, social and economic well-being and environmental protection as well. Broader environmental issues, such as climate change, biological diversity, and freshwater supplies, are indirectly related, so any effort to resolve this environmental challenge must entail coordinated research efforts and joint action.

### **Deforestation:**

Deforestation is not a recent phenomenon. For centuries, human beings have cut down trees to clear space for land cultivation, or in order to use the wood for fuel. Over the last 200 years, and most especially after World War II, deforestation increased because the logging industry became a globally profitable endeavor, and so the clearing of forested areas was accelerated for the purposes of industrial development. In the long term, this intensified level of deforestation is considered problematic because the forest is unable to regenerate itself quickly. The deforestation that has occurred in tropical rainforests is seen as an especially serious concern, due to the perceived adverse effects of this process upon the entire global ecosystem.

The most immediate consequence of deforestation is soil degradation. Soil, which is necessary for the growth of vegetation, can be a fragile and vital property. Organically, an extensive evolution process must take place before soil can produce vegetation, yet at the same time, the effects of natural elements, such as wind and rain, can easily and quickly degrade this resource. This phenomenon is known as soil erosion. In addition, natural elements like wind and rain reduce the

amount of fertile soil on the ground, making soil scarcity a genuine problem. When fertile topsoil that already exists is removed from the landscape in the process of deforestation, soil scarcity is further exacerbated. Equally significant is the fact that once land has been cleared so that the topsoil can be cultivated for crop production, not only are the nutrient reserves in the soil depleted, thus producing crops of inferior quality, but the soil structure itself becomes stressed and deteriorates further.

Another direct result of deforestation is flooding. When forests are cleared, removing the cover of vegetation, and rainfall occurs, the flow of water increases across the surface of land. When extensive water runoff takes place, the frequency and intensity of flooding increases. Other adverse effects of deforestation include the loss of wildlife and biodiversity within the ecosystem that supports such life forms.

At a broader level, tropical rainforests play a vital role in maintaining the global environmental system. Specifically, destruction of tropical rainforests affects the carbon dioxide cycle. When forests are destroyed by burning (or rotting), carbon dioxide is released into the air, thus contributing to an intensified "greenhouse effect." The increase in greenhouse gas emissions like carbon dioxide is a major contributor to global warming, according to many environmental scientists. Indeed, trees themselves absorb carbon dioxide in the process of photosynthesis, so their loss also reduces the absorption of greenhouse gases.

Tropical rainforest destruction also adversely affects the nitrogen cycle. Nitrogen is a key nutrient for both plants and animals. Plants derive nitrogen from soil, while animals obtain it via nitrogen-enriched vegetation. This element is essential for the formation of amino acids, and thereby for proteins and biochemicals that all living things need for metabolism and growth. In the nitrogen cycle, vegetation acquires these essential proteins and biochemicals, and then cyclically returns them to the atmosphere and global ecosystem. Accordingly, when tropical rainforest ecosystems are compromised, not only is vegetation removed; the atmosphere is also affected and climates are altered. At a more immediate level, the biodiversity within tropical rainforests, including wildlife and insect species and a wealth of plant varieties, is depleted. Loss of rare plants is of particular concern because certain species as yet unknown and unused could likely yield many practical benefits, for instance as medicines.

As a result of the many challenges associated with deforestation, many environmental groups and agencies have argued for government policies on the sustainable development of forests by governments across the globe. While many countries have instituted national policies and programs aimed at reducing deforestation, and substantial research has been advanced in regard to sustainable and regenerative forestry development, there has been very little progress on an international level. Generally speaking, most tropical rainforests are located in developing and less developed countries, where economic growth is often dependent upon the exploitation of tropical rainforests. Timber resources as well as wildlife hunting tend to be particularly lucrative arenas.

In places such as the Amazon, where deforestation takes place for the construction of energy plants aimed at industrialization and economic development, there is an exacerbated effect on the environment. After forests are cleared in order to construct such projects, massive flooding usually ensues. The remaining trees then rot and decay in the wake of the flooding. As the trees deteriorate, their biochemical makeup becomes more acidic, producing poisonous substances such as hydrogen sulphide and methane gases. Acidified water subsequently corrodes the mechanical equipment and operations of the plants, which are already clogged by rotting wood after the floodwaters rise.

Deforestation generally arises from an economically plausible short-term motivation, but nonetheless poses a serious global concern because the effects go beyond national boundaries. The United Nations has established the World Commission on Forest and Sustainable Development. This body's task is to determine the optimal means of dealing with the issue of deforestation, without unduly affecting normal economic development, while emphasizing the global significance of protecting tropical forest ecosystems.

## **5. Water Resources**

For all terrestrial fauna, including humans, water is the most immediate necessity to sustain life. As the population has increased and altered an ever-greater portion of the landscape from its natural condition, demand on water resources has intensified, especially with the development of industrialization and large-scale irrigation. The supply of freshwater is inherently limited, and moreover distributed unevenly across the earth's landmasses. Moreover, not just demand for freshwater but activities certain to degrade it are becoming more pervasive. By contrast, the oceans form a sort of "last wilderness," still little explored and in large part not seriously affected by human activity. However, coastal environments - the biologically richest part of the marine ecosystem-are experiencing major depletion due to human encroachment and over-exploitation.

### **Freshwater:**

In various regions, for instance the Colorado River in the western [United States](#), current withdrawals of river water for irrigation, domestic, and industrial use consume the entire streamflow so that almost no water flows into the sea at the river's mouth. Yet development is ongoing in many such places, implying continually rising demand for water. In some areas reliant on groundwater, aquifers are being depleted at a markedly faster rate than they are being replenished. An example is the San Joaquin Valley in California, where decades of high water withdrawals for agriculture have caused land subsidence of ten meters or more in some spots. Naturally, the uncertainty of future water supplies is particularly acute in arid and semi-arid regions.

Speculation that the phenomenon of global warming will alter geographic and seasonal rainfall patterns adds further uncertainty.

Water conservation measures have great potential to alleviate supply shortages. Some city water systems are so old and beset with leaking pipes that they lose as much water as they meter. Broad-scale irrigation could be replaced by drip-type irrigation, actually enhancing the sustainability of agriculture. In many areas where heavy irrigation has been used for decades, the result is deposition of salts and other chemicals in the soil such that the land becomes unproductive for farming and must be abandoned.

Farming is a major source of water pollution. Whereas restrictions on industrial effluents and other "point sources" are relatively easy to implement, comparable measures to reform hydraulic practices at farms and other "nonpoint sources" pose a significantly knottier challenge. Farm-caused water pollution takes the following main forms:

- Nitrate pollution found in wells in intensive farming areas as a consequence of heavy fertilizer use is a threat to human health. The most serious danger is to infants, who by ingesting high-nitrate water can contract methemoglobinemia, sometimes called "blue baby syndrome," a potentially fatal condition.
- Fertilizer runoff into rivers and lakes imparts unwanted nutrients that cause algae growth and eventual loss of oxygen in the body of water, degrading its ability to support fish and other desirable aquatic life.
- Toxic agricultural chemicals - insecticides, herbicides, and fungicides - are detectable in some aquifers and waterways.

In general, it is much easier to get a pollutant into water than to retrieve it out. Gasoline additives, dry cleaning chemicals, other industrial toxins, and in a few areas radionuclides have all been found in water sources intended for human use. The complexity and long time scale of subterranean hydrological movements essentially assures that pollutants already deposited in aquifers will continue to turn up for decades to come. Sophisticated water treatment processes are available, albeit expensive, to reclaim degraded water and render it fit for human consumption. Yet source protection is unquestionably a more desirable alternative.

In much of the developing world, and even some low-income rural enclaves of the developed world, the population lacks ready access to safe water. Surface water and shallow groundwater supplies are susceptible to contamination from untreated wastewater and failing septic tanks, as well as chemical hazards. The occurrence of waterborne disease is almost certainly greatly underreported.

**Marine Resources:**

Coastal areas have always been desirable places for human habitation, and population pressure on them continues to increase. Many types of water degradation that affect lakes and rivers also affect coastal zones: industrial effluents, untreated or partially treated sewage, nutrient load from agriculture figure prominently in both cases. Prospects for more extreme storms as a result of global warming, as well as the pervasiveness of poorly planned development in many coastal areas, forebode that catastrophic hurricanes and landslides may increase in frequency in the future. Ongoing rise in sea levels will force remedial measures and in some cases abandonment of currently valuable coastal property.

