



I&I

Issues and Images

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Editor: Benedikt Jóhannesson.
Design: Erlingur Páll Ingvarsson.
Photographers: Geir Ólafsson, Páll Stefánsson.
Copy editing and proofreading: Alda Sigmundsdóttir.
TCl Editorial Consultant: Lilja Víðarsdóttir.
Contributor: Krista Mahr.

On the cover: *Winter*. Photo by Páll Stefánsson. **Photo on this page:** *Rocks in Sæfellsnes*, by Páll Stefánsson.

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TRADE COUNCIL OF ICELAND
Borgartún 35, IS-105 Reykjavík. Tel +354 511 4000 Fax +354 511 4040
icetrade@icetrade.is www.icetrade.is



INVEST IN ICELAND AGENCY
Borgartún 35, IS-105 Reykjavík. Tel +354 561 5200 Fax +354 511 4040
info@invest.is www.invest.is



MINISTRY FOR FOREIGN AFFAIRS
AND EXTERNAL TRADE
Rauðarárstígur 25, IS-150 Reykjavík. Tel +354 545 9900 Fax +354 562 4878
vur@utn.stjr.is www.mfa.is



PHOTO: MORGUNLAEBI/ANN TORPASON

Yoko Ono

Imagine a Column of Peace

Yoko Ono came to Reykjavik on Friday Feb. 24 to promote her idea of a peace column. The work of art should be approximately 10 to 12 meters high and situated in Videy, an island about five minutes sailing by boat from Reykjavik. The column should be transparent and hollow. The idea is to fill it with wishes of peace from all over the world. Yoko Ono, the widow of the late Beatle, John Lennon, said that her idea was that wishes from her peace trees from all over the world should be put inside the column.

Yoko held a press conference and said that she wished that the column should be accessible to the public regularly, with a special peace rally held at the column once a year around John's birthday, October 9 (which is also their son's Sean's birthday). Sean joined his mother at the news conference and was asked whether it worried them that Iceland had declared support for the US in Iraq. He answered that the only place with absolute peace would be the North Pole, and if the work of art were placed there nobody would see it.

Yoko said she had fallen in love with Reykjavik the first time she came to the city and believed that this was the best place in the world to put this extraordinary piece of art.

Miss World 2005

The Most Beautiful Girl in the World

Miss Iceland, Unnur Birna Vilhjálmstöttir, was crowned Miss World 2005 on Saturday, December 10. The competition was held in the city of Sanya in China. Unnur Birna gained instant recognition in Iceland after she was selected Miss Iceland, 21 years after her mother, Unnur Steinsson, won the same title and went on to become one of the top five contestants in the Miss World contest. She was in the audience when her daughter won the title ahead of over 100 contestants. Miss Mexico finished second and Miss Puerto Rico won third place.

Three Icelandic women have previously been selected the most beautiful in the world. Guðrún Bjarnadóttir in 1963, Hólmfríður Karlsdóttir in 1985 and Linda Pétursdóttir in 1989. The mother was a great help to her daughter: "My mother just told me to be me, not behave like I was something else," Unnur Birna said.

The new Miss World is studying law at the University of Iceland and last summer she worked as a police officer. She will spend a year on activities related to her title, but expects to resume normal life after that.



PHOTO: GER OLAFSSON

Chess

The young are still interested

Chess and Iceland seem to be inseparable. More than a century ago, American writer Daniel Willard Fiske wrote a book entitled Chess in Iceland. Icelandic chess players have been among the best in the world, including Fríðrik Ólafsson and Jóhann Hjartarson. Iceland currently has twelve grand masters in chess, among them Bobby Fischer, who was awarded Icelandic citizenship last year.

The chess club Hrókurinn (The Rook) has been very active in promoting chess among children by donating chess literature to schools, holding simultaneous chess tournaments between masters and school children and by holding chess tournaments in schools. Grandmaster Henrik Danielsen, who recently became an Icelandic citizen, is headmaster of the Chess School of the Rook. He has been among the most active teachers of chess to children under 16 years of age. This seems to pay off as the younger generation is carrying the flag forward. In February 2006, twelve-year-old Hjörvar Steinn Grétarsson won the Nordic Chess Championships in his age group. Maybe we have a new grandmaster in the making.



PHOTO: MORGUNLAEBI/ÓMAR

Ragnhildur Káradóttir

An Icelandic Scientist Excels

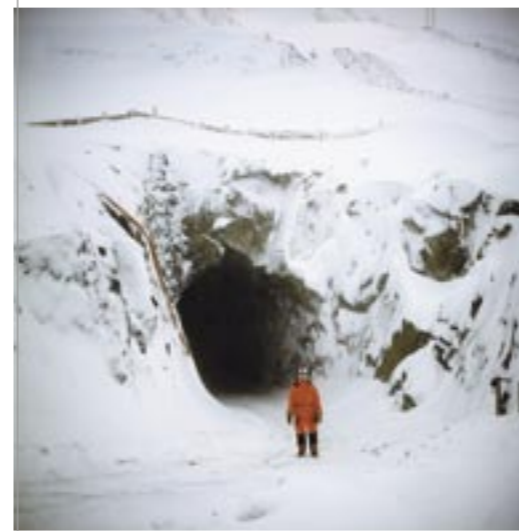
A young Icelandic scientist, Ragnhildur Káradóttir, recently published an article in Nature that overthrows previous theories in neural sciences. Ragnhildur was the first author of the article, the conclusions of which might aid in understanding a number of neural diseases including MS, cerebral palsy, spinal cord damage and strokes. The article, which bears the somewhat difficult title for laymen "NMDA receptors are expressed in oligodendrocytes and activated in ischaemia", was published in the December 2005 issue of Nature. The science community has reacted favorably. Science magazine picked the result as breakthrough of the week and an abstract was selected for publication in Nature Review.

Ragnhildur Káradóttir, who is a PhD student at University College London, was short listed for the L'Oréal-Royal Institution Science Graduate of the Year Award in 2005. When Ragnhildur was growing up in Iceland, she "wanted either to be a brain surgeon or a scientist." At the University of Iceland she was introduced to the brain while reading biochemistry. She studied how levels of melatonin fluctuate depending on light. Previously, "High levels of melatonin have been linked with seasonal affective disorder (SAD), a type of depression associated with lower light conditions in winter." But Ragnhildur discovered that incidence of SAD was "just as common in sunny Florida as in light-deprived Iceland." Ragnhildur's conclusion was that "it was all on account of evolution; natural selection had favored those Icelanders best able to cope with its short winter days."

