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EUROPEAN SOCIAL CHARTER

21st report on the implementation of
the European Social Charter

submitted by

THE GOVERNMENT OF ICELAND

(01/01/2005 – 31/12/2006)

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CYCLE 2008

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Submitted by
THE GOVERNMENT OF ICELAND
Ministry of Social Affairs
(for the period 1st January 2005 to 31st December 2006)

REPORT

on the application of Articles 1, 9, 10, and 15 for the period 1st January 2005 to 31st December 2006 and Article 18 for the period 1st January 2003 to 31st December 2006 made by the Government of ICELAND in accordance with Article 21 of the European Social Charter and the decision of the Committee of the Ministers, taken at the 573rd meeting of Deputies concerning the system of submission of reports on the application of the European Social Charter.

Article 1 *The right to work*

Article 1, para. 1. – Full employment

A – C.

Economic growth has been continuous since 2003. From 2002 to 2006, real GDP increased by 21.5% while the population grew by 5.7%. GDP per capita thus increased by 15% over this period or by an average of close to four per cent a year. The construction industry and the private services sector were the main contributors to growth. Real disposable income per capita has increased in line with economic growth.

According to provisional national accounts, the gross domestic product amounted to ISK 1,140 billion in 2006, increasing by 2.6% in real terms over the previous year. This growth was considerably lower than in 2004 and 2005 and represents a clear evidence that the economy is returning back towards its equilibrium after a period of great pressure, accompanied by inflation and a current account deficit. In light of the latest data, the positive output gap is assessed to have narrowed by more than 2% of production capacity of the economy between 2005 and 2006. In spite of this decline, registered unemployment declined within 2006, reaching a low in September and October, when the unemployment rate stood at about one per cent of the labour force. It should be noted in this connection, that it is not unusual for a change in employment conditions to lag behind changes in economic growth.

National expenditure, i.e. consumption and investment including inventory changes, increased by 7.4% in 2006 in real terms, half as much as the year before. National expenditure has increased considerably in excess of the growth in national income, the difference being reflected in the current account deficit which peaked last year at 26.7% of GDP. Merchandise imports that are directly related to power project investments are estimated to account for 35% of the trade deficit in 2006. The increase in the current account deficit in that year can also in part be attributed to a sharp increase in the recorded balance of factor payments that in turn is related to changes in the income flows from Icelandic assets abroad and of foreigners in Iceland.

Table 1.

	Overview of the forecast, 2006-2009				
	Bn. kr.	Volume change on prev. year, %			
		Prov.	Forecast		
	2006	2006	2007	2008	2009
Private consumption	686,5	4,6	-0,1	-0,3	1,1
Public consumption	280,7	2,9	2,8	2,5	2,8
Gross fixed capital formation	365,6	13,0	-24,1	-14,0	-0,1
Change in stocks ¹	13,3	1,1	-1,0	0,0	0,0
National expenditure	1 346,1	7,4	-6,7	-2,8	1,3
Exports of goods and services	372,2	-5,6	11,5	11,7	3,8
Imports of goods and services	576,5	8,8	-11,5	-3,7	0,0
Gross domestic product	1 141,7	2,6	0,9	2,9	2,8
Gros national income	1 043,2	-1,7	2,6	3,3	3,1
Effect of the change in the terms of trade ²	.	1,3	0,0	-0,4	0,2
Nat'l income, incl. the terms of trade	.	-0,4	2,5	2,9	3,3
Current account deficit	-305,4
in % of GDP	.	-26,7	-15,8	-9,9	-7,9

1. Figures show the increase in stocks in % of the GDP of the previous year, at fixed prices.

2. In per cent of the national income for the previous year, at fixed prices.

Inflation accelerated in early 2006, reaching a peak in August, when the twelve-month increase in the consumer price index reached 8.6%. The declining exchange rate, rising wage costs and an increase in property prices of 17% for the country as a whole account for the increase in inflation. However the rise in property prices gradually slowed down in the course of the year and for the year as a whole, inflation averaged 6.8% over the previous year.

Real disposable income of households has increased considerably in recent years, or by 5.7-5.9% in the period 2004-2006. The growth in private consumption has been greater still, in the range of 4.6-12.9%, which indicates that households have to an increasing extent financed their purchases with credit. It should be borne in mind, however, that although the ratio of household debt to disposable income has been increasing, household assets including pension funds have increased still more. Net household assets have therefore been increasing in recent years.

Unemployment

Participation in the labour market has continued at a high level in Iceland, both by women and men. Table 2 shows the proportions of people in employment during the

period 2003-2004 according to the Statistics Iceland's labour force surveys, itemised by age and gender.

Table 2. Participation in employment, by age (%)

<i>Year</i>	<i>16-24</i>	<i>25-54</i>	<i>55-74</i>	<i>Total</i>
2006 Men	77.4	95.6	73.7	87.5
2005 " "	75.2	94.3	72.9	86.0
2006 Women	81.4	85.6	57.8	78.4
2005 " "	79.2	85.1	57.7	77.8

Source: Statistics Iceland

The Directorate of Labour recorded average unemployment rates of 2.1% in 2005 and 1.3% in 2006. The unemployment rate among women was far higher than among men in 2005 (2.8% against 1.5%); in 2006 the difference was smaller, with 0.9% of men and 1.5% of women registered as unemployed.

Table 3. Unemployment figures, by month, 2002–2006.

<i>Month</i>													<i>Average</i>	<i>Av. %</i>
<i>Year</i>	Jan.	Feb.	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
2002	3306	3556	3692	3692	3565	3558	3530	3404	3178	3525	4077	4483	3631	2.5
2003	5208	5758	5645	5509	5298	5081	4669	4452	3904	4059	4400	4728	4893	3.4
2004	5088	5097	4991	4904	4900	4877	4712	4452	3891	3880	3885	4088	4564	3.1
2005	4352	4144	3799	3542	3332	3242	3135	2851	2267	2193	2247	2317	3120	2.1
2006	2443	2338	2183	2112	2062	2029	2184	1948	1628	1645	1749	1879	2017	1.3

Source: Directorate of Labour

Table 4 shows the percentage of unemployed people, by region and gender, in 2005 and 2006.

Table 4. Unemployment 2005-2006, by region and gender.

Region	Women		Men		Total	
	2005	2006	2005	2006	2005	2006
Metropolitan	2.7	1.5	1.8	1.0	2.2	1.2
W. Iceland	1.5	1.1	0.7	0.4	1.0	0.7
West Fjords	3.3	2.5	0.7	0.3	1.8	1.2
Northwest	1.9	1.2	1.2	0.6	1.5	0.9
Northeast.	4.1	3.4	1.9	1.5	2.8	2.3
East Iceland	1.7	1.0	0.6	0.3	1.0	0.5
South Iceland	2.4	1.9	0.8	0.6	1.5	1.1
Suðurnes	3.5	3.2	1.4	1.4	2.3	2.2
Nationwide	2.8	1.8	1.5	0.9	2.1	1.3

Source: Directorate of Labour

Unemployment among young people (aged 16-24) was rather above the average rate, according to data from the Directorate of Labour: 2.5% in 2005 and 1.4% in 2006. Unemployment among the young accounted for about 21% of all unemployment in 2005 and 18% in 2006, according to the records of the Directorate of Labour.