Fisheries over much of the globe have been overharvested, and immediate conservation measures are required to preserve stocks of many species. Many governments subsidized factory-scale fishing fleets in the 1970s and 1980s, and the resultant catch increase evidently surpassed a sustainable level. It is uncertain how much of the current decline in fish stocks stems from overharvesting and how much from environmental pollution. The deep ocean remains relatively unaffected by human activity, but continental shelves near coastlines are frequently seriously polluted, and these close-to-shore areas are the major biological nurseries for food fish and the smaller organisms they feed on.

**6. Environmental Toxins**

Toxic chemical pollution exploded on the public consciousness with disclosure of spectacularly polluted industrial areas such as Love Canal near Buffalo, New York. There is no question that pollutants such as organophosphates or radionuclides can be highly deleterious to health, but evidence to date suggests that seriously affected areas are a localized rather than universal problem.

While some explore the possibilities for a lifestyle that fully eschews use of modern industrial chemicals, the most prevalent remediative approach is to focus on more judicious use. The most efficient chemical plants are now able to contain nearly all toxic byproducts of their production processes within the premises, minimizing the release of such substances into the environment. Techniques such as Integrated Pest Management (IPM) dictate limited rather than broadcast use of pesticides: application only when needed using the safest available chemical, supplemented as much as possible with nontoxic controls.

While heightened public awareness and growing technical sophistication suggest a hopeful outlook on limiting the damage from manmade environmental toxins, one must grant that previous incidents of their misuse and mishandling have already caused environmental damage that will have to be dealt with for many years to come. In the case of the most hazardous radioactive substances, the

time scale for successful remediation actually extends beyond that of the recorded history of civilization. Moreover, in this era of high population density and rapid economic growth, quotidian activities such as the transport of chemicals will occasionally, seemingly inevitably result in accidents with adverse environmental consequences.

## **7. "Islandization" and Biodiversity**

With increased awareness regarding the adverse effects of unregulated hunting and habitat depletion upon wildlife species and other aspects of biodiversity, large-scale efforts across the globe have been initiated to reduce and even reverse this trend.

In every region of the world, many species of wildlife and areas of biodiversity have been saved from extinction. Nationally, many countries have adopted policies aimed at preservation and conservation of species, and one of the most tangible measures has been the proliferation of protected habitats. Such habitats exist in the form of wildlife reserves, marine life reserves, and other such areas where biodiversity can be protected from external encroachment and exploitation.

Despite these advances in wildlife and biodiversity protection, further and perhaps more intractable challenges linger. Designated reserves, while intended to prevent further species decline, exist as closed territories, fragmented from other such enclaves and disconnected from the larger ecosystem. This environmental scenario is referred to as "islandization." Habitat reserves often serve as oversized zoos or game farms, with landscapes and wildlife that have effectively been "tamed" to suit. Meanwhile, the larger surrounding ecosystem continues to be seriously degraded and transformed, while within the islandized habitat, species that are the focus of conservation efforts may not have sufficient range and may not be able to maintain healthy genetic variability.

As a consequence, many conservationists and preservationists have demanded that substantially larger portions of land be withheld as habitat reserves, and a network of biological corridors to connect continental reserves be established. While such efforts to combat islandization have considerable support in the [United States](#), how precisely such a program would be instituted, especially across national boundaries, remains a matter of debate. International conservationists and preservationists say without a network of reserves a massive loss of biodiversity will result.

The concept of islandization illustrates why conservation and preservation of wildlife and biodiversity must consider and adopt new, broader strategies. In the past, conservation and preservation efforts have been aimed at specific species, such as the spotted owl and grizzly bear in North America, the Bengal tiger in Southeast Asia, the panda in [China](#), elephants in Africa. Instead, the new approach is to simultaneously protect many and varied species that inhabit the same ecosystem. This method, referred to as "bio-regional conservation," may more efficaciously generate longer-term and more far-reaching results precisely because it is aimed at preserving entire



ecosystems, and all the living things within.

### **More About Biodiversity Issues:**

This section is directly taken from the United Nations Environmental Program: "[Biodiversity Assessment](#)"

The Global Biodiversity Assessment, completed by 1500 scientists under the auspices of United Nations Environmental Program in 1995, updated what is known (or unknown) about global biological diversity at the ecosystem, species and genetic levels. The assessment was uncertain of the total number of species on Earth within an order of magnitude. Of its working figure of 13 million species, only 13 percent are scientifically described. Ecological community diversity is also poorly known, as is its relationship to biological diversity, and genetic diversity has been studied for only a small number of species. The effects of human activities on biodiversity have increased so greatly that the rate of species extinctions is rising to hundreds or thousands of times the background level. These losses are driven by increasing demands on species and their habitats, and by the failure of current market systems to value biodiversity adequately. The Assessment calls for urgent action to reverse these trends.

There has been a new recognition of the importance of protecting marine and aquatic biodiversity. The first quantitative estimates of species losses due to growing coral reef destruction predict that almost 200,000 species, or one in five presently contributing to coral reef biodiversity, could die out in the next 40 years if human pressures on reefs continue to increase.

Since Rio, many countries have improved their understanding of the status and importance of their biodiversity, particularly through biodiversity country studies such as those prepared under the auspices of UNEP/GEF. The [United Kingdom](#) identified 1250 species needing monitoring, of which 400 require action plans to ensure their survival. Protective measures for biodiversity, such as legislation to protect species, can prove effective. In the USA, almost 40 percent of the plants and animals protected under the Endangered Species Act are now stable or improving as a direct result of recovery efforts. Some African countries have joined efforts to protect threatened species through the 1994 Lusaka Agreement, and more highly migratory species are being protected by specialized cooperative agreements among range states under the Bonn Agreement.

There is an emerging realization that a major part of conservation of biological diversity must take place outside of protected areas and involve local communities. The extensive agricultural areas occupied by small farmers contain much biodiversity that is important for sustainable food production. Indigenous agricultural practices have been and continue to be important elements in the maintenance of biodiversity, but these are being displaced and lost. There is a new focus on the interrelationship between agrodiversity conservation and sustainable use and development practices

in smallholder agriculture, with emphasis on use of farmers' knowledge and skills as a source of information for sustainable farming.

Perhaps even more important than the loss of biodiversity is the transformation of global biogeochemical cycles, the reduction in the total world biomass, and the decrease in the biological productivity of the planet. While quantitative measurements are not available, the eventual economic and social consequences may be so significant that the issue requires further attention.

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Online resources used generally in the Environmental Overview:

Environmental Protection Agency Global Warming Site. URL: <http://www.epa.gov/globalwarming>

Food and Agriculture Organization of United Nations: Forestry. URL: <http://www.fao.org/forestry/site/sofo/en/>

Global Warming Information Page. URL: <http://globalwarming.org>

U n i t e d   N a t i o n s   E n v i r o n m e n t a l   P r o g r a m .   U R L : [http://www.unep.org/GEO/GEO\\_Products/Assessment\\_Reports/](http://www.unep.org/GEO/GEO_Products/Assessment_Reports/)

United Nations Global Environmental Outlook. URL: <http://www.unep.org/geo/geo4/media/>

Note on Edition Dates:

The edition dates for textual resources are noted above because they were used to formulate the original content. We also have used online resources (cited above) to update coverage as needed.

Information Resources

For more information about environmental concepts, CountryWatch recommends the following resources:

The United Nations Environmental Program Network (with country profiles)

[<http://www.unep.net/>](http://www.unep.net/)

The United Nations Environment Program on Climate Change

[<http://climatechange.unep.net/>](http://climatechange.unep.net/)

The United Nations Environmental Program on Waters and Oceans

[<http://www.unep.ch/earthw/Pdepwat.htm>](http://www.unep.ch/earthw/Pdepwat.htm)

The United Nations Environmental Program on Forestry: "Forests in Flux"

[<http://www.unep-wcmc.org/forest/flux/homepage.htm>](http://www.unep-wcmc.org/forest/flux/homepage.htm)

FAO "State of the World's Forests"

[<http://www.fao.org/forestry/FO/SOFO/SOFO99/sofo99-e.stm>](http://www.fao.org/forestry/FO/SOFO/SOFO99/sofo99-e.stm)

World Resources Institute.

[<http://www.wri.org/>](http://www.wri.org/)

Harvard University Center for Health and the Global Environment

[<http://www.med.harvard.edu/chge/the-review.html>](http://www.med.harvard.edu/chge/the-review.html)

The University of Wisconsin Center for Sustainability and the Global Environment

<http://sage.aos.wisc.edu/>

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## International Environmental Agreements and Associations

### **International Policy Development in Regard to Global Warming:**

#### **Introduction**

Regardless of what the precise nature of the relationship between greenhouse gas emissions and global warming may be, it seems that there is some degree of a connection between the

phenomena. Any substantial reductions in greenhouse gas emissions and global warming trends will likely involve systematic changes in industrial operations, the use of advanced energy sources and technologies, as well as global cooperation in implementing and regulating these transformations.