Ragnhildur says that she has always found the brain very exciting and that she wanted to understand it better. She seems to be succeeding.



PHOTO: MORGUNLAEBI/JÓN SVAVARSSON



Will 2006 be a Good Year?

Icelanders are getting used to the good life. Many experts talk about overheating in the economy, yet despite the bleak forecasts it is still going strong.

This year is an election year. Municipal elections will be held in May, which might bring some changes. The fight for control of Reykjavik will be the most significant battle this year. A left wing coalition that has held power for 12 years has not managed to hold together and the parties that initially formed it are running independently. The coalition has eight out of 15 members on the city council and opinion polls indicate that the right wing Independence Party might win the majority. However, the social democratic Alliance has shown signs of strength recently, so the left might prevail.

The labor market has been stable. A general agreement is in place until 2007-2008. Those working for the municipalities, most notably child-care workers, have in some instances received higher wage increases than those on the general market, and now firemen are demanding considerable wage increases. It may be that resistance on the part of those running the municipalities is less strong in an election year than during other times.

Inflation has been around four percent, well above the target of the Central Bank. This is due mainly to an increase in property prices. The property market should level off, though, hence bringing inflation

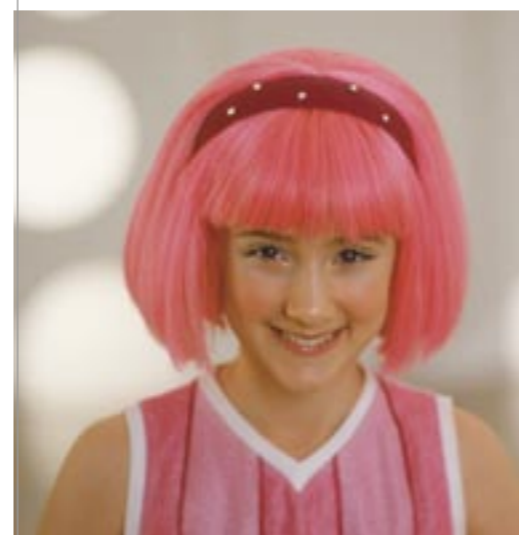
under control, and interest rates could go down in the second half of the year.

GNP growth has been around five percent and should continue to be high. There are plans for new aluminum smelters and these call for new geothermal and hydroelectric power plants.

Income tax rates for individuals will drop at the end of the year, which should keep consumer demand high.

The Icelandic stock market has grown remarkably in the last few years. The market is very shallow and a sudden fall in demand by some big players might have serious consequences. The Icelandic banks have all been doing very well and are expanding abroad, thus reducing the risk of operating in a small market like Iceland. The same holds true for many other Icelandic companies.

The Icelandic krona is not as strong as a last year, which will help small industry and also the tourist industry. The number of tourists did not increase as expected last year, probably mostly due to the strength of the krona, but a five to ten percent growth might be projected this year. □



PHOTOS: PALL STEFANSSON

Women in Power

Women have been making good progress in position of power in Iceland, even though they probably think they should advance faster.



PHOTO: PAUL STEFANSSON

A little more than 20 years ago only three women held a seat in Althingi, Iceland's parliament. The country had no female cabinet ministers and no woman had been appointed to the Supreme Court. In 1980 the Icelandic nation elected the first democratically elected female president in the world, Vigdís Finnbogadóttir. Yet even though the presidency is the highest position in the country, the president holds limited powers.

Iceland has made some progress towards gender equality in high positions over the last two decades. At the moment 20 out of 63 members of Althingi are women, three cabinet posts out of twelve are held by women, and two women sit on the Supreme Court. The President of Althingi, the Mayor of Reykjavik, the Rector of the University of Iceland and the Artistic Director of the National Theater, to name a few, are all women. Last year the left-wing Alliance party (Samfylkingin) elected former Reykjavik Mayor Ingibjörg Sólrún Gísladóttir as their leader, while the right-wing Independence Party elected Thorgerdur Katrín Gunnarsdóttir, Minister of Culture and Education, as their Vice-Chairman. These are the largest political parties in Iceland. The Left Green party also has a female Vice-Chairman, Katrín Jakobsdóttir.

THE PRESIDENT OF ALTHINGI

The President of Althingi, Sólvieg Pétursdóttir, was elected to that post last fall. She is a member of the Independence Party and was first elected to Althingi in 1991. A lawyer by training, she became Minister of Justice in 1999 and held that post until 2003. It is interesting that only three women had been elected President of Althingi before Pétursdóttir. The first to be elected President of the joint chamber of

Althingi was Guðrún Helgadóttir, in 1988. She held a seat in Althingi for many years but is perhaps best known in Iceland as a popular author of children's books.

The first woman to hold the post was Ragnhildur Helgadóttir, who was first elected president of the lower chamber of Althingi in 1961. She was first elected Member of Parliament in 1956 and was Minister of Culture and Education in 1983-87. The only other woman to preside over Althingi (since 1991 Althingi only sits in joint session) is Salome Thorkelsdóttir.

The President of Althingi presides over sessions and is the head of the legislative body. The President is also one of three deputies of the President of Iceland. The other two are the Prime Minister and the President of the Supreme Court.

THE CABINET MINISTERS

Currently three women hold seats in the cabinet. The current coalition between the Independence Party and the Progressive Party has held power for almost 11 years. The next election is scheduled for spring 2007.

Valgerdur Sverrisdóttir is Minister of Industry and Commerce. She was first elected to Althingi in 1987 and became Minister in 1999. The ministries are often the subject of controversy and Sverrisdóttir has held one of the most difficult cabinet posts for almost seven years. During this time she has successfully carried through plans for the construction of the Kárahnjúkar Power Plant and the aluminum smelter in Reydarfjörður. The aluminum smelter at Grundartangi has been expanded and the plant in Straumsvík has similar plans. The state-



PHOTO: GEIR OLAFSSON

Women who have held the post of President of Althingi: Guðrún Helgadóttir, Ragnhildur Helgadóttir, Salóme Þorkelsdóttir and Sólvieg Pétursdóttir.

owned banks have been privatized. All of these have been controversial issues. Sverrisdóttir is a member of the centrist Progressive Party.