On average, 151 foreign nationals were unemployed in Iceland throughout 2005; according to data from Statistics Iceland prepared from the lists of those paying PAYE (taxation at source), there were 9,010 foreign nationals on the labour market that year. It can therefore be concluded that 1.7% of foreign nationals in the labour market were unemployed in 2005, against an overall rate of 2.1%.

On average, 99 foreign nationals were unemployed throughout 2006. No data is available on the number of foreign nationals on the labour market that year, but the Directorate of Labour has estimated a figure of about 13,600. This would mean that the unemployment rate in this group was about 0.7%, against an overall rate of 1.3% for the year.

No information is available on the total number of people with reduced working capacity on the labour market; the only information available on this group covers those who also apply to the State Social Security Institute for disability benefit. According to information from the State Social Security Institute, there were about 3,500 recipients of disability benefit on the labour market in 2006 and about 3,440 in 2005. Altogether, it is estimated that about 200 disabled people who received social assistance were unemployed during 2006. No figure is available for 2005.

Employers reported 7,800 job vacancies which were recorded on the Directorate of Labour's register of vacancies in 2005, and about 4,200 in 2006. This is not an exhaustive figure for the number of vacancies on the market, however, since many employers advertise vacancies directly in the press without going through labour exchanges, or use the services of privately-run labour exchanges.

In 2005 about 320 people who were in employment had nevertheless registered with the Directorate of Labour as seeking work; this number represented about 10% of all unemployed persons. Most of them were in part-time employment, drawing unemployment benefit to supplement their incomes from their part-time jobs.

The Directorate of Labour is the only public labour exchange in the country, employing 20-30 people on labour-exchange duties, though it is difficult to define exactly the numbers directly involved in arranging employment, since the directorate's employees also have other functions such as counselling, supplying information and other peripheral duties. The Directorate of Labour has figures on the numbers of engagements it handled; no comparable figures are available from the privately-run labour exchanges. The directorate handled about 1,600 engagements in 2005 and about 1,200 in 2006; no comparable figures are available from the privately-run labour exchanges. It must be borne in mind that the offices of the Directorate of Labour do not receive information on all engagements that take place as a result of their services; thus, it is likely that the actual number of engagements was higher and that the proportion of applicants engaged was actually higher.

There are about ten private labour exchanges in Iceland, some of which have branches outside the metropolitan area; the total number of people they employ is approximately 45. The educational qualifications of those who work in the labour exchanges consist of university degrees of various types: in the social sciences, business studies, human resource management, and some are qualified teachers. It can

be assumed that the private labour exchanges handled between 2,000 and 3,000 engagements in each of the years 2005-2006.

Labour exchanges generally cover all types of occupation and do not specialise in particular lines of work. Some do, however, concentrate on specialised fields, while others deal mainly with occupations where no great demands are made regarding educational qualifications.

Employment policy

A new Labour Market Measures Act, No. 55/2006, took effect on 1 July 2006, replacing the older act from 1997. The aim of the Act is to provide individuals who, for some reason, have dropped out of the labour market, with appropriate assistance to enable them to become active participants once again. Amongst other things, particular emphasis is placed on reaching out to those who have not yet managed to find their way onto the labour market. Furthermore, the Act is intended to encourage equilibrium between supply and demand of labour in Iceland. Priority is given to providing individually-tailored services; it is important to select remedial measures that will be likely to produce results for each individual, enabling him or her to find suitable employment. To this end, a variety of labour-market measures are in place, each of which may constitute service within a very narrow range or services of a very broad and effective nature.

The Directorate of Labour sees to the implementation of labour-market measures. These fall into the following categories: Individual courses, courses for deciding on job-seeking schedules or self-improvement and courses to improve abilities in specific areas; specific types of employment-related solutions, i.e. job promotions, vocational training and provisional engagements; counselling in combination with participation in courses and provisional engagements; educational solutions; employment-related rehabilitation and employment-related rehabilitation for specific groups.

It falls to counsellors from the Directorate of Labour to assess what measures will suit each individual, in consultation with the person concerned; the range of remedies available is intended to take into account the composition of the groups seeking the assistance of the directorate and the employment prospects on the domestic labour market. When a job-seeker applies to take part in labour-market measures, his or her aptitude and fitness for work is assessed by counsellors from the Directorate of Labour. The job-seeker is required to submit all the information available on his or her suitability for work so as to make it possible to help him or her find suitable employment and give him or her the opportunity of participating in particular labour market measures. Then, with the job-seeker's consent, a schedule is drawn up covering his or her search for employment and participation in labour-market measures on the basis of the assessment. At the same time, the job-seeker is informed of other services if it is thought necessary for him or her to seek further assistance from other public service systems before receiving, or concurrent with receiving, the services described above.

Job-seekers are also expected to follow the job-seeking schedule and to take part in labour-market measures and to do everything in their power to improve their job skills in order to become active participants on the labour market. As part of this, they are expected to attend interviews with counsellors from the Directorate of Labour, and

also to inform the directorate of all changes that may occur affecting their suitability for work, or other changes in their circumstances, without unreasonable delay.

Counsellors from the Directorate of Labour are required to ensure that job-seekers attend regular interviews as necessary. A comprehensive re-assessment of the position of each job-seeker is to take place not more than three years after they first apply to take part in labour-market measures, if they are still unemployed.

Furthermore, counsellors from the Directorate of Labour are required to work closely with other service providers when job-seekers make use of their services, or when other service providers seek their assistance. In the light of the fact that unemployment has not run at high levels in recent years, there is relatively little experience of the efficacy of the new legislation, which is still under formation. Furthermore, the Act is intended to apply to the disabled, with the emphasis on individual abilities. Further discussion of the Act is presented in the section of the present Report dealing with the application of Article 15 of the Charter.

Altogether, more than 3,400 people took part in remedial measures of various types in 2005 and more than 1,600 in 2006. The main remedies which job-seekers made use of were detailed job-seeking schedules: about 1,500 did so in 2005 and 600 in 2006, the drop in numbers between the years being a direct reflection of the sharp fall in the level of unemployment. In addition, nearly 300 people attended courses of various types aimed at improving their skills and methods of seeking employment in 2005 and about 150 in 2006. Similar numbers had detailed interviews with counsellors in each year; interviews of this type are attended by those who have been on the unemployed register for long periods or who particularly request them.

Courses of various types designed to improve individuals' position, both in general terms and in terms of seeking employment, were attended by about 600 people in 2005 and about 400 in 2006; these included courses designed to build up individual confidence, analyses of spheres of interest and aptitude, financial advice, the "Back to Work" course and others. Computer-skills courses of various types are very popular, and about 250 job-seekers attended them each year.