In this regard, the United Nations Framework Convention on Climate Change (UNFCCC) stipulated the following objectives:

1. To stabilize "greenhouse gas" concentrations within the atmosphere, in such a manner that would preclude hazardous anthropogenic intervention into the existing biosphere and ecosystems of the world. This stabilization process would facilitate the natural adaptation of ecosystems to changes in climate.
2. To ensure and enable sustainable development and food production on a global scale.

Following are two discussions regarding international policies on the environment, followed by listings of international accords.

### ***Special Entry: The Kyoto Protocol***

The UNFCCC was adopted at the Rio Earth Summit in 1992, and entered into force in 1994. Over 175 parties were official participants.

Meanwhile, however, many of the larger, more industrialized nations failed to reach the emissions' reduction targets, and many UNFCCC members agreed that the voluntary approach to reducing emissions had not been successful. As such, UNFCCC members reached a consensus that legally binding limits were necessitated, and agreed to discuss such a legal paradigm at a meeting in Kyoto, [Japan](#) in 1997. At that meeting, the UNFCCC forged the Kyoto Protocol. This concord is the first legally binding international agreement that places limits on emissions from industrialized countries. The major greenhouse gas emissions addressed in the Kyoto Protocol include carbon dioxide, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and methane.

The provisions of the Kyoto Protocol stipulate that economically advanced nations must reduce their combined emissions of greenhouse gases, by approximately five percent from their 1990 levels, before the 2008-2010 deadline. Countries with the highest carbon dioxide emissions, such as the [United States](#) (U.S.), many of the European Union (EU) countries, and [Japan](#), are to reduce emissions by a scale of 6 to 8 percent. All economically advanced nations must show "demonstrable progress" by 2005. In contrast, no binding limits or timetable have been set on developing countries. Presumably, this distinction is due to the fact that most developing countries - - with the obvious exceptions of [India](#) and [China](#) -- simply do not emit as many greenhouse gases as do more industrially advanced countries. Meanwhile, these countries are entrenched in the

process of economic development.

Regardless of the aforementioned reasoning, there has been strong opposition against the asymmetrical treatment assigned to emissions limits among developed and developing countries. Although this distinction might be regarded as unfair in principle, associations such as the Alliance of Small Island States have been vocal in expressing how global warming -- a result of greenhouse gas emissions - has contributed to the rise in sea level, and thus deleteriously affected their very existence as island nation states. For this reason, some parties have suggested that economically advanced nations, upon returning to their 1990 levels, should be required to further reduce their greenhouse gas emissions by a deadline of 2005. In response, interested parties have observed that even if such reductions were undertaken by economically advanced nations, they would not be enough to completely control global warming. Indeed, a reduction in the rate of fossil fuel usage by developing nations would also be necessary to have substantial ameliorative effect on global warming. Indeed, a reduction in the rate of fossil fuel usage by developing nations would also be necessary to have substantial ameliorative effect on global warming.

As such, the Protocol established a "Clean Development Mechanism" which permits developed countries to invest in projects aimed at reducing emissions within developing countries in return for credit for the reductions. Ostensibly, the objective of this mechanism is to curtail emissions in developing countries without unduly penalizing them for their economic development. Under this model, the countries with more potential emissions credits could sell them to other signatories of the Kyoto Protocol, whose emissions are forecast to significantly rise in the next few years. Should this trading of emissions credits take place, it is estimated that the Kyoto Protocol's emissions targets could still be met.

In 1999, the International Energy Outlook projected that Eastern Europe, the former Soviet Union and Newly Independent States, as well as parts of Asia, are all expected to show a marked decrease in their level of energy-related carbon emissions in 2010. Nations with the highest emissions, specifically, the U.S., the EU and [Japan](#), are anticipated to reduce their emissions by up to 8 percent by 2012. By 2000, however, the emissions targets were not on schedule for achievement. Indeed, the U.S. Department of Energy estimates forecast that by 2010, there will be a 34 percent increase in carbon emissions from the 1990 levels, in the absence of major shifts in policy, economic growth, energy prices, and consumer trends. Despite this assessment in the U.S., international support for the Kyoto Protocol remained strong, especially among European countries and island states, who view the pact as one step in the direction away from reliance on fossil fuels and other sources of greenhouse gases.

In 2001, U.S. President, George W. Bush, rejected his country's participation in the Kyoto Protocol, saying that the costs imposed on the global economic system, and especially, on the US, overshadowed the benefits of the Protocol. He also cited the unfair burden on developed nations to reduce emissions, as another primary reasons for withdrawal from the international pact, as well as

insufficient evidence regarding the science of global warming. Faced with impassioned international disapproval for his position, the U.S. president stated that his administration remained interested in dealing with the matter of global warming, but would endorse alternative measures to combat the problem, such as voluntary initiatives limiting emissions. Critics of Bush's position, however, have noted that it was the failure of voluntary initiatives to reduce emissions following the Rio Summit that led to the establishment of the Kyoto Protocol in the first place.

In the wake of the Bush administration's decision, many participant countries resigned themselves to the reality that the goals of the Kyoto Protocol might not be achieved without U.S. involvement. Nevertheless, in Bonn, [Germany](#), in July 2001, the remaining participant countries struck a political compromise on some of the key issues and sticking points, and planned to move forward with the Protocol, irrespective of the absence of the U.S. The key compromise points included the provision for countries to offset their targets with carbon sinks (these are areas of forest and farmland which can absorb carbon through the process of photosynthesis). Another compromise point within the broader Bonn Agreement was the reduction of emissions cuts of six gases from over 5 percent to a more achievable 2 percent. A third key change was the provision of funding for less wealthy countries to adopt more progressive technologies.

In late October and early November 2001, the UNFCCC's 7<sup>th</sup> Conference of the Parties met in Marrakesh, [Morocco](#), to finalize the measures needed to make the Kyoto Protocol operational. Although the UNFCCC projected that ratification of the Protocol would make it legally binding within a year, many critics noted that the process had fallen short of implementing significant changes in policy that would be necessary to actually stop or even slow climate change. They also maintained that the absence of U.S. participation effectively rendered the Protocol into being a political exercise without any substance, either in terms of transnational policy or in terms of environmental concerns.

The adoption of the compromises ensconced within the Bonn Agreement had been intended to make the provisions of the Kyoto Protocol more palatable to the U.S. In this regard, it failed to achieve its objective as the Bush administration continued to eschew participation in the international accord. Still, however, the Bonn Agreement did manage to render a number of other positive outcomes. Specifically, in 2002, key countries, such as [Russia](#), [Japan](#) and [Canada](#) agreed to ratify the protocol, bringing the number of signatories to 178. The decision by key countries to ratify the protocol was regarded as "the kiss of life" by observers.

By 2005, on the eve of a climate change conference in London, British Prime Minister Tony Blair was hoping to deal with the problems of climate change beyond the provisions set forth in the Kyoto Protocol. Acknowledging that the Kyoto Protocol could not work in its current form, Blair wanted to open the discussion for a new climate change plan.

Blair said that although most of the world had signed on to Kyoto, the protocol could not meet any of its practical goals of cutting greenhouse gas emissions without the participation of the United States, the world's largest polluter. He also noted that any new agreement would have to include India and China -- significant producers of greenhouse gas emissions, but exempt from Kyoto because they have been classified as developing countries. Still, he said that progress on dealing with climate change had been stymied by "a reluctance to face up to reality and the practical action needed to tackle problem."

Blair also touted the "huge opportunities" in technology and pointed toward the possibilities offered by wind, solar and nuclear power, along with fuel cell technology, eco-friendly biofuels, and carbon capture and storage which could generate low carbon power. Blair also asserted that his government was committed to achieving its domestic goal of reducing carbon dioxide emissions by 20 percent by 2010.

In the United States, President George W. Bush has said that global warming remained a debatable issue and despite conclusions reached by his own Environmental Protection Agency, he has not agreed with the conclusion that global warming and climate change are linked with human activities. Bush has also refused to ratify Kyoto on the basis of its economic costs.