Thorgerdur Katrín Gunnarsdóttir is Minister of Culture and Education. She was first elected to Althingi in 1999 and became Minister at year-end 2003. Among the many challenges facing her is the difficult media environment with media giants fighting for control. On one hand there is the media giant Dagsbrún, which has a very strong position on the newspaper, TV and radio markets, and on the other there is the Icelandic National Broadcasting Service. An attempt to set legislation limiting media ownership in 2004 was stalled by the veto of the President, marking the first and only time an Icelandic president has exercised this power. Gunnarsdóttir has introduced new proposals that could become law in the near future. In October 2005 she was elected Vice-Chairman of the Independence Party.

Environment Minister Sigríður Anna Thórdardóttir is also a member of the Independence Party. She was first elected to Althingi in 1991

and became Minister in 2004. Environmental issues naturally carry greater weight now than before. Iceland has traditionally had low levels of pollution, but with an increasing number of cars and aluminum smelters, this has become a greater concern. The new power plants are also controversial since in many cases they put large areas of land under water. These issues sometimes put the Ministry for the Environment at odds with the Ministry of Industry and Commerce.

IS EQUALITY IN SIGHT?

A difficult question indeed; however, the progress that women have made in the last 20 years gives indication that the goal may be in sight. If one considers the Reykjavik City Council, it seems likely that women will hold the majority of seats after the municipal elections this spring. We predict that 20 years from now, women will hold the majority of seats in Althingi for the first time in Icelandic history. □

Crime Novels with a Human Side

Arnaldur Indridason is an internationally recognized best selling Icelandic author.

Arnaldur Indridason is undoubtedly the most successful Icelandic author at present. The 45-year old writer published his first crime novel in 1997 and since then he has published one new book per year. Arnaldur has an unusual talent for writing plots with a twist, building up suspense along the way. The characters in his stories have their faults and their own personal problems to deal with at the same time as they solve the most complex of mysteries.

In 2004 Arnaldur reached the milestone of selling 100,000 copies of his mystery novels in Iceland. This is an unusual feat in a market that usually sees print runs of 1,000 to 3,000 copies per book. An author is usually quite pleased when more than 2,500 copies of a book are sold. Last Christmas, Arnaldur's latest book *Vetrarborgin* was the highest selling book on the market with over ten thousand copies sold.

His novels have been translated into many languages and it seems clear that his style appeals to readers in many different countries. In Sweden *Silence of the Grave* (*Grafarhögn*) reached top ten, *Operation Napoleon* (*Napóleonskjölin*) was among the most popular books in Germany and *Sons of the Earth* (*Synir duftins*) was extremely popular in Holland. His books have also

been published in both the UK and the US. Worldwide over one millions copies of his books have been sold to date.

Arnaldur's novels have twice been selected Nordic crime novels of the year: first *Jar City* (*Mýrin*) in 2002 and then *Silence of the Grave* the following year. Recently he was awarded the Golden Dagger, a very respected award presented by the Crime Writer's Association in Britain.

A short paragraph from amazon.com on *Silence of the Grave* gives an impression of Arnaldur's books: "A corpse is found on a hill in the outskirts of Reykjavik. It looks

like it has already been there for a long time, but the excavation goes terribly slow because a team of archaeologists is carrying out the work. In the meantime inspector Erlendur and his colleagues try to get a picture of what happened 50 to 70 years ago. Slowly but surely they find out the awful truth. In between the story line of the investigation, there is another storyline about a family consisting of a father, mother, 2 brothers and a handicapped sister. It soon becomes apparent that something horrible happened in the family and this is written down so vividly that I had to put down the book a few times because it nearly became too much. An in the meantime Erlendur's drug-addicted daughter Eva Lind is in a coma and he finally finds the courage to tell her what he feels for her. In short, this is a wonderful, sensitive thriller with a lot of psychological insight, well-developed storylines and beautiful descriptions of the various characters." (Reviewer Linda Oskam)

Arnaldur's books have been translated into a number of languages and been very well received abroad, as they have been by readers and critics in Iceland. Arnaldur has received grants from The Icelandic Film Fund to write film scripts based on two of his novels. Icelandic director Baltasar Kormákur (101 Reykjavik) is working on an adaptation of *Mýrin* (*Jar City*) and Snorri Thórisson (*Ungfrúin góða og húsid*, by Halldór Laxness) is developing an international production based on *Napóleonskjölin* (*Operation Napoleon*).

Arnaldur Indridason lives in Reykjavik. He is married with three children. □



An Energetic Woman

Katrín Pétursdóttir in *Lýsi hf.* is one of the leading women in Icelandic business.



Katrín Pétursdóttir is one of the leading women in the Icelandic business sector. She runs *Lysi Ltd.*, Iceland's biggest producer of cod liver oil. The company is active in the research and development of marine lipids and collaborates with the University of Iceland and the Icelandic Fisheries Laboratories on a continual basis.

Katrín holds a degree in Industrial Technology and has been running companies since 1991. *Lysi Ltd.* was established by her grandfather and her father ran the company for many years. However, nobody should conclude that she got her job due to family connections. She has shown unusual drive and initiative and last year received an award from the Association of Women in Business. At the same time she was appointed an honorary member of *Stjórnvísí*, a society dedicated to good management practices.

Cod liver oil is something your mother told you was good for you but now there is research to prove that she was right. It contains Omega-3, which is necessary for the body, and ETA, which prevents heart and coronary diseases. Studies even indicate that it staves off colds (which your mother already knew) and prevents arthritis or

at least reduces its effects. New research also points to a positive effect on concentration. And now you don't even have to hold your nose when you take it because it comes in orange and lemon flavors. You can also take it in pill form if you don't care for the liquid. *Lysi* offers not only Omega-3 products and cod liver oil, but also squalene, shark liver oil and tuna oil.

One of the new products that *Lysi* produces, and which seems to be a hit, is the *Sport Trio*. It is made up of Omega-3 fatty acids, multi-vitamins with chromium and L-carnitine (for fat burning) and green tea. It has done very well on the domestic market and will be launched internationally.

STILL EXPANDING

In the spring of 2005, *Lysi* opened a new plant that doubled its annual production capacity. At the time the company was not able to meet demand for cod liver oil and an expansion was needed. The new facilities are very modern and include state-of-the-art research facilities.