In 2005, ISK 266 m were allocated to various labour-market measures, including ISK 73 m to special projects organised by the labour exchanges, ISK 176 m to vocational education and ISK 17 m to women's employment projects. In 2006, allocations to active labour-market measures came to ISK 270 m, including ISK 63 for special projects, ISK 186 to vocational education and ISK 21 m to women's employment projects.

Table 5. Funds allocated to labour-market measures in 2005 and 2006:

	ISK millions	
	2005	2006
I. Passive labour-market measures	3,020	2,266
<i>Per diem</i> allowances	3,020	2,266
% of GDP	0.38	0.19
II. Active labour-market measures	266	269
Vocational education	176	186
Women's employment	17	21
Special labour-market measures	73	62
Total	3,311	2,535
% of GDP	0.32	0.22

Comment by the Committee of Independent Experts.

Conclusion XVIII-1 p. 422.

The Committee asks that the next report contain information as regards the activation rate (the average number of participants in active measures in relation to total unemployment) and on the results obtained in terms of creating lasting employment for the participants in active measures.

No statistical information is available on the proportion of participants in labour-market measures who find lasting employment, but according to the Directorate of Labour this happens frequently. For example, vocational training contracts often result in the workers' becoming engaged in permanent employment. The vocational educational projects also provide a good preparation for participation in the labour market. In 2003, 4,958 individuals completed participation in labour-market remedial measures; this was about 28% of the 17,502 who came onto the register. In 2004 the corresponding figures were 4,064 (26% of 15,851); in 2005 the figures were 3,400 (28% of the 12,239 who came onto the register) and in 2006 the corresponding figures were 1,600 (18% of the 8,795 who came onto the register that year). In this connection it is also necessary to take into account the length of time that people have spent unemployed: in cases where they are unemployed for relatively short periods, they are not required to participate in special labour market measures, which are nevertheless open to them if they wish. In 2006, 73% of those who registered were unemployed for periods shorter than six months, on average, and about 50% for periods shorter than three months. In 2005, 70% of those who registered were unemployed for periods shorter than six months, on average, and about 50% for periods shorter than three months.

Article 1, para. 2. – Freely undertaken work (non-discrimination, prohibition of forced labour, other aspects).

A – C.

I. Prohibition of discrimination in employment.

1. Discrimination based on sex

a. Equal rights

During the period from 1 January 2005 to 31 December 2006 the Gender Equality Complaints Committee received twenty-one cases. Four were considered violation of the Gender Equality Act; fifteen were not. Two of the cases of which were considered a violation of the Act related to job appointments, one concerned gender-related wage discrimination and one the payment of maternity/paternity leave. In fifteen cases no such violation was found to have taken place, though in one case a member of the committee submitted a dissenting opinion stating that the act had been violated. The committee rejected two cases.

During the period from 1 January 2005 to 31 December 2006, the Supreme Court delivered judgement in three cases dealing with gender equality. One of them involved wage discrimination and two of them job appointments.

In Supreme Court Case No. 258/2004, which involved a case of alleged wage discrimination, the Court came to the conclusion that the jobs done by B and the man with whom she compared herself were so closely comparable in terms of content and outward appearance that she had been the victim of discrimination, in the sense of the Gender Equality Act, practised by A. The Court ruled that A would have to demonstrate that the difference in their wages was not due to their gender. The Court did not consider that A had presented sufficiently cogent arguments in support of the view that, when their positions were examined in the context of A's administrative system, market considerations could explain such a difference in their wage terms. A did not succeed in demonstrating the existence of objective and relevant reasons for the difference in wage terms, and reference to different collective agreements could not justify discrimination in the terms of employment of women and men in the sense of the Gender Equality Act. Thus, B's claim was accepted.

In Supreme Court Case No. 350/2004, A demanded compensation for not having been engaged in a position that had been advertised by G. She considered that the engagement of a man, rather than her, to the position constituted a violation of her rights under the Gender Equality Act, No. 96/2000. The Court upheld the district court's judgement, which was that A had not presented convincing arguments for the assertion that she had been the victim of discrimination in the appointment to this position.

In Supreme Court Case No. 195/2006, a man, A, was appointed to the position of the Embassy Pastor in London. A special assessment committee had recommended that he be appointed. A woman, B, who had also applied for the post, sought recognition of her claim that the National Church of Iceland had an obligation to pay her compensation as a result of this appointment. The Supreme Court came to the conclusion that the assessment committee had not observed relevant considerations in assessing the applicants' employment experience and higher education. The court considered that B had demonstrated that her employment experience and education would have rendered her as well qualified, or better qualified, than A to serve in the

position in question. It was noted that no woman was serving in the position of an embassy pastor overseas, and the National Church of Iceland had failed to demonstrate that considerations other than gender lay behind the decision to appoint A to the position. Thus, the court considered that the appointment constituted a violation of the Gender Equality Act. Taking this into account, and also the fact that a sufficient likelihood of B's having sustained financial loss, for which the National Church of Iceland was responsible, the court granted her claim.

Also, the Supreme Court delivered judgement in two cases involving the Maternity, Paternity and Parental Leave Act, No. 95/2000. In one of these, the Supreme Court upheld the district court judgment to the effect that the applicant for payment from the Maternity, Paternity and Parental Leave Fund did not meet the conditions of the Act stipulating that it is necessary to have been in continuous employment for six months on the domestic labour market. In the other case, the Supreme Court considered that no violation of the Act had taken place, since it considered it had not been demonstrated that the employee had not been invited to return to the same position, or to take up another comparable position with the same employer, after being on maternity leave.

Further reference is made to the Government of Iceland's earlier reports.

b. Measures to promote equal opportunities.

As stated in earlier reports from the Icelandic Government, the Althingi (parliament) has passed four-year action plans on measures to implement gender equality since 1992. As was described in the 19th Report, the Minister of Social Affairs submitted a proposal to the Parliament on a new action plan during the winter 2003-2004. The plan was accepted in spring 2004 and will expire in May 2008. An account of the measures covered by the plan was given in the 19th Report. Many of the projects have been put into practice according to the report on gender equality issues and trends presented by the Minister of Social Affairs to the Althingi at the beginning of 2007. That report gave an account of the position of the projects in the government's action plan on measures to implement gender equality.

It was stated in the report on gender equality issues and trends that gender-based wage differentials appear to be a persistent feature of the Icelandic labour market, to women's disadvantage. Measures are needed to prevent gender-based wage differentials; experience has shown that provisions in law concerning equality of pay and a prohibition against discrimination when wages are determined are not sufficiently effective. It appears that gender-based wage differentials remained virtually unchanged during the period 2003-2006. When all the factors influencing wages are taken into account (e.g. education, occupation, length of working experience, age and working hours) the differential was, according to statistics from the VR trade union, 14% in 2003, 15% in 2004, 14% in 2005 and 15% in 2006. A survey by Capacent Gallup of wage formation and gender-based wage differentials, which will be described in further detail below, demonstrated that gender-based wage differentials were 16% in 1994 and 15.7% in 2006; the change is not regarded as statistically significant.