Australia, an ally of the United States, has taken a similarly dim view of the Kyoto Protocol. Ahead of the November 2005 climate change meeting in Canada in which new goals for the protocol were to be discussed, Australia's Environment Minister, Ian Campbell, said that negotiating new greenhouse gas emission levels for the Kyoto Protocol would be a waste of time. Campbell said, "There is a consensus that the caps, targets and timetables approach is flawed. If we spend the next five years arguing about that, we'll be fiddling and negotiating while Rome burns." Campbell, like the Bush administration, has also advocated a system of voluntary action in which industry takes up new technologies rather than as a result of compelling the reduction of emissions. But the Australian Conservation Foundation (ACF) has called on its government to ratify the Kyoto Protocol, to establish a system of emissions trading, and to set binding limits on emissions. Interestingly, although it did not sign on to Kyoto, Australia was expected to meet its emissions target by 2012 (an 8 percent increase in 1990 levels in keeping with the country's reliance on coal). But this success has nothing to do with new technologies and is due to state-based regulations on land clearing.

Note: The Kyoto Protocol calls for developed nations to cut greenhouse emissions by 5.2 percent of 1990 levels by 2012.

### ***Special Entry: Climate Change Summit in Copenhagen (2009) --***

In December 2009, the United Nations Climate Change Summit opened in the Danish capital of Copenhagen. The summit was scheduled to last from Dec. 7-18, 2009. Delegates from more than

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190 countries were in attendance, and approximately 100 world leaders, including British Prime Minister Gordon Brown and [United States](#) President Barack Obama, were expected to participate. At issue was the matter of new reductions targets on greenhouse gas emissions by 2020.

Despite earlier fears that little concurrence would come from the conference, effectively pushing significant actions forward to a 2010 conference in [Mexico](#) City, negotiators were now reporting that the talks were productive and several key countries, such as [South Africa](#), had pledged to reduce greenhouse gas emissions. The two main issues that could still lead to cleavages were questions of agreement between the industrialized countries and the developing countries of the world, as well as the overall effectiveness of proposals in seriously addressing the perils of climate change.

On Dec. 9, 2009, four countries -- the [United Kingdom](#), [Australia](#), [Mexico](#) and [Norway](#) -- presented a document outlining ideas for raising and managing billions of dollars, which would be intended to help vulnerable countries dealing with the perils of climate change. Described as a "green fund," the concept could potentially help small island states at risk because of the rise in sea level. [Bangladesh](#) identified itself as a potential recipient of an assistance fund, noting that as a country plagued by devastating floods, it was particularly hard-hit by climate change. The "green fund" would fall under the rubric of the United Nations Framework Convention on Climate Change, for which developed countries have been committed to quantifying their emission reduction targets, and also to providing financial and technical support to developing countries.

The [United Kingdom](#), [Australia](#), [Mexico](#) and [Norway](#) also called for the creation of a new legal treaty that would replace the Kyoto Protocol. This new treaty, which could go into force in 2012, would focus largely on the reduction of greenhouse gas emissions by 2020. But [Australia](#) went even further in saying that the successor treaty to the Kyoto Protocol, should be one with provisions covering all countries. Such a move would be a departure from the structure of the Kyoto Protocol, which contained emissions targets for industrialized countries due to the prevailing view that developed countries had a particular historic responsibility to be accountable for climate change. More recently, it has become apparent that substantial reductions in greenhouse gas emissions demanded by scientists would only come to pass with the participation also of significant developing nation states, such as [China](#) and [India](#). Indeed, one of the most pressing critiques of the Kyoto Protocol was that it was a "paper tiger" that failed to address the impact of the actions of emerging economies like [China](#) and [India](#), with its focus on the developed economies.

Now, in 2009, [China](#) -- as the world's biggest greenhouse gas emitter -- was responding this dubious distinction by vocalizing its criticism of the current scenario and foregrounding its new commitments. Ahead of the Copenhagen summit, [China](#) had announced it would reduce the intensity of its carbon emissions per unit of its GDP in 2020 by 40 to 45 percent against 2005 levels. With that new commitment at hand, [China](#) was now accusing the [United States](#) and the European Union of shirking their own responsibilities by setting weak targets for greenhouse gas



emissions cuts. Senior Chinese negotiator, Su Wei, characterized the goals of the world's second largest greenhouse gas emitter -- the [United States](#) -- as "not notable," and the European Union's target as "not enough." Su Wei also took issue with [Japan](#) for setting implausible preconditions.

On Dec. 11, 2009, [China](#) demanded that developed and wealthy countries in Copenhagen should help deliver a real agreement on climate change by delivering on their promises to reduce carbon emissions and provide financial support for developing countries to adapt to global warming. In so doing, China's Vice Foreign Minister He Yafei said his country was hoping that a "balanced outcome" would emerge from the discussions at the summit. Echoing the position of the Australian government, He Yafei spoke of a draft agreement as follows: "The final document we're going to adopt needs to be taking into account the needs and aspirations of all countries, particularly the most vulnerable ones."

China's Vice Foreign Minister emphasized the fact that climate change was "a matter of survival" for developing countries, and accordingly, such countries need wealthier and more developed countries to accentuate not only their pledges of emissions reduction targets, but also their financial commitments under the aforementioned United Nations Framework Convention on Climate Change. To that end, scientists and leaders of small island states in the Indian Ocean, the Pacific Ocean and the Caribbean Sea, have highlighted the existential threat posed by global warming and the concomitant rise in sea level.

China aside, attention was also on [India](#) -- another major player in the developing world and a country with an industrializing economy that was impacting the environment. At issue was the Indian government's decision to set a carbon intensity target, which would slow emissions growth by up to 25 percent by the 2020 deadline. This strong position was resisted by some elements in [India](#), who argued that their country should not be taking such a strong position when developed wealthy countries were yet to show accountability for their previous commitments to reduce greenhouse gas emissions. The matter grew so heated that the members of the opposition stormed out of the parliament in protest as Indian Environment Minister Jairam Ramesh defended the policy. But the political pressure at home in [India](#) was leaving the Indian delegation in Copenhagen in a state of chaos as well. In fact, India's top environmental negotiator refused to travel to Copenhagen in protest of the government's newly-announced stance.

China and [India](#) were joined by [Brazil](#) and [South Africa](#) in the crafting of a draft document calling for a new global climate treaty to be completed by June 2010. Of concern has been the realization that there was insufficient time to find concurrence on a full legal treaty, which would leave countries only with a politically-binding text by the time the summit at Copenhagen closed. But Guyana's leader, President Bharrat Jagdeo, warned that the summit in [Denmark](#) would be classified as a failure unless a binding document was agreed upon instead of just political consensus. He urged his cohorts to act with purpose saying, "Never before have science, economics, geo-strategic self-interest and politics intersected in such a way on an issue that impacts everyone on the planet."



Likewise, [Tuvalu](#) demanded that legally binding agreements emerge from Copenhagen. Its proposal was supported by many of the vulnerable countries, from small island states and sub-Saharan Africa, all of whom warned of the catastrophic impact of climate change on their citizens. [Tuvalu](#) also called for more aggressive action, such as an amendment to the 1992 agreement, which would focus on sharp greenhouse gas emissions and the accepted rise in temperatures, due to the impact the rise in seas. The delegation from [Kiribati](#) joined the call by drawing attention to the fact that one village had to be abandoned due to waist-high water, and more such effects were likely to follow. Kiribati's Foreign Secretary, Tessie Lambourne, warned that the people of [Kiribati](#) could well be faced with no homeland in the future saying, "Nobody in this room would want to leave their homeland." But despite such impassioned pleas and irrespective of warnings from the Intergovernmental Panel on Climate Change that the rise in sea level from melting polar ice caps would deleteriously affect low-lying atolls such as such as [Tuvalu](#) and [Kiribati](#) in the Pacific, and the [Maldives](#) in the Indian Ocean, the oil-giant [Saudi Arabia](#) was able to block this move.

Meanwhile, within the developed countries, yet another power struggle was brewing. The European Union warned it would only agree to raise its target of 20 percent greenhouse gas emissions reductions to 30 percent if the [United States](#) demonstrated that it would do more to reduce its own emissions. It was unknown if such pressure would yield results. [United States](#) President Barack Obama offered a "provisional" 2020 target of 17 percent reductions, noting that he could not offer greater concessions at Copenhagen due to resistance within the [United States](#) Congress, which was already trying to pass a highly controversial "cap and trade" emissions legislation. However, should that emissions trading bill fail in the Senate, the [United States](#) Environment Protection Agency's declaration that greenhouse gases pose a danger to human health and the environment was expected to facilitate further regulations and limits on power plants and factories at the national level. These moves could potentially strengthen the Obama administration's offering at Copenhagen. As well, President Obama also signaled that he would be willing to consider the inclusion of international forestry credits.

