



DECLARATION BY THE PRESIDENT OF ICELAND

(OFFICIAL TRANSLATION)

The collapse of our banks and the difficulties following in the wake of the world economic crisis have created profound difficulties. Although the Icelandic state has undertaken various liabilities of a magnitude greater than those involved in the Icesave case, the debate on this case has become the focus regarding how we deal with the challenge of the past and also of the future.

The Althingi has now again passed legislation on this matter. This amends the current law, the Act No. 96/2009, which the Althingi passed on 28 August and which was based on agreements with the Governments of the United Kingdom and the Netherlands. The President approved that Act on 2 September, with a reference to a special statement.

Following the passing by the Althingi of the new Act on 30 December, the President has received a petition, signed by about a quarter of the electorate, calling for the Act to be subjected to a referendum. This is a far larger proportion of the electorate than the criterion that has been referred to in declarations and proposals from the political parties.

Public opinion polls indicate that the overwhelming majority of the nation is of the same opinion. In addition, declarations made in the Althingi and appeals that the President has received from individual Members of Parliament indicate that the majority of the Members are in favour of holding such a referendum.

Since the new Act was passed by the Althingi, the President has had extensive discussions with Ministers in the Government of Iceland: the Prime Minister, the Minister of Finance, the Minister for Foreign Affairs and the Minister of Economic Affairs.



It is the cornerstone of the constitutional structure of the Republic of Iceland that the people are the supreme judge of the validity of the law. Under the Constitution, which was passed on the foundation of the Republic in 1944, and which over 90% of the nation approved in a referendum, the power which formerly rested with the Althingi and the King was transferred to the people. It is then the responsibility of the President of the Republic to ensure that the nation can exercise this right.

At this crucial juncture it is also important to emphasise that the recovery of the Icelandic economy is a matter of vital urgency. Clearly, agreement with other nations and good cooperation with international organizations and all other parties that have an influence on the country's economy and financial standing are preconditions for this recovery. The solution of the Icesave dispute is a part of such a harmonious process. It is also a prerequisite for the nation to be able to regain its former strength as soon as possible and embark, in collaboration with others, on a programme of recovery which will secure the welfare and prosperity of all people in Iceland. In the President's declaration of 2 September 2009, it was stated that the solution would have to "take account of the fair rights of the nation, Iceland's interests in the years ahead and a shared international responsibility."

It has steadily become more apparent that the people must be convinced that they themselves determine the future course. The involvement of the whole nation in the final decision is therefore the prerequisite for a successful solution, reconciliation and recovery.

In the light of all the aforesaid, I have decided, according to Article 26 of the Constitution, to refer this new Act to the people. As stated in the Constitution, the new Act will nevertheless become law and the referendum will take place "as soon as possible."

If the Act is approved in the referendum then naturally it will remain in force. If the referendum goes the other way, then the Act No. 96/2009, which the Althingi passed on 28 August, on the basis of the agreement with the Governments of the United Kingdom and the Netherlands, will continue to be law, recognizing that the people of Iceland acknowledge their obligations. That Act was passed by the Althingi with the



involvement of four of the parliamentary parties, as stated in the President's declaration of 2 September.

Now the people have the power and the responsibility in their hands.

It is my sincere hope that this decision will lead to permanent reconciliation and prosperity for the people of Iceland, at the same time laying the foundations for good relations with all other nations.

Bessastaðir, 5 January 2010

Ólafur Ragnar Grímsson