Many people consider the root of the problem to lie with those who determine the wages of employees on the labour market. When wages are determined in companies and institutions, care must be taken to ensure that the same considerations are in force when the contribution made by workers is evaluated, irrespective of their gender.

In the light of this, the Gender Equality Council felt there was reason to make a special survey of the frequency for changes of job by men and women on the Icelandic labour market and the reasons involved. It engaged Capacent Gallup to handle the survey, which was taken in April and May 2006. The principal findings of the survey were that rather more men than women were seeking jobs (12% of men and 8% of women). There proved not to be a statistically significant difference between the sexes among those who had changed job during the previous two years. There was found to be a significant difference in the reasons given for changing employers during the previous two years. Just under twice as many men had lost their previous jobs, and about twice as many men (compared with the number of women) gave “to make a change” as the reason for their change of job. More than three times more women than men named their family responsibilities as the reason for their change of job, and nearly twice as many men than women named “higher wages or wage-related benefits” as the reason for their changes.

Thus, the survey appears to confirm the fact that family responsibilities have more influence on women’s position on the labour market than on men’s, and that men tend more than women to change jobs in order to secure better wages. This is in accordance with the part of the survey in which participants were asked what proportions of their time they devoted to housework and to paid employment; this revealed a substantial difference between the sexes, with women spending far more time than men on housework and men spending far more time than women in paid employment.

The survey *Launamyndun og kynbundinn launamunur* (“Wage Formation and Gender-Based Wage Differentials”) involved a repetition of the 1994 survey of the factors influencing the wages and career prospects of women and men. The results of that survey were published in 1995. Capacent Gallup carried out the survey for the Ministry of Social Affairs, and the findings were presented in autumn 2006. The survey was made in January-May 2006 and involved presenting a questionnaire covering wages, job content, motivation, responsibility, changes of position and attitudes towards gender equality to 2,200 employees of eight companies and institutions (four public institutions and four private companies). The response rate was 50.5%. Eighty in-dept interviews were also taken with managers and ordinary employees on the situation regarding gender equality.

A statistical analysis was also made of data from the payroll of the companies in the survey, and the conclusions were compared with the replies given to the questionnaires. Finally, some questions on attitudes towards gender equality issues were presented to a broad general sample of 1,800 in the “Gallup Wagon” in the period between 26 April and 17 May 2006; the response rate was 61%.

Very considerable changes had taken place in the working environment and working methods in the eight companies and institutions which took part in the survey on wage formation and gender-based wage differentials in 1994 and again at the beginning of 2006. The main changes were that the working week of both men and women in full-time employment had become shorter, the number of women in full-time employment had risen and their attitudes towards their jobs had undergone certain changes. These changes should, in all likelihood, have resulted in a reduction in gender-based wage differentials; however, the difference in wages was almost the same as it had been in 1994. When all the factors influencing wages were taken into account (e.g. education, occupation, length of working experience, age and working hours) the unexplained differential between the wages of men and women was found to be 15.7%, to women's disadvantage; in 1994 it was found to be 16%. The differential among managers was found to have grown smaller; it was in this category that gender-based wage differentials were found to be smallest, with women drawing about 7.5% lower wages than men.

Even greater wage differentials come to light when data from the payrolls is examined; there, the highest rates of daytime pay, with supplements, per hour in private companies are nearly 26 times higher than the lowest. The difference between the highest and lowest wages paid to men is far greater than that between women in private companies. The difference between the highest and lowest wages paid for daytime work, with supplements, in public institutions, was nearly tenfold, with a slightly greater gap between the highest and lowest wages paid to women than in those paid to men.

Great changes had taken place, compared with 1994, in how wages and terms of service were determined. In 1994, about 60% of men received pay according to the pay-scales of their trade unions; this applied to about 85% of women. In the latter survey (2006), it was found to be very common for people, and particularly men, to work according to special agreements with their employers and to receive fixed wages irrespective of the hours they actually worked. More than 48% of the men who participated in the survey received fixed wages; this applied to just under 18% of the women. In addition, supplementary payments of various types were found to be far less common, and women received higher supplementary payments than men (unlike the situation in the earlier survey). About 25% of both women and men received some sort of supplementary payments in the form of "unworked overtime" and/or automobile grants. In 1994, 13% of women and 37% of men received such payments.

Interviewees who worked in public institutions considered that relatively little change had taken place over the previous ten years, though they thought many more managerial positions had been occupied by men ten years previously and people were now probably more aware of gender equality issues and wage equality.

Managers were found to be far more likely than before to encourage women to show initiative in their work, to represent the company, to ask for promotion, etc., than they had been in 1994, though they were still rather more likely to encourage men to do these things. Women also appeared to be more likely than before to seek promotion and to attend courses and conferences. It was particularly striking how much interest there was in career advancement (promotion) among younger workers; this applied both to women and men. Managers also mentioned fairly frequently in the course of

the in-depth interviews that young women were unlike their seniors; to a large extent, they had acquired a “male” sense of values, demonstrating more initiative, seeking more demanding tasks and striving after career advancement. All this indicates that further progress in the direction of gender equality can be expected. Nevertheless, women were still found to have less confidence than men about their possibilities regarding promotion in their current places of work.

As was stated in the Government of Iceland’s 19th Report, the project *Mælistikur á launajafnrétti á Norðurlöndunum* (“Yardsticks of Wage Equality in the Nordic Countries”) was launched in 2004 when Iceland chaired the Nordic Council. The final report of the project was published in February 2006. The main aim of the project was to expand knowledge and understanding of wage differentials between the sexes in the Nordic countries. A comparison was made of the statistical yardsticks that are used to measure wages, together with an analysis of the methods that have been used to “correct” gender-based wage differentials and an assessment of the success of methods used to combat wage discrimination between men and women in the Nordic countries.

In this project, statistical data on gender-based wage differentials in Denmark, Finland, Norway, Sweden and Iceland were compared and an account was given of the trends and differences in gender-based wage differentials in the various countries. Attention was also given to studies of gender-based wage differentials and their correction in each of the Nordic countries, in which the methods used were examined in a critical manner. An attempt was made to analyse the methods that have been used to remedy gender-based wage differentials. Methods which Nordic specialists consider have had a positive effect include various legal provisions, gender equality action plans, provisions in collective agreements and attempts to raise public awareness.

The final report on the project contains many proposals on methods of improving the assessment of gender-based wage differentials and emphases and improvements in studies of the matter. There are also proposals on frames of reference which are seen as potentially useful for identifying and assessing remedial measures aimed at redressing gender-based wage differentials. Thus, it seems likely that the project will be of value in developing methods of assessing gender-based wage differentials and ways of reducing the difference between men’s and women’s wages on the Nordic labour market. The final report on the project can be found on the homepage of the Centre for Gender Equality (www.jafnretti.is).