The R&D facilities benefit substantially from a massive reorganization dating back to 1980, when the laboratory and its function were completely redesigned and new emphasis was placed on research and development. Based on this unique setup and the close cooperation with leading international pharmaceutical firms and research organizations, *Lysi Ltd.* is commonly regarded as one of the world's leading know-how centers in the field of marine oils and their utilization. *Lysi's* processing plant is uniquely equipped with the highly specialized production units necessary for complete cod liver oil processing.

A GOOD-NATURED LEADER

Katrín is regarded as a natural leader. She has been appointed to the Boards of the Chamber of Commerce and the Trade Council of Iceland. Her hobbies include horseback riding and salmon fishing and she almost always looks like she is in a good mood. Maybe it's because she takes her cod liver oil every day. □



Snæfellsjökull glacier as seen from the church at Búdir

Snæfellsnes, a place of Magic

You can find a completely different environment by driving only two hours from Reykjavík.

On a clear day in Reykjavík, you can see Snæfellsjökull, the glacier that every local regards with great affection. A sunset in summer surrounds the mysterious mountain with a golden glow and often it seems closer than it really is. The glacier, Snæfellsjökull, seems to have unusual and inexplicable powers. Many people who believe in extrasensory perception feel that it is a power station. Occasionally large groups of foreign visitors gather there expecting to meet aliens, which they never do. A visit to the glacier is definitely worth a trip – you might even hire a guide to take you to the top. The best time for that is usually in spring. The Snæfellsjökull glacier has been the subject of novels by famous authors, including Jules Verne, who used it as a setting for his novel *Journey to the Center of the Earth*, and Icelandic Nobel Laureate Halldór Laxness, who used it in his novel *Under the Glacier*.

The Snæfellsnes peninsula is a popular holiday spot in summer, and even in winter the peninsula and the Snæfellsjökull glacier are well worth a visit. Whatever the season you should set aside at least a full day for your trip, although an overnight stay would be ideal, for example in romantic Stykkishólmur. The trip from Reykjavík takes two to three hours by car. You drive north, and after about twenty minutes arrive at a juncture where you have to decide whether to take the tunnel beneath Hvalfjörður fjord or drive the lovely route along the coast. The tunnel will save you nearly an hour if you are in a hurry.

You will pass through one village on the way, Borgarnes, which is perfect for a short rest stop. However, when driving on you must be careful to select the road marked Stykkishólmur in order to reach Snæfellsnes. In about an hour (if you drive responsibly) you will have reached the peninsula. On the way,

watch out for a beautiful crater on the left; it is called Eldborg and those who dare climb it will not be disappointed. The sides of the crater are not very high, but it will take you over half an hour on foot to reach it.

The best way to explore Snæfellsnes is to drive the circular road around the peninsula. By taking the southern road, you can stop at a number of places. The first is Búdahraun lava field. To the east of this are a small church and a hotel. There you can hike the path through the lava field to Búdaklettur, a crater located in the center of the lava field. Or you could simply have a cup of coffee at Hótel Búdir.

Further along, one magnificent place after another may be found. The overwhelming sound of the birds and the sea is something that you are unlikely to forget. Icelandic farmers used to send their laborers to Snæfellsnes every spring for the fishing season. Hundreds of men had to live in very primitive condi-

tions and brave the weather every morning on their open boats. An exciting experience for a young man, perhaps, but also very dangerous. If a boat hit a reef or a cliff there was no second chance. Even in recent years the ocean seems to devour modern ships that have stranded, in only a few days. Hopefully, you will arrive when conditions are more serene and if you want to enjoy a cup of coffee with Icelandic pancakes and whipped cream in one of the many restaurants which are open from spring to fall, you can watch the beautiful landscape while indoors.

In spring, the birds change the atmosphere of the peninsula completely. Millions of them fill the air. In the long summer nights it calms the mind to take a walk and to listen to the birds and the sea, feeling like you are alone in the world. However, you might never be alone, since in the summer people seem to stay awake all the time.

In the northern part of the peninsula you will find one fishing village after another. A few years ago you might often meet the local minister going fishing on a small motorboat. This is a classless society. The last place along the coast at which to stop is Stykkishólmur. This 19th century Danish village is one of the most romantic in Iceland. In summer you can have a glass of wine and wait for the sun not to go down in one of the small restaurants down by the harbor. This is a lovely place for an overnight stay. Even if you don't have much time, try to include a boat trip among the islands of Breidafjörður in your plans. It is something you are guaranteed not to forget, as the bird life is magnificent.

Before visiting Snæfellsnes, you may think that all this talk of mystical powers is nonsense. Yet when you return to Reykjavík you will realize that you have, in fact, been to a truly magical place. □



PHOTOS: PALL STEFANSSON

What Can Our Genes Tell the World?

Iceland steps to the forefront in biopharmaceutical research



Some of the most interesting scientific developments in recent years have been in life sciences. Iceland has suddenly moved to the forefront of that sector and now many companies in different branches of the field have been established there. But why Iceland?

It turns out that the country has many things to offer. First, it has a population with all three sets of data: genetic, medical and genealogical. Over 100,000 Icelanders have given blood samples in connection with scientific studies. The experience of researchers is that they get 70-90% volunteer participation in research projects. The medical history of almost all living Icelanders is well documented and medical records are fairly easily accessible. In some fields specialists have access to research databases and biobanks containing medical and pathological records for tens of thousands of individuals. Finally, genealogy has been an Icelandic pastime since the first settlers came to the country more than a thousand years ago. Now the company Fridrik Skúlason (see page X), in cooperation with DeCode Genetics, has built up a database with the names of all living Icelanders, tracing their roots as far as it is possible to go, in most cases to the first Icelandic settler, Ingólfur Arnarson, who came to Iceland in 874 AD. Consequently it is easy to see how carriers of a certain gene are related to one another.

Leading companies in the field of generic drug production and medical technology such as diagnostics and prosthetics have their base in Iceland. Best known is Actavis

Group, which was founded in Iceland but now has stations in many countries and aims to become a leading player in the development, manufacture and sale of high-quality generic pharmaceuticals.

The University of Iceland has long had a department in biosciences and has contributed to advanced research infrastructure and a relatively large number of highly qualified specialists. It is also a fact that in the last ten years many scientists, both of Icelandic and foreign origin, have come to Iceland to participate in the active and fertile research environment, both at the university and at companies where they have excellent access to high-throughput laboratories.

