

## **ICELAND INTENDS TO PAY ICESAVE AT REASONABLE TERMS**

### **ICELANDERS RELUCTANTLY AGREED TO PAY DISPUTED ICESAVE OBLIGATIONS IN AUGUST 2009, BUT THE TERMS IN A NEW LEGISLATIVE BILL ARE UNREASONABLE.**

There has been considerable confusion in the international media about the implications of a refusal from the Icelandic President to sign a legislative bill that introduces new terms to the so-called Icesave agreement. Some journalists have reported that Iceland would thereby refuse to pay the British and Dutch governments the €3.91 billion needed to settle the dispute. This is factually incorrect.

Rather, a refusal to sign the new legislation would have the following implications. The government could either face a national referendum on the legislation or withdraw it. If the new legislation is either rejected in a referendum or withdrawn by the government, then previous legislation from August 2009 would remain in force. This older legislative bill outlines Iceland's reluctant agreement to cover the payment of the €3.91 billion needed to settle the Icesave dispute and sets out payment conditions that would protect the Icelandic state from bankruptcy.

It is also important to point out that the Icesave dispute is between the governments of Iceland, the United Kingdom and the Netherlands, not between Iceland and British and Dutch private Icesave account holders (as some journalists seem to think). Icesave account holders have already been paid well beyond the stated EU minimum guarantee of €20,887 by their respective governments. The reluctance of Icelanders to compensate the British and Dutch governments has two primary causes:

1. The unclear legal basis of the claims under the relevant EU directive and reluctance of the British and Dutch governments to have them clarified by the European Court of Justice.
2. The draconian nature of the proposed Icesave settlement and the preceding aggressive use of anti-terrorism legislation against Iceland by the British government. And the feeling that larger and more powerful European nations would have been treated in a very different manner.

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