The VR trade union has also made regular surveys of gender-based wage differentials among its members. According to a survey made in autumn 2006, education was seen as an important element in achieving wage equality: gender-based wage differentials become considerably smaller as workers’ educational qualifications increase. Differentials were found to be 20% among those with only basic compulsory schooling, while they were under 10% in the case of university graduates. The main explanation of this is that university education resulted in greater benefits, in terms of wages, for women than for men: masters’ degrees and doctorates brought men a 7% increase in wages and a 13% increase for women. Even though gender-based wage differentials were found to be largely unchanged compared with the previous year for

the union's members as a whole, they were smaller among the younger age-groups. Among workers aged 18-34, gender-based wage differentials were 14%, while they were 16% among older workers. In this, however, there is a discrepancy between the findings of the VR survey and the survey by Capacent Gallup, in the latter the difference between the sexes regarding wages was found to be 14.3% amongst workers with only compulsory schooling, 12.3% among those who had completed senior school and 17.1% among university graduates: the gap was found to widen as educational qualifications increased. The explanation for this discrepancy probably lies in the different occupations of the workers in the two surveys.

The joint policy statement of the present coalition government, which was formed after the general elections of spring 2007, states that a programme is to be drawn up to reduce unexplained gender-based wage differentials among state employees; the aim is that the difference be reduced by half by the end of the electoral period. The government declared its willingness to establish collaboration between the social partners and the state in order to seek methods of eliminating gender-based wage differentials in the private sector. The policy statement also provided for a special review of the wages of women working for the state, particularly in occupations where they are in the overwhelming majority. It was also stated that efforts were to be made to achieve gender balance in representation in administrative positions in the state structure.

In autumn 2007 the Ministers of Social Affairs and Finance appointed three working groups intended to seek ways of putting the government's policy on wage equality, as described above, into practice. To begin with, the Minister of Finance appointed a working group to handle equality issues in the public sector. Its main task is to present a strategy on how to reduce unexplained gender-based wage differentials in the public sector, the aim being to cut them by half during the electoral period, and to make proposals on a special review of the wages of women working for the state, particularly in occupations where they are in the overwhelming majority. Secondly, the Minister of Social Affairs appointed a working group to address equality issues in the private sector. The main task of this group is to seek ways of eliminating unexplained gender-based wage differentials in the private sector and achieving gender balance in representation in committees and councils of institutions and enterprises. It is expected to propose methods intended to be most likely to produce results. Thirdly, the Minister of Social Affairs appointed an advisory team to advise on the progress of the project as a whole; this team is to carry out, or arrange for, an evaluation of the actual results.

The chairmen of the three groups described above form a consultative team for the review of the groups' proposals and co-ordination of their work.

A new Gender Equality Act was passed by the Althingi on 26 February 2008, replacing the previous act, No. 96/2000. Article 19 of the new act states that employees shall at all times be permitted to reveal their wage terms if they choose to do so. The explanatory notes to the act state that this is in accordance with the policy statement of 23 May 2007 by the present government, which declared the intention to ensure that workers would have the right to reveal their wages and terms of employment if they chose to do so. This is also in accordance with what has been expressed by the vast majority of those who have given comments to the review

committee: that secrecy about wages and terms of employment would militate against the achievement of the aims of the Gender Equality Act. The notes to the bill also mentioned that according to the Capacent Gallup's survey, from October 2006, many people considered that gender based wage differential thrived better in an atmosphere of secrecy surrounding wages, and that secrecy fuelled wage discrimination by making it easier for managers to favour certain employees on a basis other than that of their professional qualifications and competence.

2. Discrimination based on grounds other than sex

In June 2006, the Minister of Social Affairs appointed a working group with the task of examining the substance of EU Council Directives No. 2000/43/EC, implementing the principle of equal treatment between persons irrespective of racial or ethnic origin and No. 2000/78/EC, establishing a general framework for equal treatment in employment and occupation, taking into account the situation on the Icelandic labour market. The group is to present proposals to the minister on how the substance of these directives can be reflected in the rules applying to the Icelandic labour market. The group includes representatives of the organisations of the social partners. The group is still engaged at its task, and is expected to present its proposals in summer 2008.

II. Prohibition of forced or compulsory labour.

D – F.

1. General

Reference is made to previous reports.

G

2. Prison work

Under Article 18 of the Execution of Sentences Act, No. 49/2005, prisoners are obliged, as circumstances permit, to work or pursue other approved activities in prison. The prison director decides what work prisoners are assigned. Prisoners may have themselves provided with work other than that assigned to them after receiving the approval of the prison director. The prison director may authorise a prisoner to discharge his or her work obligations in his or her cell if circumstances permit and there are no other reasons against this.

General Questions by the Committee of Independent Experts.

Conclusion XVIII-1 (General Introduction) p. 7.

Can a prisoner be required to work (irrespective of consent)?

A. For a private undertaking/enterprise

- i) within the prison? No.*
- ii) outside the prison? No.*

B. For a public/state undertaking?

- i) within the prison? No.*
- ii) outside the prison? No.*

- *What types of work may a prisoner be obliged to perform?* Not all the prisons in Iceland have facilities for work. At Litla-Hraun, the largest prison with space for 87 prisoners, the main occupations are the casting of concrete objects

(paving slabs, etc.), the manufacture of car licence-plates, the manufacture of goods pallets, the assembly and glazing of windows, production of cardboard containers, production of cards from recycled paper, blacksmithing, production of threaded sections and line-assembly, and also cleaning, laundry and maintenance of the prison buildings and grounds. The Kviabryggja Prison also has good working facilities, with work sheds where the prisoners work at various tasks, most of which are connected with the fishing industry, e.g. baiting fishing lines, folding nets and repairing fish tubs. Thus, bad weather, poor fish catches and the lack of fishing quota permits may have a substantial effect on the amount of work available at any given time. Some work is also done on pallet production and the cleaning and maintenance of the prison buildings and grounds.

- *What are the conditions of employment and how are they determined?* Under the fourth paragraph of Article 18 of the Act No. 49/2005, prisoners are to work every weekday (not including Saturdays). Work is normally to be done between 8 a.m. and 5 p.m., in such a way that the working day on average is not more than eight hours. Work connected with the running of the prison may be done outside daytime working hours. Prisoners are to receive remuneration for doing work or pursuing studies. If it is not possible to provide a prisoner with work, or if, according to a medical certificate, he or she is unable to discharge his or her obligation to work, he or she receives a *per diem* allowance for the days on which he or she would otherwise have worked. The Prison and Probation Administration determines the amount of the per diem allowance, aimed at having it cover the prisoner's basic personal hygiene requirements. Prisoners who have the opportunity of working, or who have themselves provided with work, do not receive *per diem* allowances. The same applies to prisoners who are dismissed from work or who, without a valid reason, refuse to work.

