



Brussels, 9 February 2009

ESBA calls on the British and Icelandic Governments to consider how their actions damage small businesses

The drastic actions of the British Government on 8th October 2008 towards the Government of Iceland have created serious problems.

Invoking the Anti-terrorism, Crime and Security Act 2001 to issue the Landsbanki Freezing Order 2008 has raised questions such as abuse of power and bullying behaviour towards a member of the European Economic Area.

No consideration was given to the devastating consequences these actions would have on the small business community in Iceland.

Only two days after the Landsbanki Freezing Order, two of the largest credit companies in the World, Euler Hermses and Atradium closed all credit facilities to Icelandic companies involved in import and export, regardless of any prior trading history or creditworthiness. Over 80% of all companies in Iceland are now technically bankrupt, which is a 200% increase in the number of companies closing down. A further consequence is a dramatic loss of jobs for both Icelandic and European employees.

Throughout the EU massive efforts are being made to help the economy to recover from the worldwide financial crisis that started in the banking sector and is affecting almost every small business. The European Commission has issued a Recovery Plan and the plight of small businesses is high on the agenda.

Not so in Iceland, where the label of being 'terrorists' has shut down any hope of regaining credibility with investors and governments. Despite the assistance offered by Scandinavian countries and the European Union, perceptions are extremely difficult to overcome and as long as the Icelandic Government remains on the list of 'persona non grata' in economic terms, recovery will be a remote possibility.

In economic downturns confidence is crucial to revive spending. Free trade is essential to increase turnover. Both of these essential tools have been severely damaged in Iceland through the questionable application of one British Act.

All the talk in the EU about 'Think Small First' has been forgotten when it comes to securing the interests of one group and the opponent is small. This is not the spirit in which small business can thrive, not in Iceland or anywhere else.

Tina Sommer, ESBA President, said: "The members of the European Small Business Alliance are appalled by the way the financial difficulties in Iceland have been handled and call on the British and Icelandic Governments to resolve the issue most urgently to show support for the small businesses community who are the backbone of these countries".

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Notes to the editor:

ESBA is a non-party political European group, which gathers member organisations from 22 European countries. It currently represents over 1 million small business entrepreneurs and is one of the largest organisations based on voluntary membership in Europe. ESBA cares for small business entrepreneurs and the self-employed and represents them through targeted EU advocacy activities. It also works towards the development of strong independent advocacy and benefits groups in European countries. For more information, please contact: secretariat@esba-europe.org or visit: www.esba-europe.org

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