Research in agriculture and marine science is aided by the fact that the Icelandic environment and climate enable pesticide-free agriculture and horticulture with ideal, automatic in-field containment of many transgenic plants. The unique geothermal areas foster an amazing biodiversity, including unique thermophile bacteria. All of this makes Iceland the ideal ground for the many life sciences companies that have blossomed in the past ten years or so.

An open mind

A further factor is the Icelandic enthusiasm for anything new. Internet connections, mobile phones and iPods are more numerous per capita in Iceland than anywhere else. Many Icelanders are excited that their contribution to science can help, if only by giving tissue. And, of course, Icelandic girls and boys nowadays not only want to become

firemen or bakers but also scientists that can one day save the world.

One of the groups that have been studying the Icelanders' health on an ongoing basis is the Icelandic Heart Association, a non-profit, charitable organization that has operated its own Research Institute for nearly 40 years. It conducts studies in genetic and conventional epidemiology, family-based genetic studies, clinical trials, as well as running a cardiovascular risk factor clinic. This group has very extensive data on the health of the Icelandic population, obtained exclusively through individuals volunteering for their extensive studies.

Another example is Lysi Ltd. (see page X), a private company that aims to be a leading company internationally in the processing, development, sale and marketing of goods made from marine lipids, and to meet strict requirements in quality and technical solutions.

The research interests by the numerous Icelandic facilities that conduct research in the biomedical and pharmaceutical area are numerous and many of the results have been published in respected journals and have in some cases led to stunning new discoveries, including many on genetic risk factors.

It seems safe to conclude that in the next ten years Icelandic companies and the many dedicated scientists working for them will reveal many of the secrets that nature has hidden from us. Secrets that could most easily be uncovered in the unique Icelandic population. □



PHOTOS: PALL STEFANSSON

Some Horses Need a Haircut

The Icelandic horse tölt its stuff in German equestrian extravaganza Apassionata.

The thing is, Icelandic horses get hot.

It makes sense; they are programmed to grow thick coats in the winter, and shed in the spring. Even if you take them hundreds of kilometers south to Germany – where about 80,000 Icelandic horses tölt around today – they still grow the fur that gets them through long winters in the Icelandic highlands. (Along with standing in groups with their backsides to the wind, another trick of the trade that has made many a motor tourist wonder.)

It is early November, and the afternoon debut of Apassionata, an international horse show in its third season that will be touring Germany this spring. The event showcases horses and human performers from all over the world in choreographed and costumed acts. This is the first year that the Icelandic horse will be part of the show. Six riders and six horses make



up the Icelandic event and some of them (the horses) had to be shaved.

"We didn't want to," says Styrmir Árnason, a three-time Icelandic horse world champion who is coordinating their part of the show.

"But because it's so hot in the hall and they have such a thick coat at this time of the year, we had to do it. They would have had problems breathing."

Still, the six horses representing look pretty good today. Small – next to some of the massive breeds like the glossy black Frisen – but holding their own.

Like a lot of things in Iceland, the Icelandic horse is getting trendy. A pure breed and one of the oldest on earth, its merits are no mystery in its native country. Now, the horse is gaining more recognition in horse riding circles throughout Europe for its mellow temperament and strong character.

Once a horse leaves Iceland, it can never go back, a restriction designed to keep the breed pure and disease free. There are about as many Icelandic horses, if not more, in Germany today as there are in Iceland. The



first Icelandic equine immigrants, Árnason tells me, were imported to Germany in the 1960s by a horse enthusiast who was trying to save foals from being eaten. (Icelanders are nothing if not resourceful, and horsemeat used to be a fairly common dish.)

"That was the beginning, of course, and then people started to find out about the horse and started to like it," he says.

Icelandair and Island Tours, which promotes tourism to Iceland from Frankfurt, both signed on to sponsor the Icelandic horses' participation in Apassionata. The music, choreography, set, and story of Iceland's segment were developed by singer Arndís Halla, an Icelander living in Germany who is the official "Voice of Apassionata," and tours with the show.

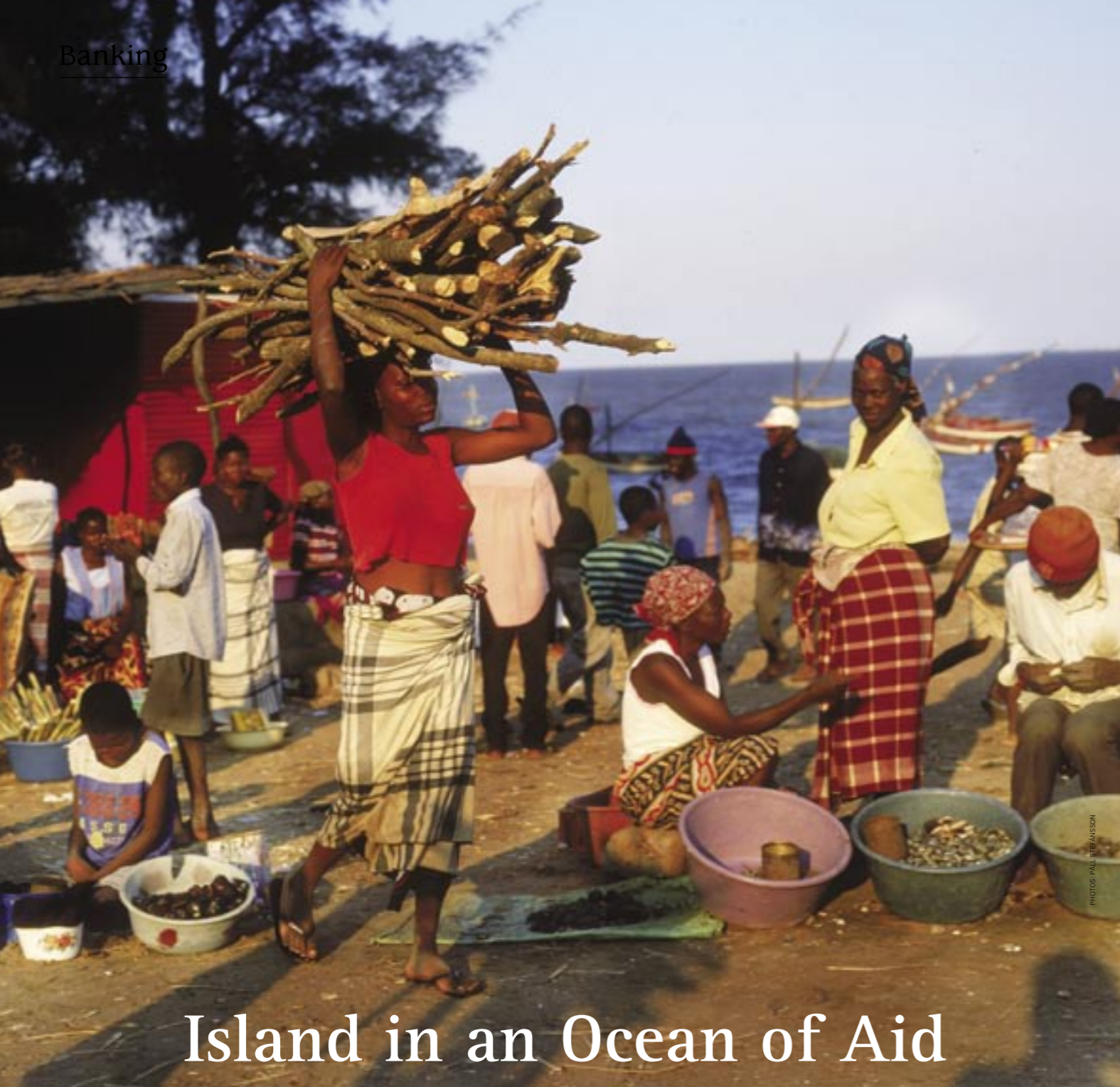
"I wrote a little musical, basically, for the show, based on Snorra Edda," says Halla. "That is kind of the bible of the religion [that