III. Other aspects of the right to earn one's living in an occupation freely entered upon.

1. Loss of unemployment benefits for refusal to take up employment.

A new Unemployment Insurance Act, No. 54/2006, took effect on 1 July 2006. The aim of the Act is to guarantee wage-earners and self-employed individuals temporary financial assistance while they are seeking new employment after losing their previous job. Under Article 13 of the Act, a condition for receiving unemployment benefit is that the applicant is actively seeking employment; this is defined in further detail in the first paragraph of Article 14, which states that those who meet the following conditions are regarded as actively seeking employment:

- a. They must be capable of doing most ordinary jobs;
- b. they must take the initiative in seeking employment and be prepared to accept any work for which payment is made according to law and collective agreements (cf. Article 1 of the Wage-Earners' Terms of Employment and the Obligatory Pension Rights Insurance Act, No. 55/1980), and which meets the conditions of other statutes;
- c. they must be willing and able to accept work without any special period of notice;

- d. they must be willing to accept work anywhere in Iceland;
- e. they must be willing to accept work irrespective of whether it constitutes a full job or a part-time job, or involves shift work;
- f. they must not be entitled to wages or other payments in connection with work on the labour market during the period in which they are regarded as actively seeking employment, unless the provisions of Article 17 or Article 22 apply;
- g. they must be willing and able to participate in labour-market measures that are open to them, and
- h. they must be prepared to give the Directorate of Labour the information necessary in order to increase their chances of obtaining suitable employment and give them the opportunity of participating in labour-market measures.

Under Article 57 of the Act, persons who reject jobs they are offered in a verifiable manner after seeking employment for at least four weeks from the date on which the Directorate of Labour receives their applications for unemployment benefit shall not be entitled to receive unemployment benefit until 40 days, for which they would otherwise have received benefit payments, have elapsed from the date on which the decision by the Directorate of Labour to impose a penalty is announced to them. The same shall apply to those who refuse to attend interviews for jobs they are offered in a demonstrable manner or fail to attend an interview without unreasonable delay.

If an insured person accepts employment that does not constitute part of labour market measures during the penalty period, the penalty period lapses if the insured person works for at least ten working days before re-applying for unemployment benefit, providing that he or she has resigned from or lost his or her job for valid reasons. If the job lasts for a shorter time, or if he or she resigns from the job without valid reasons or loses it for reasons for which he himself or her herself is to blame, then the penalty period continues to run when the insured person re-applies for unemployment benefit. In cases where a job-seeker turns down an offer of work a second time, cumulative effects may come into play, with the result that he or she will not qualify for unemployment benefit payment until 60 days following the decision by the Directorate of Labour to invoke the cumulative effect. If the job-seeker turns down an offer of employment for the third time, he or she does not qualify to receive unemployment benefit again until he or she has worked for at least eight weeks on the domestic labour market.

When deciding whether to impose a penalty as provided for in the Act as described above, it is the responsibility of the Directorate of Labour to consider whether the insured person's decision to reject a job is justifiable on grounds of his or her age, social circumstances in connection with reduced working capacity or the obligation to care for young children or other close family members. Furthermore, the Directorate of Labour may give consideration to the insured person's domestic circumstances if he or she rejects a job that is far from his or her home, and also to his or her being engaged to start a permanent job within a certain period of time. Consideration may also be given to the personal circumstances of individuals who are unable to undertake certain jobs because they have reduced working capacity as attested by a

medical certificate from a specialist physician. In such cases, penalties may apply if the insured person deliberately concealed information regarding his or her reduced working capacity.

Persons who refuse to participate in labour market measures (cf. the Labour Market Measures Act) decided on by the Directorate of Labour after they have sought employment for at least four weeks from the date on which the Directorate of Labour receives their applications for unemployment benefit may be subject to the same penalty provisions as are described above. The same applies to persons who give the Directorate of Labour false information in their applications, or neglect to supply the information necessary to make it possible to assist them in obtaining suitable employment and enabling them to participate in appropriate labour market measures. Under Article 60 of the Act, persons who acquire, or seek to acquire, unemployment benefit by dishonest means may lose their rights for up to two years, or be liable to a fine.

2. *Part-time work*

A new Part-Time Workers Act, No. 10/2004, was passed in 2004. The aim of the act is to prevent part-time workers from suffering discrimination and to promote greater quality in part-time jobs. The purpose is also to facilitate the development of part-time work on a voluntary basis and to contribute to the flexible organization of working time in a manner which takes into account the needs of employers and workers. Under the act, part-time workers are not to have poorer wages and terms, proportionally, than comparable workers who work full time merely because they are not in full-time jobs, except where this is justified by objective considerations.

Differences between the sexes in the number of hours worked are becoming smaller, according to data from Statistics Iceland. The average working week for persons aged 16-74 on the domestic labour market in Iceland in 2006 was 42 hours. Men worked an average of 48 hours per week and women 36 hours per week. Men worked two hours less each week than they did in 1991, while women's average working time per week lengthened by two hours during the same period.

Table 6. Average working hours of women and men, 1991-2006

Period	Women's working hours	Men's working hours
1991-1995	34	50
1996-2000	35	50
2001	36	50
2002	36	49
2003	36	47
2004	36	47
2005	36	48
2006	36	48

There are more women than men in part-time employment in Iceland. A recent survey of gender-based wage differentials and the composition of wages by Capacent Gallup, dating from October 2006 and carried out for the Ministry of Social Affairs, indicates that the number of women in full employment has risen, and that their attitudes towards their jobs have undergone a change since 1994. This is in

accordance with the findings presented in a report from October 2006 by Ingólfur V. Gíslason, which was written in connection with the project *FOCUS Fostering Caring Masculinities* and based in part on the report on the employment situation by Statistics Iceland, dating from 2002. It has long been maintained that the reason why women tend, rather than men, to be in part-time employment is that they take more responsibility for the care of their families and households. This was expressed in the interviews taken in the course of the survey by Capacent Gallup, in which it was frequently mentioned that women's greater responsibilities at home had an effect on the demands they made regarding career advancement and higher wages. Nevertheless, there was a distinct difference in the way the participants spoke about the role of women in the labour market, compared with a survey taken in 1994; in the earlier survey, it was stated that many women worked outside the home because they were driven by financial need and not because they wished to do so; this opinion was not stated in the latter survey.

Comment by the Committee of Independent Experts.

Conclusion XVIII-1 p. 424.

The Committee asks whether there are limits to the amount of compensation that may be awarded in discrimination cases.

Under the Gender Equality Act, No. 96/2000, those who violate the Act, either on purpose or through negligence, bear compensatory liability according to general principles. It is up to the courts to determine liability of those concerned and to determine the amount of compensation. There is no ceiling on the amount of compensation that a court may award. Furthermore, the parties concerned may be ordered to pay the victims of discrimination compensation for non-financial damage in addition to compensation for financial loss, where this applies. No change was made to these provisions in the new Gender Equality Act, No. 10/2008, which has now taken effect.

Comment by the Committee of Independent Experts.

Conclusion XVIII-1 p. 425.

The Committee also considers that there must be an alleviation of the burden of proof in discrimination cases, and asks whether it is intended to make such provision.

