

PRIME MINISTER
ICELAND

Reykjavík, 7. April 2009

Dear Prime Minister Brown,

Due to pressing domestic requirements, I could not attend the NATO Summit last week and thereby missed the opportunity to congratulate you on the successful organisation and substantive results of the previous G-20 Summit in London. As you are aware, the consequences of the current international financial crisis have been very severe in Iceland and we hope that the actions agreed by the leading actors of the international community will have an overall remedial effect on the global economy.

Turning to one of the serious issues arising from the financial crisis, I can inform you that my Government has established a special Icelandic Negotiation Committee on Icesave, which has a mandate to resume and bring to a conclusion the negotiations with the United Kingdom and the Netherlands on the settlement of the outstanding guaranteed deposits relating to the Landsbanki, in accordance with the guidelines agreed in Brussels last November.

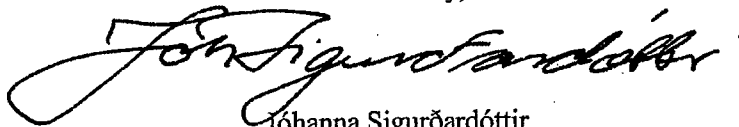
Another related matter which affects bilateral relations, is the remaining in force of the Landsbanki Freezing Order based on the Anti-Terrorism, Crime and Security Act 2001. The Government of Iceland has contested this measure from the outset and, therefore, I have read with great interest the recent report of the House of Commons Treasury Select Committee, in particular Chapter 3 on the handling of the Icelandic banking crisis, which seems to confirm our position as regards the inappropriate application of the Anti-Terrorism, Crime and Security Act 2001 against the Landsbanki and the detrimental effects of the statements made and peremptory actions taken by the government of the United Kingdom. I would be greatly interested in hearing how your Government will react to the findings, especially whether the Landsbanki Freezing Order will be lifted. The bank is working under an internationally recognised moratorium in any case and I can assure you that such a conciliatory gesture would be appreciated.

His Excellency
The Rt. Hon. Gordon Brown, MP
Prime Minister
10 Downing Street
London
UNITED KINGDOM

I can reiterate that Iceland wants good bilateral relations with the United Kingdom, which are not only formally correct but revive the former spirit of mutual trust and fairness. Nothing less can be expected of European neighbours, partners within the European Economic Area and Allies within NATO. In the context of the financial crisis, we have common interests in preventing corruption and the use of tax-havens and I might add that Iceland is currently seeking expert assistance from abroad for that purpose, which includes the French special prosecutor Mrs. Eva Joly.

However, as was discussed at the very constructive meeting of our foreign ministers last week, although the financial crisis does pose a formidable challenge, the global economy will eventually recover. The volume of trade, investments and tourism between Iceland and the United Kingdom remains proportionally high and there are other areas where our countries have more enduring common interests, for example, in security and defence, environmental protection and the use of renewable energy. I am prepared to do my utmost to resolve the Icesave-issue in a mutually satisfactory manner and move on to enhanced longer-term cooperation which can benefit coming generations in Iceland and the United Kingdom.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jóhanna Sigurðardóttir', written in a cursive style.

Jóhanna Sigurðardóttir
Prime Minister of Iceland