Such moves indicated willingness by the Obama administration to play a more constructive role on the international environmental scene than its predecessor, the Bush administration. Indeed, ahead of his arrival at the Copenhagen summit, President Barack Obama's top environmental advisors promised to work on a substantial climate change agreement. To that end, [United States](#) Environmental Protection Agency Administrator Lisa Jackson said at a press conference, "We are seeking robust engagement with all of our partners around the world." But would this pro-engagement assertion yield actual results?

By Dec. 12, 2009, details related to a draft document prepared by Michael Zammit Cutajar, the head of the Ad-hoc Working Group on Long-Term Cooperative Action, were released at the Copenhagen climate conference. Included in the document were calls for countries to make major

reductions in carbon emissions over the course of the next decade. According to the Washington Post, industrialized countries were called on to make cuts of between 25 percent and 40 percent below 1990 levels -- reductions that were far more draconian than the [United States](#) was likely to accept. As discussed above, President Obama had offered a provisional reduction target of 17 percent. The wide gap between the released draft and the United States' actual stated position suggested there was much more negotiating in the offing if a binding agreement could be forged, despite the Obama administration's claims that it was seeking greater engagement on this issue.

In other developments, the aforementioned call for financial support of developing countries to deal with the perils of climate change was partly answered by the European Union on Dec. 11, 2009. The European bloc pledged an amount of 2.4 billion euros (US\$3.5 billion) annually from 2010 to 2012. Environment Minister Andreas Carlgren of [Sweden](#) -- the country that holds the rotating presidency of the European Union at the time of the summit -- put his weight behind the notion of a "legally binding deal." Meanwhile, Yvo de Boer, a top United Nations climate change official, focused less on the essence of the agreement and more on tangible action and effects saying, "Copenhagen will only be a success if it delivers significant and immediate action that begins the day the conference ends."

The division between developed and developing countries in Copenhagen reached new heights on Dec. 14, 2009, when some of the poor and less developed countries launched a boycott at the summit. The move, which was spurred by African countries but backed by [China](#) and [India](#), appeared to be geared toward redirecting attention and primary responsibility to the wealthier and more industrialized countries. The impasse was resolved after the wealthier and more industrialized countries offered assurances that they did not intend on shirking from their commitments to reducing greenhouse gases. As a result, the participating countries ceased the boycott.

Outside the actual summit, thousands of protestors had gathered to demand crucial global warming, leading to clashes between police and demonstrators elsewhere in the Danish capital city. There were reports of scattered violence across Copenhagen and more than 1,000 people were arrested.

Nevertheless, by the second week of the climate change summit, hopes of forging a strong deal were eroding as developed and developing nations remained deadlocked on sharing cuts in greenhouse gases, and particularly on the matters of financing and temperature goals. In a bid to shore up support for a new climate change, [United States](#) President Barack Obama joined other world leaders in Copenhagen. On Dec. 14, 2009, there was a standoff brewing between the [United States](#) and [China](#). At issue was China's refusal to accept international monitoring of its expressed targets for reducing greenhouse gas emissions. The [United States](#) argued that China's opposition to verification could be a deal-breaker.

By the close of the summit, the difficult process eventually resulted in some consensus being

cultivated. A draft text called for \$100 billion a year by 2020 to assist poor nations cope with climate change, while aiming to limit global warming to two degrees Celsius compared with pre-industrial levels. The deal also included specific targets for developed countries to reduce greenhouse gas emissions, and called for reductions by developing countries as a share of their economies. Also included in the agreement was a mechanism to verify compliance. The details of the agreement were supported by President Barack Obama, Chinese Premier Wen Jiabao, Indian Prime Minister Manmohan Singh and Brazilian President Luiz Inacio Lula da Silva.

This draft would stand as an interim agreement, with a legally-binding international pact unlikely to materialize until 2010. In this way, the summit in Copenhagen failed to achieve its central objective, which was to negotiate a successor to the Kyoto Protocol on greenhouse gas emissions.

#### Editor's Note

In the background of these developments was the growing global consciousness related to global warming and climate change. Indeed, as the Copenhagen summit was ongoing, it was clear there was enormous concurrence on the significance of the stakes with an editorial on the matter of climate change being published in 56 newspapers in 45 countries. That editorial warned that without global action, climate change would "ravage our planet." Meanwhile, a global survey taken by Globescan showed that concern over global warming had exponentially increased from 1998 -- when only 20 percent of respondents believed it to be a serious problem -- to 64 percent in 2009. Such survey data, however, was generated ahead of the accusations by climate change skeptics that some climate scientists may have overstated the case for global warming, based on emails derived in an illicit manner from a British University.

#### ***Special Entry: Climate change talks in Doha in [Qatar](#) extend life of Kyoto Protocol (2012)***

December 2012 saw climate talks ensue in the Qatari city of Doha as representatives from countries across the world gathered to discuss the fate of the Kyoto Protocol, which seeks to minimize greenhouse gas emissions. The summit yielded results with decisions made (1) to extend the Kyoto Protocol until 2020, and (2) for wealthier countries to compensate poorer countries for the losses and damage incurred as a result of climate change.

In regards to the second matter, Malia Talakai of [Nauru](#), a leading negotiator for the Alliance of Small Island States, explained the necessity of the compensation package as follows: "We are trying to say that if you pollute you must help us."

This measure was being dubbed the "Loss and Damage" mechanism, and was being linked with [United States](#) President Barack Obama's request for \$60 billion from Congress to deal with the devastation caused by Hurricane Sandy months before. The sight of a hurricane bearing down on

the northern Atlantic seaboard, along with the reality of the scope of reconstruction, appeared to have illustrated the economic costs of climate change -- not so much as a distant environmental issue -- but as a danger to the quotidian lives of people. Still, there was blame to be placed on the [United States](#) and European countries -- some of world's largest emitters -- for failing to do more to reduce emissions.

To that latter end, there was in fact little progress made on the central issue of reducing greenhouse gas emissions. Had those emissions been reduced, there would have been less of a need to financially deal with the devastation caused by climate change. One interpretation was that the global community was accepting the fact that industrialization was contributing to global warming, which had deleterious effects on the polar ice caps and concomitantly on the rise of sea level, with devastating effects for small island nations. Thus, wealthier countries were willing to pay around \$10 billion a year through 2020, effectively in "damages," to the poor countries that could be viewed as the "collateral damage" of industrial progress. But damages today could potentially be destruction tomorrow, leaving in place the existential challenges and burdens to be born by some of the world's smallest and least wealthy island countries.

Perhaps not surprisingly, the representative for the small island nation states at the Doha summit responded with ire, characterizing the lack of progress on reducing emissions as follows: "We see the package before us as deeply deficient in mitigation (carbon cuts) and finance. It's likely to lock us on the trajectory to a 3,4,5C rise in global temperatures, even though we agreed to keep the global average temperature rise of 1.5C to ensure survival of all islands. There is no new finance (for adapting to climate change and getting clean energy) -- only promises that something might materialize in the future. Those who are obstructive need to talk not about how their people will live, but whether our people will live."

Indeed, in most small island countries not just in the Pacific, but also the Caribbean and Indian Ocean, ecological concerns and the climate crisis have been dominant themes with dire life and death consequences looming in the background for their people. Small island nations in these region are already at risk from the rise of sea-level, tropical cyclones, floods. But their very livelihoods of fishing and subsistence farming were also at risk as a result of ecological and environmental changes. Increasingly high storm surges can wipe out entire villages and contaminate water supplies. Accordingly, the very existence of island nations, such as [Kiribati](#) and [Tuvalu](#), are at severe risk of being obliterated from the map. Yet even with the existential threat of being wiped off the map in the offing, the international community has been either slow or restrictive in its efforts to deal with global warming, climate change, economic and ecological damage, as well as the emerging global challenge of environmental refugees.

A 2012 report from the United Nations Environment Program (UNEP) and the Pacific Regional Environment Program underlined the concerns of small island nations and their people as it concluded that the livelihoods of approximately 10 million people in Pacific island communities

were increasingly vulnerable to climate change. In fact, low-lying islands in that region would likely confront losses of up to 18 percent of gross domestic product due to climate change, according to the report. The report covers 21 countries and territories, including [Fiji](#), [Kiribati](#), [Samoa](#) and [Tonga](#), and recommended environmental legislation intended to deal with the climate crisis facing the small island countries particularly. As noted by David Sheppard, the director general of the Pacific Regional Environment Program that co-sponsored this study: "The findings... emphasize the need more than ever to raise the bar through collective actions that address the region's environmental needs at all levels."