The Gender Equality Act, No. 96/2000, gave effect to the principle of proof laid down in Council Directive No. 87/80/EC; this principle is also in line with the unwritten principle regarding the burden of proof which Icelandic courts apply in judging civil actions. This implies, amongst other things, that those who allege that they have suffered discrimination at work on grounds of their gender, and who are able to demonstrate a likelihood of discrimination, direct or indirect, are not required to prove that this is the case; the onus of proof rests with the employer, who is required to demonstrate that no violation of the general principal of gender equality has taken place. However, the plaintiff is first required to present evidence pointing towards a probability of gender-based discrimination. The same applies under the Gender Equality Act, No. 10/2008, which took effect on 6 March 2008. As an example of the new Act (Article 26), if it is alleged that an employer's decision to engage or appoint an employee (whether temporarily or permanently), or regarding promotion, change of position, re-training, vocational training, continual education, study leave, termination of employment, working facilities or working conditions was based on

considerations of gender, maternity/paternity or parental leave or other circumstances related to pregnancy or the birth of a child, then the employer bears the onus of proof in demonstrating that gender, the taking of maternity/paternity or parental leave, or other circumstances related to pregnancy or the birth of a child were not crucial considerations in his decision.

Comment by the Committee of Independent Experts.

Conclusion XVIII-1 p. 425.

The Committee recalls that the last time it examined the situation in Iceland it asked whether there were certain categories of employment from which foreigners were excluded. According to the report the Civil Servants' Rights and Obligations Act requires employees employed for longer than one month to be Icelandic citizens or nationals of EEA member states, although exceptions may be made for other nationals. The Committee asks whether the requirement applies to all posts in the civil service irrespective of whether they concern the exercise of public authority.

Under item 4 of Article 6 of the Civil Servants' Rights and Obligations Act, No. 70/1996, Icelandic citizenship is one of the conditions for qualifying for appointment or temporary appointment in the service of the state for a period longer than one month. Citizens of other states in the European Economic Area or the member states of the founding agreement of the European Free Trade Association may also be engaged to work on the same terms as Icelandic citizens. Furthermore, other foreign nationals may be hired in special circumstances, which are assessed in each individual instance. Thus, Icelandic citizenship is only a necessary condition for appointment to an official position with the state. As an example of the engagement of foreign nationals in public employment, it may be mentioned that about 350 foreign nationals are currently employed at Landspítalinn (the National and University Hospital of Iceland) in various positions, e.g. as doctors, nurses, physiotherapists and practical nurses.

Comment by the Committee of Independent Experts

Conclusion XVIII-1 p. 425-426

Operating licences for pharmacists, the position of a teacher or school principal in a primary school and licences for the operation of an industrial, craft or factory facility are also subject to requirement that the individual concerned be an Icelandic or EEA national. However in respect of operating licences for pharmacists or the operation of an industrial, craft or factory facility exceptions may be made where the individual has been domiciled in Iceland for more than one year, and exceptions to the rule that primary school teachers or principals must be Icelandic nationals may be made in specific circumstances. The Committee wishes to receive further information on the circumstances in which exceptions are granted in practice.

Unfortunately, no information is available concerning exemptions that have been granted from the law in question. An assessment is being made of whether it is possible to gather this information in order to submit it to the Committee of Independent Experts; unfortunately, there was not time to complete this before the final preparation of the present Report.

Comment by the Committee of Independent Experts

Conclusion XVIII-1 p. 426

The Committee considers that it may be legitimate to require captains of vessels to be Icelandic nationals, as they may have functions which involve the exercise of public authority. However it wishes to be informed for the justification for the requirement regarding Icelandic nationality for deck officers and engineers on Icelandic vessels.

The Employment Rights of Deck Officers on Icelandic Vessels Act, No. 112/1984 and the Employment Rights of Engineers and Machine Minders on Icelandic Vessels Act, No. 113/1984, were repealed by the Crews of Icelandic Fishing Vessels, Coastguard Vessels, Pleasure Craft and other Vessels Act, No. 30/2007.

The provisions in question were not amended; under the first paragraph of Article 8 of the Act No. 30/2007, any Icelandic citizen who meets the conditions of the Act regarding education, hours of sailing experience, age and health is entitled to be issued with a licence and to engage in employment as provided thereunder as a deck officer and/or engineer on Icelandic vessels. The second paragraph of the same article states that citizens of other EEA Member States and Member States of the Convention Establishing the European Free Trade Association and Faroe Islands have the same right. Thus, nationals of other states are not entitled to have licences issued to them on the basis of this provision.

Furthermore, the demand is made that applicants for a licence to take the position of captain of an Icelandic vessel whose mother tongue is not Icelandic shall have passed a special examination of their knowledge and ability in Icelandic and their knowledge of Icelandic laws and regulations applying to the jobs covered by the licences for which they apply. The foreign nationals referred to here, who apply for licences to work as vessel captains and who do not have Icelandic as their mother tongue shall have the necessary knowledge of Icelandic, written and spoken, and also of Icelandic laws and regulations applying to their work, and shall be able to express themselves in the same language in their field of work. This rule is in accordance with the rules of other states in the EEA, the aim being to ensure the safety of those on board the vessels and also of other travellers at sea.

Article 10 of the Act No. 30/2007 allows for the recognition of foreign licences as the basis for employment on Icelandic vessels. Under this provision, the Icelandic Maritime Administration is permitted to recognise and endorse foreign licences. Both the nationals of non-EEA states and EEA states may apply for recognition of their licences in order to work on the vessels covered by the Act.

No amendments to other statutes have been made regarding this point; thus, reference is made to the Government of Iceland's 19th Report.

Article 1, para. 3. – Free placement services

Reference is made to the previous reports of Iceland.

Comment by the Committee of Independent Experts.

Conclusion XVIII-1 p. 9.

The Committee observes that these placement rates are rather low and asks the next report provide comments on this point.

The total number of job positions offered in 2003 came to 5,500; as some vacancies are offered more than once, the actual number of jobs involved was somewhat lower. In 2004 the total number offered was about 4,000. In 2005, a total of 7,800 vacancies were reported to the public employment service. In 2006 this number was 4,200. The number of job engagements handled by the public labour exchanges in 2003 came to 1,593; in 2004 the number was 1,599. Engagements in positions are only recorded where it is known with certainty that the individual concerned accepted the position; it may also be assumed that some people receive jobs through the services of the public regional labour exchanges without this being reported to the labour exchanges. The services of the public labour exchanges are free, both for job-seekers and employers.

Article 1 para. 4. – Vocational training.

Reference is made to the Government of Iceland's 20th Report.

Comment by the Committee of Independent Experts.

Conclusion XVIII-2 p. 4.

The Committee asks for more details on exactly how many people received vocational guidance.

Unfortunately, no figures are available on the total number of people who receive vocational guidance, as such guidance is provided by many parties. An examination must be made of what method would be best to use to obtain information of this type, and it is hoped that it will be possible to provide the Committee with information on this point in the next report.

