

Statement following the meeting of Nordic Prime Ministers 27 October 2008

At a meeting today, the Nordic Prime Ministers discussed the international financial crisis and the serious situation in Iceland in particular. They agreed to establish a high-level committee to monitor implementation of the IMF's stabilisation program and to discuss and coordinate measures to assist Iceland in recovering from the serious situation in which that country now finds itself.

The Prime Ministers expressed great concern about the negative effects of the financial crisis on the world economy and stressed the need for a stronger global regulatory framework for improving the functioning of the international financial markets.

“We must establish a more effective early-warning system for crises, develop oversight and supervision of the financial sector, and work to strengthen international financial institutions,” the Ministers said.

Prime Minister Geir Haarde briefed the Nordic Prime Ministers on the latest developments in Iceland. They expressed their solidarity with Iceland, saying that the other Nordic countries have a special responsibility to collectively assist a neighbouring country in crisis.

“We are highly gratified to note that Iceland has reached preliminary agreement with the IMF on a stabilisation programme. The Nordic countries will support this programme when it is discussed by the IMF Board of Governors. This agreement and ongoing close cooperation with the IMF make up an important platform for the work of stabilising the Icelandic economy,” the Prime Ministers said.

The Prime Ministers stated that the Scandinavian central banks already had agreements on credit facilities with the Icelandic Central Bank, and that the former had once again requested lending facilities with the Nordic Central Banks. They also noted that Finland functions as part of the euro area, but in cooperation with the other Nordic countries.

“This readiness, together with Iceland's intention to seek support from other central banks as well, are important contributions toward strengthening confidence in Iceland's ongoing efforts to adapt,” the Prime Ministers said.

“In accordance with the IMF's conditions, we support Iceland's efforts to restructure its economy and return to a path of sustainable growth through substantial financial-sector adjustment, a commitment to sustainable development of foreign debt, and credible long-term financial policy. To this end, a comprehensive framework for medium-term economic policy should be established.”