existed] before Christianity in Iceland...Baldur was the pure, good god, and when he got killed, it was the beginning of the end of the world, called Ragnarök."

The riders in Apassionata are not joking around. They ride backwards, standing up, or dragging alongside the horse while it circles the ring at full speed. After several international acts of acrobatics, trick rope throwing and comedic interludes involving a miniature pony, the small arena in Saarbruecken was dimmed. Mist flowed out over the sand floor of the oval ring where the horses performed, and a Viking ship floated out into the middle of it. The six horses followed, led by Árnason and his five young riders. The horses performed in formation to Halla's singing. A couple of them even tölted – the famous fifth gait unique to Icelandic horses – with sparklers strapped on to their ankles.

Árnason looks at the seven months he will spend performing in Apassionata as an opportunity to showcase all that his favorite horse can do. If all goes according to plan, the show will generate equestrian tourism to Iceland as well as business for horse trainers who take people out riding on farms like the one Árnason runs near Cologne.

After the show is over, the Icelandic team members, in their historically appropriate tunics, line up at the perimeter of the ring alongside the other teams from around the world. The audience members gingerly approach the horses and raise up their hands to give them a pet. The Icelandic horses, both conveniently short and generally laid back, are a favorite. □



Island in an Ocean of Aid

Icelandic aid to the developing nations

Into the twentieth century, Iceland was one of Europe's poorest nations; today, it's one of the world's richest. In ten years, the amount of assistance that Iceland gives to developing nations has almost quintupled. It leads projects in Mozambique, Uganda, Malawi and Namibia. It has just forged a new agreement with Sri Lanka, and an agreement with Nicaragua is pending.

Sending managers to track project funding from start to finish is how Iceland's govern-

ment manages the money it gives Mozambique – about USD 100,000 in 2005. *Hindane Centro de Saúde* is one of many projects that ICEIDA and the Icelandic Red Cross have each been working on.

BEYOND THE BANDAGES

Hlín Baldvinsdóttir is an Icelandic Red Cross representative in Mozambique. The Red Cross is one of the most recognized symbols on our

planet, but is often mistakenly associated only with medical aid. The first Red Cross organization was founded in 1863 in Geneva, Switzerland, but the modern Red Cross operates under two separate international organizations. The International Committee of the Red Cross, or ICRC, represented by a cross alone, is still centered in Geneva, and works first and foremost in conflict zones and also on humanitarian law and human rights issues worldwide. The International Federation of



Hlín Baldvinsdóttir is an Icelandic Red Cross representative in Mozambique.



Red Cross and Red Crescent Societies, or the Federation, whose symbol is the red cross and crescent, is comprised of 183 national societies. Iceland and Mozambique are two. National societies work on various issues in their own country, and cooperate internationally in four areas: humanitarian values, health and social care, disaster preparedness, and disaster response.

The Icelandic embassy is on Avenida Zimbabwe, a few doors down from the World Food Program. We are in Maputo's "aid district," where NGOs and embassies jockey for space on the wide, spacious streets lined with the city's wispy overhang of acacia trees. Upscale aid neighborhoods are not unique to Maputo; they sprout up in other post-colonial, war-torn capitals that are big recipients of foreign support like Phnom Penh and Colombo.

In the driveway of the Icelandic embassy, a big white truck is parked with "ICEIDA" written on its side in metal rivets to deter theft. Most of the buildings are under the watch of private security guards, part of the business of aid that many in Maputo – Mozambicans and foreigners alike – make a living from.

"Most countries that do development aid want to be in Mozambique," says Benedikt Ásgeirsson, Iceland's ambassador to Mozambique, "because it has made progress. It has come a long way since the civil war ended in 1992."

Despite the boom here, unemployment is high at 21 percent, and the insecurity that comes with it is visible. Shards from glass

bottles are cemented into the tops of high walls throughout town. Walled compounds have sprouted up next door to neighborhoods of subsistence farmers with corn crops outside their front doors. At a new upscale supermarket, where an international clientele shops for French cheese and California wine, an armed guard with an automatic rifle stands by the door. As you pass the driveway's exit sign that croons, "Missing you already...," it's hard to miss the Mozambicans on the other side of the road, collecting shellfish on the mud flats.

THE HEALTH GAP

Today, the annual operating budget of the Ministry of Health is about USD 211 million; about 40 percent of the government's total budget. The heart of the healthcare system is the central hospital in downtown Maputo, built by the Portuguese and spared in the civil war.