Regardless of the failures of the summit in [Qatar](#) (discussed above), the meeting did facilitate a process starting in 2015, which would bind both wealthy and poor countries together in the mission of forging a new binding treaty that would replace the Kyoto Protocol and tackle the central causes of climate change.

For more information on the threats faced in small island nations by climate change and the measures being undertaken to lobby for international action, please see the Alliance for Small Island States available online at the URL: <http://aosis.org/>

### ***Special Report***

#### ***COP 21 summit in Paris ends with historic agreement to tackle climate change; rare international consensus formed on environmental crisis facing the planet (2015) --***

In mid-December 2015, the highly-anticipated United Nations climate conference of parties (COP) in Paris, [France](#), ended with a historic agreement. In fact, it would very likely be understood as the most significant international agreement signed by all the recognized countries of the world since the Cold War. Accordingly, the Paris Agreement was being distinguished as the first multilateral pact that would compel all countries across the world to cut its carbon emissions -- one of the major causes of increasing greenhouse gas emissions, which contribute to global warming, and its deleterious effects ranging from the dangerous rise in sea level to catastrophic climate change.

The accord, which was dubbed to be the "Paris Agreement," was the work of rigorous diplomacy and fervent environmental advocacy, and it aimed to address the climate change crisis facing the planet. As many as 195 countries were represented in the negotiations that led to the landmark climate deal. Indeed, it was only after weeks of passionate debate that international concurrence was reached in addressing the environmental challenges confronting the world, with particular attention to moving beyond fossil fuels and reducing greenhouse gas emissions.

The success of the COP 21 summit in Paris and the emergence of the landmark Paris Agreement

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was, to some extent, attributed to the efforts of France's Foreign Minister Laurent Fabius who presided over the negotiations. The French foreign minister's experience and credentials as a seasoned diplomat and respected statesman paid dividends. He skillfully guided the delegates from almost 200 countries and interest groups along the negotiations process, with ostensibly productive results and a reasonably robust deal to show for it.

On Dec. 12, 2015, French Foreign Minister Fabius officially adopted the agreement, declaring: "I now invite the COP to adopt the decision entitled Paris Agreement outlined in the document. Looking out to the room I see that the reaction is positive, I see no objections. The Paris agreement is adopted." Once Foreign Minister Fabius' gavel was struck, symbolically inaugurating the Paris Agreement into force, the COP delegate rushed to their feet with loud and bouyant cheers as well as thunderous applause.

In general, the Paris Agreement was being hailed as a victory for enviromental activists and a triumph for international diplomats, while at the same time being understood as simply an initial -- and imperfect -- move in the direction of a sustainable future. China's chief negotiator, Xie Zhenhua, issued this message, saying that while the accord was not ideal, it should "not prevent us from marching historical steps forward."

United States President Barack Obama lauded the deal as both "ambitious" and "historic," and the work of strenuous multilateral negotiations as he declared, "Together, we've shown what's possible when the world stands as one." The [United States](#) leader acknowledged that the accord was not "perfect," but he reminded the critics that it was "the best chance to save the one planet we have. "

Former [United States](#) Vice President Al Gore, one of the world's most well known environmental advocates, issued a lengthy statement on the accomplishments ensconced in the Paris Agreement. He highlighted the fact that the Paris Agreement was a first step towards a future with a reduced carbon footprint on Planet Earth as he said, "The components of this agreement -- including a strong review mechanism to enhance existing commitments and a long-term goal to eliminate global-warming pollution this century -- are essential to unlocking the necessary investments in our future. No agreement is perfect, and this one must be strengthened over time, but groups across every sector of society will now begin to reduce dangerous carbon pollution through the framework of this agreement."

The central provisions of the Paris Agreement included the following items:

- Greenhouse gas emissions should peak as quickly as possible, with a move towards balancing energy sources, and ultimately the decrease of greenhouse gases in the second half of this century
- Global temperature increase would be limited to 1.5 degrees Centigrade above pre-industrial levels and would be held "well below" the two degrees Centigrade threshold
- Progress on these goals would be reviewed every five years beginning in 2020 with new



greenhouse gas reduction targets issued every five years

- \$100 billion would be expended each year in climate finance for developing countries to move forward with green technologies, with further climate financing to be advanced in the years beyond

It should be noted that there both legally binding and voluntary elements contained within the Paris Agreement. Specifically, the submission of an emissions reduction target and the regular review of that goal would be legally mandatory for all countries. Stated differently, there would be a system in place by which experts would be able to track the carbon-cutting progress of each country. At the same time, the specific targets to be set by countries would be determined at the discretion of the countries, and would not be binding. While there was some criticism over this non-binding element, the fact of the matter was that the imposition of emissions targets was believed to be a major factor in the failure of climate change talks in Copenhagen, [Denmark](#), in 2009.

In 2015, the talks faced challenges as several countries, such as [China](#) and [India](#), objected to conditions that would stymie economic and development. In order to avoid that kind of landmine, a system Intended Nationally Determined Contributions (INDCs) was developed and formed the basis of the accord. As such, the Paris Agreement would, in fact, facilitate economic growth and development, as well as technological progress, but with the goal of long-term ecological sustainability based on low carbon sources. In fact, the agreement heralded as "the beginning of the end of the fossil fuel era." As noted by Nick Mabey, the head of the climate diplomacy organization E3G, said, "Paris means governments will go further and faster to tackle climate change than ever before. The transition to a low carbon economy is now unstoppable, ensuring the end of the fossil fuel age."

A particular sticking point in the agreement was the \$100 billion earmarked for climate financing for developing countries to transition from traditional fossil fuels to green energy technologies and a low carbon future. In 2014, a report by the International Energy Agency indicated that the cost of that transition would actually be around \$44 trillion by the mid-century -- an amount that would render the \$100 billion being promised to be a drop in the proverbial bucket. However, the general expectation was that the Republican-controlled Senate in the [United States](#), which would have to ratify the deal in that country, was not interested in contributing significant funds for the cause of climate change.

A key strength of the Paris Agreement was the ubiquitous application of measures to all countries. Of note was the frequently utilized concept of "flexibility" with regard to the Paris Agreement. Specifically, the varying capacities of the various countries in meeting their obligations would be anticipated and accorded flexibility. This aspect presented something of a departure from the 1997 Kyoto Protocol, which drew a sharp distinction between developed and developing countries, and mandated a different set of obligations for those categories of countries. Thus, under Kyoto, [China](#) and [India](#) were not held to the same standards as the [United States](#) and European

countries. In the Paris Agreement, there would be commitments from all countries across the globe.

Another notable strength of the Paris Agreement was the fact that the countries of the world were finally able to reach consensus on the vital necessity to limit global temperature increases to 1.5 degrees Centigrade. Ahead of the global consensus on the deal, and as controversy continued to surface over the targeted global temperature limits, the leaders of island countries were sounding the alarm about the melting of the Polar ice caps and the associated rise in sea level. Prime Minister Enele Sopoaga of [Tuvalu](#) issued this dismal reminder: "Tuvalu's future ... is already bleak and any further temperature increase will spell the total demise of [Tuvalu](#). No leader in this room carries such a level of worry and responsibility. Just imagine you are in my shoes, what would you do?" It was thus something of a victory for environmental advocates that the countries of the world could find consensus on the lower number -- 1.5 degrees rather than 2 degrees.

A significant weak point with regard to the Paris deal was a "loss and damage" provision, which anticipates that even with all the new undertakings intended to reduce greenhouse gas emissions and move to a low carbon future, there would nonetheless be unavoidable climate change consequences. Those consequences ranged from the loss of arable land for farmers as well as soil erosion and contamination of potable water by sea water, to the decimation of territory in coastal zones and on small islands, due to the rise in sea level, with entire small island countries being rendered entirely uninhabitable. The reality was that peoples' homes across the world would be destroyed along with their way of life.

With that latter catastrophic effect being a clear and present danger for small island countries, the Association of Small Island States (AOSIS) demanded that the developed world acknowledge its responsibility for this irreversible damage.. Despite the fact that greenhouse gas emissions and the ensuing plague of global warming was, indeed, the consequence of development in the West (the [United States](#) and Europe) and the large power house countries, such as [Russia](#), [China](#) and [India](#), there was no appetite by those countries to sign on to unlimited liability. Under the Paris Agreement, there was a call for research on insurance mechanisms that would address loss and damage issues, with recommendations to come in the future.

