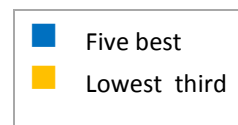


SPRING 2011 REFORM BAROMETER - ICELAND

	Level			Rank			Gap		Areas of Action	
	2009	2010	Change	2009	2010	change	EU top 5	Gap ¹	2010	
Pillar I	1 GDP per capita (Purchasing Power Parity- PPP)	28253	27837	-1,5%	9	13	-4	NL IE SE AT DE	-8%	
	2 GDP per capita (€ at 2000 prices)	26318	25394	-3,5%	13	15	-2	DK SE IE FI AT	-17%	
	3 Labour productivity per hour worked (PPP)	N/A	N/A	N/A	N/A	N/A	N/A	NL BE FR DE IE	N/A	
	4 Labour productivity per person employed (PPP)	53752	53291	-0,9%	16	17	-1	IE BE FR SE NL	-20%	
	5 Private investment (excluding non residential, %GDP)	2,3	7,8	5,5	32	24	8	BG BE AT DE IT	-5,8	
	6 Industrial activity (% total value added)	13,9	14,2	0,3	28	23	5	IE SK CZ FI SI	-18,5	
	7 R&D expenditure (% GDP) *	2,7	2,7	0,0	8	9	-1	FI SE DK DE AT	-0,5	
	8 Operating surplus (% total value added)	N/A	N/A	N/A	N/A	N/A	N/A	BG GR MT SK IE	N/A	
Pillar II	9 Current Account (% GDP)	-2,2	-4,5	-2,2	20	27	-7	LU SE NL DE DK	-10,4	
	10 Export market share (gain from 2000)	N/A	N/A	N/A	N/A	N/A	N/A	RO LT CZ HU BG	N/A	
	11 Net export contribution to GDP	12,1	0,4	-11,7	6	21	-15	BG IE GR HU CY	-3,5	
	12 Share in global trade	0,0	0,0	0,0	31	31	0	DE FR NL UK IT	-4,2	
	13 Relative unit labour cost (gain from 2000)	N/A	N/A	N/A	N/A	N/A	N/A	DE PL AT SE FR	-92,2	
	14 High-tech exports (% total exports) **	1,6	1,6	0,0	32	32	0	MT LU IE HU CY	-27,1	
Pillar III	15 Employment rate (% working age population)	78,3	78,0	-0,3	14	14	0	NL DK SE AT DE	9,3	
	16 Employment rate 15-24 (% population 15-24)	61,5	61,0	-0,5	4	3	1	NL DK AT UK DE	7,3	
	17 Employment rate 55-64 (% population 55-64)	80,2	79,4	-0,8	1	1	0	SE DE UK CY DK	19,7	
	18 Annual hours worked (per capita)	N/A	N/A	N/A	N/A	N/A	N/A	PL GR HU LV CZ	N/A	
	19 Labour participation (% working age population)	88,4	88,4	0,0	2	2	0	DK SE NL PT DE	8,4	
	20 Working age population (as % total population)	67,9	67,9	0,0	15	16	-1	SK PL CY CZ RO	1,0	
	21 Unemployment rate (% labour force)	7,2	7,8	0,5	14	14	0	AT NL LU MT CY	2,2	
Pillar IV	22 Gross debt - general government (% GDP)	87,8	91,5	3,7	27	25	2	EE LU BG RO LT	67,4	
	23 Net debt - general government (% GDP)*	N/A	N/A	N/A	N/A	N/A	N/A	FI EE SE BG CZ	N/A	
	24 Government budget balance (% GDP)	-9,9	-6,2	3,7	26	19	7	SE EE LU FI DE	-4,1	
	25 Primary balance (% GDP)	-3,4	1,2	4,6	15	2	13	HU SE IT EE MT	1,6	
	26 Tax burden (% GDP)	33,7	35,4	0,1	13	18	-5	LV SK RO BG LT	4,9	
	27 Highest marginal tax rate, individual rate (%)*	35,7	37,2	0,0	12	14	-2	BG CZ LT RO SK	20	
	28 Public investment (% total public expenditure)	7,7	4,2	-0,5	16	29	-13	PL CZ RO BG LV	-9,8	
	29 Budgetary adjustment related to age (% GDP)	N/A	N/A	N/A	N/A	N/A	N/A	PL EE HU BG SE	N/A	
	Pillar V	30 Net foreign assets (% GDP) *	N/A	N/A	N/A	N/A	N/A	N/A	NL BE DE DK FI	N/A
31 Net financial assets, households (% GDP) *		N/A	N/A	N/A	N/A	N/A	N/A	BE IT NL FR DE	N/A	
32 Net financial liabilities, non financial corporations (% GDP)*		N/A	N/A	N/A	N/A	N/A	N/A	SK NL DE GR PL	N/A	
33 Regulatory tier 1 capital to risk weighted assets *		N/A	16,6	N/A	N/A	6	N/A	MT LU BE BG EE	-0,6	
34 Non performing loans to total gross loans *		N/A	61,2	N/A	N/A	31	N/A	FI LU SE SI AT	59,5	
35 Loans to private sector (% GDP)		N/A	N/A	N/A	N/A	N/A	N/A	RO SK PL CZ HU	N/A	
36 Bank liabilities (%GDP) *		N/A	N/A	N/A	N/A	N/A	N/A	SK RO PL LT BG	N/A	



1. Percentage points, when not indicated otherwise

* 2008/ 2009 data
** 2007/ 2008 data

PRIORITIES FOR REFORM: ANSWERS FROM SA (ICELAND)

	Policy Area	Concrete Recommendations	Are the proposed recommendations already in the agenda of your Government?	
			Yes	No
Priority 1	24	Approve a strategy for lifting capital controls.	x	
Priority 2	23	Fulfill the programme with the goal of restructuring the debt of small and medium-sized enterprises.	x	
Priority 3	24	Important to increase foreign direct investment in the Icelandic economy.		x
Priority 4	19	Government proposal of changes in the tax law that the Parliament passed in December 2009 was in many fields ill-considered and made in hurry. These changes must be abolished.		x
Priority 5	15	The lack of medium-term fiscal policy has made it difficult to restrict government spending.	x	

Policy areas

1. Business Environment - Regulatory barriers to entrepreneurship
2. Business Dynamics - Start-up conditions
3. R&D and Innovation
4. ICT
5. Competition policy framework
6. Sector specific regulation (telecom, energy)
7. Market integration - Openness to trade and investment
8. Active labour market policies
9. Job protection
10. Labour supply measures for specific groups (older workers, women...)
11. Wage bargaining and wage-setting policies
12. Labour market mismatch and labour mobility
13. Making work-pay: interplay of tax and benefit system
14. Pension and health care reforms
15. Quality of fiscal institutions and budgetary framework
16. Consolidation of public expenditures
17. Public sector efficiency
18. Public investment
19. Tax reforms
20. Access to bond markets
21. Access to equity markets
22. Venture capital and SME financing instruments
23. Bank lending conditions
24. Long term investment instruments