The walls in the receiving area of the hospital are the same dull blue as the sky outside Hindane. The long halls are dim and empty, save the occasional brisk step of a doctor in white and a door swinging open or shut. A man is curled up under a blanket on a gurney, waiting. The official fee to see one of the 200 doctors that work here is 1000 meticaís, about USD 0.03. Within the public hospital is a private clinic, where patients who can afford a higher fee can pay more to get more immediate service.

About 20,000 patients a year are seen here,

many of whom come from rural areas where some procedures aren't available. Most procedures and surgeries can be done here, with the exception of more specialized processes like MRIs or neurosurgery. Patients requiring these services are usually sent to South Africa.

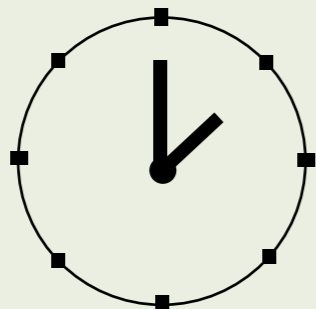
"We need more sophisticated equipment," acknowledges Dr. Francisco José de A. Candido, the hospital director. He also says they need to be able to pay doctors higher salaries and to be able to train new doctors better. The average monthly salary of a specialist at the hospital is USD 600.

But whatever economic disparity or funding shortages that exist within the city limits of Maputo, the gap pales in comparison to the disparity between life in the city and life in the countryside. Though it is the seat of funding and home to the aid industry, only six percent of the population lives in Maputo. The vast majority of Mozambicans live in districts like Hindane: off the map.

Iceland's representatives here recognize the shortcomings of the way that aid gets distributed. "I think you can see more economic activity in Maputo – more new construction, more houses have been renovated and more cars," says Ambassador Ásgeirsson. "The impact on the rest of the country is very limited." □

Text by Krista Mahr Photos by Páll Stefánsson

A Diary of Business and Politics



November 5 Reykjavík city council member Vilhjálmur Th. Vilhjálmsson won the Independence Party's primary elections in preparation for the municipal elections in Reykjavík in May 2006. The other contestant for the top seat, Gísli Marteinn Baldursson, a well know TV-show host, ended in third place after Hanna Birna Kristjánsdóttir.

November 7 deCode Genetics announced third quarter results. Revenues had increased to 34.3 million dollars, which is more than in the same quarter 2004, but the company suffered a net loss of 41.6 million dollars for the quarter, which is more money than the company lost in the corresponding quarter in 2004.

November 9 Software company Kögun announced that it had bought a majority share, or 50.1%, in the Norwegian software house Hands ASA, a listed company on the Norwegian Stock Market. Hands has a very strong market share in Microsoft Business Solutions. Kögun also announced that it was interested in further investments in Norway.

November 11 Þór Sigfússon was appointed CEO of Sjóvá insurance company. Þór was previously managing director of the Icelandic Chamber of Commerce. The outgoing CEO of Sjóvá, Þorgils Óttar Mathiesen, bought a share in the building society Klasi, which he will be running.

November 11 Baugur Group is the main shareholder in FL Group, owner of Icelandair and a shareholder in many different companies. After an ISK 44 billion (USD 670 million) offer of new shares, Baugur and Oddaflug, an investment company owned by Hannes Smáráson, CEO of FL Group, hold almost 50% of the shares. Related investors also bought a large share in the offering.

December 1 Björgólfur Thor Björgólfsson announced that his company now holds a 75% share in the Bulgarian Telephone Company BTC. The total value of BTC is estimated at USD 2.3 billion.

December 15 Magnús Kristinsson acquired the Toyota dealership from Páll Samúelsson, whose family had owned the business from the beginning. Magnús Kristinsson is one of the main investors in Straumur-Burðaras and owns a share in Stoke City, an English soccer team. He bought Hertz car rental in Iceland from FL Group in February 2006.

December 29 Sigurdur Einarsson, chairman of Kaupthing Bank, and Hreidar Már Sigurdsson, president of Kaupthing Bank, were named Men of the Year in Business 2005, by business magazine *Frjáls verslun*.

December 31 The stock market index rose by 64.7% during 2005, the second year in a row that Icelandic stock prices went up by approximately 60%.

January 7 MP Investment Bank led a group of investors that acquired a 90% share in Ukrainian bank Bank Lviv.

January 9 Straumur-Burðaras sold a 21% share in Íslandsbanki to a group of investors, mostly investors who had previously formed the majority in the bank. The profit for Straumur-Burðaras was ISK 16 billion (USD 250 million).

January 18 Jón Helgí Gudmundsson, the largest shareholder in building supplies store Byko, bought a 51% share in Latvian bank Lateko-banka. He had previously been involved in the lumber industry in Latvia.

January 20 Baugur Group announced an annual profit of ISK 28 billion (USD 450 million) for 2005.

January 20 Chairman of the Left-Green Party, Steingrímur J. Sigfússon, was seriously injured in a one-car accident. He has since recovered but is expected to have to rest for most of the spring session of Althingi, Iceland's parliament.

January 31 Total profits in 2005 of the four banks listed on the Icelandic Stock Exchange were ISK 120 billion (USD 1.9 billion).

February 7 Bilanaust, a car parts company owned by Benedikt Sveinsson, former chairman of Eimskip shipping and Sjóvá insurance, and his family, bought the ESSO oil company in Iceland. The acquisition price is said to have been between ISK 15 and 20 billion (USD 250 to 300 million).

February 9 Avion Group bought Star Airlines, the second largest charter airline in France.

February 12 Dagur B. Eggertsson won the primary elections of the Social Democratic Alliance party in preparation for the municipal elections in Reykjavík. He finished ahead of Mayor Steinunn Valdis Óskarsdóttir and council member Stefán Jón Hafstein.

February 21 Ratings agency Fitch declared it had revised the Outlooks on the Republic of Iceland's foreign and local currency Issuer Default Ratings ("IDRs") to Negative from Stable. This had the effect that the Icelandic krona lost almost 5% against the Euro and the stock market fell by 4-5%. It has since more than regained its former value.

March 1 Aluminum giant ALCOA announced that it would do a feasibility study for a 250,000-ton aluminum smelter near Húsavík in northern Iceland. If approved, the smelter will be built in the years 2010 to 2013.