The call for research was being regarded as an evasion of sorts and constituted the weakest aspect of the Paris Agreement. Not surprisingly, a coalition of small island nations demanded a "Marshall Plan" for the Pacific. Borrowing the term "Marshall Plan" from the post-World War II reconstruction effort, the coalition of Pacific island nation, which included [Kiribati](#), [Tuvalu](#), [Fiji](#), and the [Marshall Islands](#), called for an initiative that would include investment in renewable energy and shoreline protection, cultural preservation, economic assistance for economies in transition, and a plan for migration and resettlement for these countries as they confront the catastrophic effects of the melting of the Polar ice caps and the concomitant rise in sea level. The precise contours of the initiative remained unknown, unspecified, and a mere exercise in theory at the time



of writing. Yet such an initiative would, at some point, have to be addressed, given the realities of climate change and the slow motion calamity unfolding each day for low-lying island nations across the world.

As noted by Vice President Greg Stone of Conservation International, who also functions as an adviser to the government of [Kiribati](#), “Imagine living in a place where you know it’s going to go away someday, but you don’t know what day that wave’s going to come over and wash your home away.” He added, “It’s a disaster we know is going to happen.” Meanwhile, the intervening years promised to be filled with hardship for small island nations, such as [Kiribati](#). Stone explained, “For every inch of sea-level rise, these islands lose 10 feet of their freshwater table to saltwater intrusion,” Stone explained. “So it’s not just about the day the water finally goes over the island; it’s also about the day that there’s just not enough water left and everyone has to move off the island.” Presaging the future for island nations that could face submersion, Stone said, “If you look ahead 50 years, a country like [Kiribati](#) could become the first aqueous nation. possibility of migration. That is, they own this big patch of ocean, and they administer it from elsewhere.”

Foreign Minister Minister Tony Debrum of the [Marshall Islands](#) emerged as the champion advocating on behalf of small island nation states and a loose coalition of concerned countries from the Pacific to the Caribbean, but with support from the [United States](#). He addressed the comprehensive concerns of small island nations regarding the weaknesses of the deal, while simultaneously making clear that the Paris Agreement signified hope for the countries most at risk. In a formal statement, Debrum declared: “We have made history today. Emissions targets are still way off track, but this agreement has the tools to ramp up ambition, and brings a spirit of hope that we can rise to this challenge. I can go back home to my people and say we now have a pathway to survival.” Debrum highlighted the imperatives of Pacific island nations, saying, “Our High Ambition Coalition was the lightning rod we needed to lift our sights and expectations for a strong agreement here in Paris. We were joined by countries representing more than half the world. We said loud and clear that a bare-bones, minimalist agreement would not fly. We instead demanded an agreement to mark a turning point in history, and the beginning of our journey to the post-carbon era.”

Debrum of the [Marshall Islands](#) espoused the quintessential synopsis of the accord and its effects for those most likely to be affected by climate change as he noted, “Climate change won’t stop overnight, and my country is not out of the firing line just yet, but today we all feel a little safer.”

Editor's Entry on [Environmental Policy](#):

The low-lying Pacific island nations of the world, including [Kiribati](#), [Tuvalu](#), the [Marshall Islands](#), [Fiji](#), among others, are vulnerable to the threats posed by global warming and climate change, derived from carbon emissions, and resulting in the rise in sea level. Other island nations in the

Caribbean, as well as poor countries with coastal zones, were also at particular risk of suffering the deleterious effects of climate change.

Political policy in these countries are often connected to ecological issues, which have over time morphed into an existential crisis of sorts. Indeed, ecological concerns and the climate crisis have also been dominant themes with life and death consequences for the people of island nations in the Pacific. Indeed, the very livelihoods of fishing and subsistence farming remain at risk as a result of ecological and environmental changes. Yet even so, these countries are threatened by increasingly high storm surges, which could wipe out entire villages and contaminate water supplies. Moreover, because these are low lying island nations, the sustained rise in sea level can potentially lead to the terrain of these countries being uninhabitable at best, and submerged at worst. Stated in plain terms, these countries are at severe risk of being obliterated from the map and their plight illuminates the emerging global challenge of environmental refugees. In these manifold senses, climate change is the existential crisis of the contemporary era.

Since the time of the 1997 Kyoto Protocol, there have been efforts aimed at extending the life of that agreement, with an eye on minimizing greenhouse gas emissions, and thus minimizing the effects of climate change. Those endeavors have largely ended in failure, as exemplified by the unsuccessful Copenhagen talks in 2009 and the fruitless Doha talks in 2012 respectively. The success of the COP 21 talks in [France](#), with the adoption of the landmark Paris Agreement in 2015, was regarded as the first glimmer of hope. Not only did the Paris Agreement signify the triumph of international diplomacy and global consensus, but it also marked the start of the end of the fossil fuel era, with the path forward toward a low carbon future reliant on greener technologies. Most crucially, the Paris Agreement stood as the first significant response in recent times to the central challenge of climate change and its quotidian effects on the lives of real human beings across the world.

## **1. Major International Environmental Accords:**

### **General Environmental Concerns**

Convention on Environmental Impact Assessment in a Transboundary Context, Espoo, 1991.

### **Accords Regarding Atmosphere**

Annex 16, vol. II (Environmental Protection: Aircraft Engine Emissions) to the 1044 Chicago Convention on International Civil Aviation, Montreal, 1981

Convention on Long-Range Transboundary Air Pollution (LRTAP), Geneva, 1979

United Nations Framework Convention on Climate Change (UNFCCC), New York, 1992

Vienna Convention for the Protection of the Ozone Layer, Vienna, 1985 including the Montreal Protocol on Substances that Depleted the Ozone Layer, Montreal, 1987

### **Accords Regarding Hazardous Substances**

Convention on the Ban of the Import into Africa and the Control of Transboundary Movements and Management of Hazardous Wastes within Africa, Bamako, 1991

Convention on Civil Liability for Damage Caused during Carriage of Dangerous Goods by Road, Rail and Inland Navigation Vessels (CRTD), Geneva, 1989

Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (Basel Convention), Basel, 1989

Convention on the Transboundary Effects of Industrial Accidents, Helsinki, 1992

Convention to Ban the Importation into Forum Island Countries of Hazardous and Radioactive Wastes and to Control the Transboundary Movement and Management of Hazardous Wastes within the South Pacific Region (Waigani Convention), Waigani, 1995

European Agreement Concerning the International Carriage of Dangerous Goods by Road (ADR), Geneva 1957

FAO International Code of Conduct on the Distribution and Use of Pesticides, Rome, 1985

## **2. Major International Marine Accords:**

### **Global Conventions**

Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter (London Convention 1972), London, 1972

International Convention for the Prevention of Pollution from Ships, 1973, as modified by Protocol of 1978 relation thereto (MARPOL 73/78), London, 1973 and 1978

International Convention on Civil Liability for Oil Pollution Damage 1969 (1969 CLC), Brussels, 1969, 1976, and 1984

International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage 1971 (1971 Fund Convention), Brussels, 1971

Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea (HNS), London 1996

International Convention on Oil Pollution Preparedness, Response, and Co-operation (OPRC), London, 1990

International Convention Relation to Intervention on the High Seas in Cases of Oil Pollution Casualties (Intervention Convention), Brussels, 1969

United Nations Convention on the Law of the Sea (UNCLOS), Montego Bay, 1982

### **Regional Conventions**

Convention for the Prevention of Marine Pollution by Dumping from Ships and Aircraft (Oslo Convention), Oslo, 1972

Convention for the Prevention of Marine Pollution from Land-based Sources (Paris Convention), Paris, 1974

Convention for the Protection of the Marine Environment of the North East Atlantic (OSPAR Convention), Paris, 1992

Convention for the Protection of the Marine Environment of the Baltic Sea Area (1974 Helsinki Convention), Helsinki 1974

Convention for the Protection of the Marine Environment of the Baltic Sea Area (1992 Helsinki Convention), Helsinki 1992

Conventions within the UNEP Regional Seas Programme

Convention on the Protection of the Black Sea against Pollution, Bucharest, 1992

Convention for the Protection and Development of the Marine Environment of the Wider Caribbean Region, Cartagena de Indias, 1983

Convention for the Protection, Management, and Development of the Marine and Coastal Environment of the Eastern African Region, Nairobi, 1985

Kuwait Regional Convention for Co-operation on the Protection of the Marine Environment from Pollution, [Kuwait](#), 1978

Convention for the Protection and Development of the Marine Environment and Coastal Region of the Mediterranean Sea (Barcelona Convention), Barcelona, 1976

Regional Convention for the Conservation of the Red Sea and Gulf of Aden Environment, Jeddah, 1982

Convention for the Protection of the Natural Resources and Environment of the South Pacific Region, Noumea, 1986

Convention for the Protection of the Marine Environment and Coastal Area of the South-East Pacific, Lima, 1981

Convention for Co-operation in the Protection and Development of the Marine and Coastal Environment of the West and Central African Region, Abidjan, 1981

### **3. Major Conventions Regarding Living Resources:**

#### **Marine Living Resources**

Convention on the Conservation of Antarctic Marine Living Resources (CCAMLR), Canberra, 1980

International Convention for the Conservation of Atlantic Tunas (ICCAT), Rio de Janeiro, 1966

International Convention for the Regulation of Whaling (ICRW), Washington, 1946

#### **Nature Conservation and Terrestrial Living Resources**

Antarctic Treaty, Washington, D.C., 1959

Convention Concerning the Protection of the World Cultural and Natural Heritage (World Heritage Convention), Paris, 1972

Convention on Biological Diversity (CBD), Nairobi, 1992

Convention on the Conservation of Migratory Species of Wild Animals (CMS), Bonn, 1979

Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), Washington, D.C., 1973

Convention on Wetlands of International Importance especially as Waterfowl Habitat (Ramsar Convention), Ramsar, 1971

Convention to Combat Desertification (CCD), Paris 1994

FAO International Undertaking on Plant Genetic Resources, Rome, 1983

International Tropical Timber Agreement, 1994 (ITTA, 1994), Geneva, 1994

### **Freshwater Resources**

Convention on the Protection and Use of Transboundary Watercourses and International Lakes, Helsinki, 1992

### **4. Major Conventions Regarding Nuclear Safety:**

Convention on Assistance in the Case of a Nuclear Accident or Radiological Emergency (Assistance Convention), Vienna, 1986

Convention on Early Notification of a Nuclear Accident (Notification Convention), Vienna, 1986

Convention on Nuclear Safety, Vienna, 1994

Vienna Convention on Civil Liability for Nuclear Damage, Vienna, 1963

### **5. Major Intergovernmental Organizations**

Commission on Sustainable Development (CSD)

European Union (EU): Environment

Food and Agriculture Organization (FAO)

Global Environment Facility (GEF)

International Atomic Energy Agency (IAEA)

International Council for the Exploration of the Sea (ICES)

International Fund for Agricultural Development (IFAD)

International Labour Organization (ILO)

International Maritime Organization (IMO)

International Monetary Fund (IMF)

International Oil Pollution Compensation Funds (IOPC Funds)

Organization for Economic Co-operation and Development (OECD), Environment Policy Committee (EPOC)

United Nations Children's Fund (UNICEF)

United Nations Development Programme (UNDP)

United Nations Educational, Scientific, and Cultural Organization (UNESCO)

United Nations Environment Programme (UNEP)

United Nations Industrial Development Organization (UNIDO)

United Nations Population Fund (UNFPA)

World Bank

World Food Programme (WFP)

World Health Organization (WHO)

World Meteorological Organization (WMO)

World Trade Organization (WTO)

## **6. Major Non-Governmental Organizations**

Atmosphere Action Network East Asia (AANE)

Climate Action Network (CAN)

Consumers International (CI)

Earth Council

Earthwatch Institute

Environmental Liaison Centre International (ELCI)

European Environmental Bureau (EEB)

Forest Stewardship Council (FSC)

Friends of the Earth International (FoEI)

Greenpeace International

International Chamber of Commerce (ICC)

International Confederation of Free Trade Unions (ICFTU)

International Planned Parenthood Federation (IPPF)

International Solar Energy Society (ISES)

IUCN-The World Conservation Union

Pesticide Action Network (PAN)

Sierra Club

Society for International Development (SID)



Third World Network (TWN)

Water Environment Federation (WEF)

Women's Environment and Development Organization (WEDO)

World Business Council for Sustainable Development (WBCSD)

World Federalist Movement (WFM)

World Resources Institute (WRI)

World Wide Fund For Nature (WWF)

## **7. Other Networking Instruments**

Arab Network for Environment and Development (RAED)

Global Legislators for a Balanced Environment (GLOBE)

Regional Environmental Center for Central and Eastern Europe (REC)

United Nations Non-Governmental Liaison Service (UN-NGLS)

# Appendices

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#### **Methodology Note for Demographic Data:**

The demographic numbers for cities and national populations listed in CountryWatch content are derived from the Geoba.se website, which analyzes data from the World Bank. The current demographic numbers displayed on the Countrywatch website are reflective of the latest available estimates.

The demographic information for language, ethnicity and religion listed in CountryWatch content is

derived from a mix of sources including the Altapedia, Central Intelligence Agency Factbook, Infoplease, and State Department Background Notes.

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#### Methodology Notes for Economic Data:

Estimates by CountryWatch.com of GDP in dollars in most countries are made by converting local currency GDP data from the International Monetary Fund World Economic Outlook to US dollars by market exchange rates estimated from the International Monetary Fund International Financial Statistics and projected out by the CountryWatch Macroeconomic Forecast. Real GDP was estimated by deflating current dollar values by the US GDP Implicit Price Deflator.

Exceptions to this method were used for:

- Bosnia-Herzegovina
- Nauru
- Cuba
- Palau
- Holy See
- San Marino
- Korea, North
- [Serbia](#) & Montenegro
- Liberia
- Somalia
- Liechtenstein
- Tonga
- Monaco
- Tuvalu

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The earlier edition dates are noted above because they were used to formulate the original country reviews and serve as the baseline for some of the information covered. Later editions have been used in some cases, and are cited as such, while other more recent online resources (cited above) contain recent and ever-updated data sets used for research.

#### Methodology Notes for the HDI:

Since 1990, the United Nations Development Programme, in concert with organizations across the globe, has produced the [Human Development Index](#) (or HDI). According to the UNDP, the index measures average achievement in basic human development in one simple composite index, and produces from this index a ranking of countries. The HDI is a composite of three basic components of human development: longevity, knowledge and standard of living. Longevity is measured by life expectancy. Knowledge is measured by combination of adult literacy and mean

years of schooling. Standard of living is measured by purchasing power, based on real GDP per capita (in constant US\$) adjusted for differences in international living costs (or, purchasing power parity, PPP). While the index uses these social indicators to measure national performance with regard to human welfare and development, not all countries provide the same level of information for each component needed to compute the index; therefore, as in any composite indicator, the final index is predicated on projections, predictions and weighting schemes. The index is a static measure, and thus, an incomplete measure of human welfare. In fact, the UNDP says itself the concept of human development focuses on the ends rather than the means of development and progress, examining in this manner, the average condition of all people in a given country.

Specifically, the index is calculated by determining the maximum and minimum for each of the three components (as listed above) and then measuring where each country stands in relation to these scales-expressed as a value between 0 and 1. For example, the minimum adult literary rate is zero percent, the maximum is 100 percent, and the reading skills component of knowledge in the HDI for a country where the literacy rate is 75 percent would be 0.75. The scores of all indicators are then averaged into the overall index.

For a more extensive examination of human development, as well as the ranking tables for each participating country, please visit: <http://www.undp.org>

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#### **Other Sources:**

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Note: Some or all these news services have been used to research various sections of this Country Review.

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For items in a "Works Cited" list, CountryWatch.com suggests that users follow recommended patterns for indentation given in the *MLA Handbook*, 4th edition.

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Author/editor. *Title of Print Version of Work*. Edition statement (if given). Publication information (Place of publication: publisher, date), if given. *Title of Electronic Work*. Medium. Available Protocol (if applicable):Site/Path/File. Access date.

**Examples:**

Youngblood-Coleman, Denise. *Country Review: France*. 2003. Houston, Texas: CountryWatch Publications, 2003. *Country Review:France*. Online. Available URL : [http://www.countrywatch.com/cw\\_country.asp?vCOUNTRY=61](http://www.countrywatch.com/cw_country.asp?vCOUNTRY=61) October, 12, 2003.

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This is the citation format used when the print version is not used in the reference.

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***For further source citation information, please email:*** editor@countrywatch.com or education@countrywatch.com.

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The offices of CountryWatch are located at:

CountryWatch, Inc.  
5005 Riverway Suite 220  
Houston, Texas 77056 U.S.A.  
Tel: 800-879-3885  
Fax: 713-355-3770  
Web address: <http://www.countrywatch.com>  
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