March 3 Núi-Síríus, the largest chocolate manufacturer in Iceland, bought Elizabeth Shaw, an English maker of chocolates. The joint annual turnover of the two companies will be close to ISK 3 billion (USD 45 million).

statistics

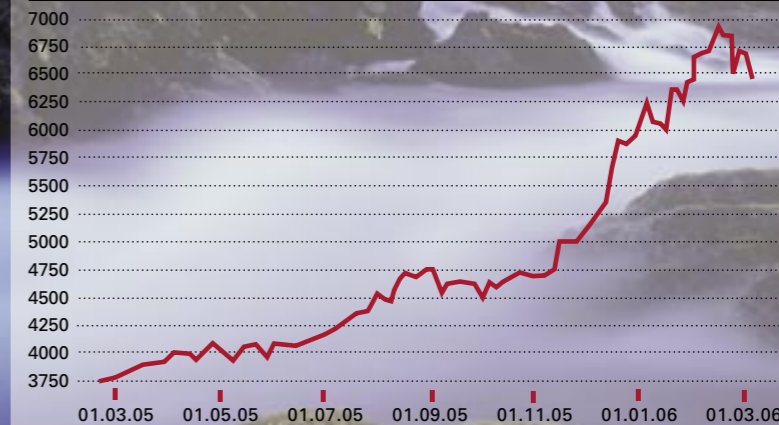
VITAL STATISTICS

Number of inhabitants Jan. 9, 2006	300,000
GNP increase 2005 (estimate)	4.00%
GNP	920 Billion ISK 14 Billion USD
GNP per capita	46.485 USD
Total exports 2005	194.4 Billion ISK 2.9 Billion USD
Total imports 2005	288.9 Billion ISK 3.9 Billion USD
Balance of trade 2005	-94.5 Billion ISK -1.4 Billion USD
Rise of stock index 12 months (to March 5 2006)	72.8%
Stockmarket turnover 2005	1.202 Billion ISK 18.2 Billion USD
Bondmarket turnover 2005	1.322 Billion ISK 20.0 Billion USD
Wage increase 12 months (Jan. 05-Jan. 06)	7.2.9%
Inflation 12 months (Feb. 06)	4.1%
Unemployment (Jan. 06)	1.6%

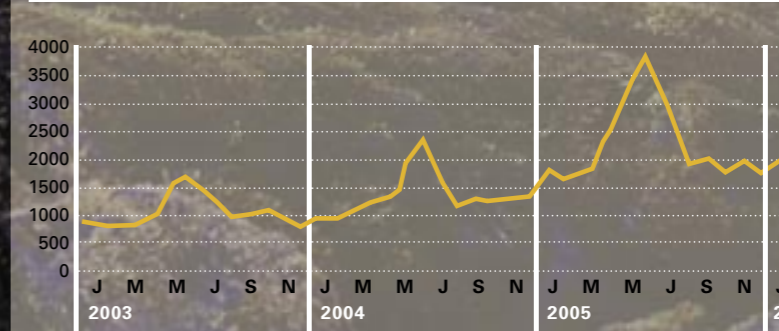
CHANGES IN STOCK PRICE NOV. 1, 2005 - MARCH 3, 2006 (TOP AND BOTTOM)

Company	% change
FL group, Investment (Icelandair, Sterling)	88.4 %
TM insurance	75.4 %
Kaupthing bank	55.7 %
Dagsbrún, Phone, Media	45.0 %
Straumur-Burðaras, investment	40.4 %
Marel hf	5.7 %
Nyherji, computer, software	4.5 %
Medcare Flaga hf.	-6.9 %
Vinnslustöðin, Psheries	-9.5 %
Icelandic Group hf.	-20.9 %

ICELANDIC STOCK INDEX 12 MONTHS



NUMBER OF NEW CARS PER MONTH 2003-2006





A Software Wizard

Fridrik Skúlason has written some of the most popular software in Iceland and his virus protection program is used worldwide.

Fridrik Skúlason was already writing commercial software when he was in college. He seems to have a feel for what Icelanders are interested in. However, it was not always so. His first commercial software was used to allocate members of Althingi, the parliament of Iceland, according to election results. The Icelandic voting system is complicated in that it tries to allocate seats in Althingi fairly among political parties while at the same time giving people outside the capital area twice as many members per capita as those who live in Reykjavik. His software worked well on this complex system, but since there are only elections every four years it did not sell for long. His next attempt was a household accounting system. No Icelanders liked that and Fridrik learned his lesson. From then on he has only worked on products that a large number of people are interested in.

He wrote the very popular spellchecker Púki, or Imp, which is a play on words for an Icelandic word, the imp of misprints. This software works well with Word and other popular software and has considerably improved the spelling of Icelandic documents over the last fifteen years. Espólin, named after a 19th century writer of annals, got many Icelanders

excited. Most Icelanders like to trace their ancestors as far back as they can and Espólin helps them keep track of their family tree. Genealogy is a favored hobby of many and this software helped them pass the time during many a dark winter night.

His most successful product by far is known in Iceland under the name Lykla-Pétur, or Peter the Gatekeeper. This is a very powerful virus protection program that started back in the days when DOS was the only computer operating system. Internationally the program is marketed as F-PROT Antivirus and every day Fridrik and his coworkers carefully study and dissect every new virus so that computers protected by their software remain immune to the dangerous phenomena. Fridrik is well known internationally in the virus-protection community and is considered a leader in the field. The Virus Bulletin 100% logo is awarded to products that detect all In the Wild viruses during on-demand and on-access scanning of Virus Bulletin tests. F-PROT has consistently been awarded this logo.

Fridrik Skúlason's biggest feat yet may be his contribution to Icelandic genealogy by building up a computer data bank of virtually

all Icelanders with the aid of DeCode Genetics. The data bank shows the family tree of all living Icelanders and their known ancestors. This work took years to complete and those working on the data bank had to go through ancient church book records, listing every birth and death in a congregation, and censuses all the way back to 1703. Through this work it is now possible to see family connections and thereby to see if certain diseases are more common in certain families. From this information scientists have been able to find genes that may make those who have that gene more likely than others to carry that disease. The data bank is online and access has been given to any individual who applies (and whose name is in the data bank). So far about a third of the Icelandic nation has applied for access to the data bank. People like to see how much they are related to their fellow workers. Most people only have to go back seven generations to find a common ancestor and very few need to go more than 10 generations back.

Fridrik Skúlason can be proud of his work. He has accomplished a lot, doing the things he likes to do. □



From Sigluffjörður, north Iceland. Photo by Páll Stefánsson

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