Comment by the Committee of Independent Experts.

Conclusion XVIII-2 p. 4.

The Committee wishes to know how many courses were run by the Business Sector Education Centre and how many people attended these courses.

The following table shows the numbers of courses held by the Business Sector Education Centre and the numbers who attended them in the period 2003-2007.

Table 7. Use of Business Sector Education Centre syllabuses in 2003-2007

Name of syllabus	Number of courses	Number of participants	Number of course hours	Number of student hours
Back to Studies	17	230	1,469	19,808
Construction workers – basic	1	11	45	495
Prof. Course I	10	198	591	11,284
Prof. Course II	2	68	141	5,174
Fish and Tourism	1	11	300	3,300
All-round skills-enhancement course for key workers	2	18	340	3,060
Basic educ. school	9	124	1,478	19,740
Basic course for pupil supervisors in schools	7	111	455	7,070
Underground conduit techniques	4	76	1,200	22,800
Icelandic for immigrants	19	203	2,040	21,940
Pools, springs, baths	1	18	104	1,872
Commercial profess.	5	85	2,694	61,124
Freighting	3	31	762	7,704
Total	81	1,184	11,619	185,371

Comment by the Committee of Independent Experts.***Conclusion XVIII-2 p. 4.***

The Committee asks whether some courses are more particularly geared to the long-term unemployed.

The Directorate of Labour is responsible for the structure of labour-market measures; the remedial measures offered take account of the composition of the group requesting the directorate's services and also the employment prospects on the domestic labour market. Those who have been unemployed for more than six months are offered special counselling by counsellors attached to the Directorate of Labour; amongst other things, they receive advice on various types of courses, even though these may not be primarily designed for the long-term unemployed. When it is considered necessary, the directorate creates special courses intended for this group of people. These include courses designed to build the individual up in various ways and also specifically in order to seek employment, including confidence-building courses, identification of aptitudes and skills, financial advice, the course "Back to Study" and others. Other courses that have been offered include training in computer skills, creativity courses, training in operating working machinery, courses leading to heavy vehicle driving licences and other employment-related courses, and Icelandic teaching for foreigners.

Article 9

Iceland has not ratified Article 9 of the European Social Charter.

Article 10

Iceland has not ratified Article 10 of the European Social Charter.

Article 15

The right of physically or mentally disabled persons to vocational training, rehabilitation and social resettlement.

Article 15, para. 1 – Vocational training arrangements for the disabled.

A.

The proportion of recipients of disability benefit and rehabilitation grants, and disability grant recipients, of the total population remained the same in 2005 and 2006, representing 4.8% of the total population. In 2004 the proportion had been 4.6%. Thus, there was a slight increase over the figure year 2004, but the figure for the two years covered by this report remained stable. Recipients of disability benefit and rehabilitation grants, and disability grant recipients, accounted for 7.2% of the population aged 16-66 during 2005 and 2006. The increase, which came to nearly 500 individuals (see Table 8) was greatest among those with disability ratings of 75% or more.

Table 8. The number of persons between ages of 16 and 67 with disability status in Iceland in the period 2005-2006.

Year	2005	2006
Disability ($\geq 75\%$)	12,755	13,230
Disability (50 – 74%)	797	765
Rehabilitation	807	856
Total	14,359	14,851

Source: State Social Security Institute.

Table 9. Number of persons with disabilities ($\geq 75\%$) by gender for the years 2005 and 2006.

	2005	2006
Males	4,986	5,132
Females	7,769	8,098
Total	12,755	13,230

Source: State Social Security Institute.

The number of recipients of disability benefit and rehabilitation grants, and disability grant recipients, remained the same in 2005 and 2006, representing 4.8% of the total population. In 2004 the proportion had been 4.6%. Thus, there was a slight increase over the figure year 2004, but the figure for the two years covered by this report remained stable.

Recipients of disability benefit and rehabilitation grants, and disability grant recipients, accounted for 7.2% of the population aged 16-66 during 2005 and 2006.

Comment by the Committee of Independent Experts.

Conclusion XVIII-2 p.16.

In 2004, the number of persons with disabilities between the ages of 16 and 67 was 13,510 (about 7% of the population). The Committee notes that the definition of disability is currently under revision and it asks to be informed on the result of the process in the next report.

In fact, the definition of “disability” is not being revised; rather, greater emphasis is being placed on people’s abilities rather than their disabilities. In order to do this, emphasis is placed on the importance of occupational rehabilitation and contacting those who have dropped out of the labour market as soon as possible so as to identify the reason why this has happened. Therefore, the review of the system has been directed at simplifying the system so as to make occupational rehabilitation more effective in order to make it possible for as many people as possible to return to the open labour market as active participants. The transfer of responsibility for disabled persons’ employment to the Directorate of Labour under the Labour Market Measures Act, No. 55/2006, was part of this policy. This transfer is expected to be complete by the end of 2008. It is also planned to simplify the social security system as regards pensions and disability insurance.

The following table shows total spending on disabled persons in Iceland in the years 2003-2005.

Table 10. Total spending on persons with disabilities in Iceland 2003-2005 (ISK millions).

	2003	2004	2005
<i>Cash benefits</i>			
Social security scheme (basic pension)	13,024	15,013	16,236
Compulsory private pension funds	4,684	5,306	6,156
Disability pension, total	17,708	20,319	22,392
Long-term occupational injury insurance	210	245	197
Cash benefits, total	17,918	20,564	22,598
<i>Services</i>			
Rehabilitation and employment for the disabled	4,748	4,989	5,273
Residential homes and flats for the disabled	3,645	4,151	4,702
Home-help services for the disabled	162	230	214
Other services*	663	433	333
Services, total	9,218	9,804	10,522
Total spending	27,136	30,368	33,111

* Other services include vehicle allowances for the disabled and spending by the local authorities on services to the motor-impaired and the disabled.

Source: Statistic Iceland, Statistical Series, Health, Social Affairs, Justice, 2008.

No figures were available for 2006.

B-C.

Reference is made to the Government of Iceland's 20th Report; the statistics below have been updated.

7.2% of the Icelandic general population of working age (16-66 years) were invalidity, rehabilitation and grant recipients in the years 2005 and 2006.

Tables 11 and 12 show the numbers of persons with disability ratings of 75% or higher and who receive disability benefit, divided by sex and age-group, and also the proportion they constituted of the whole population in 2005 and 2006.

Table 11. Invalidity pension recipients, by sex and age-group, 2005.

Invalidity pensioners, male and female recipients divided by age group in 2005

Age	Invalidity pensioners		Percent of total population	
	Men	Women	Men	Women
16 - 19 yrs	121	89	1.3%	1.0%
20 - 24 yrs	244	214	2.2%	2.0%
25 - 29 yrs	266	381	2.4%	3.5%
30 - 34 yrs	314	483	2.8%	4.6%
35 - 39 yrs	384	652	3.6%	6.4%
40 - 44 yrs	547	917	4.9%	8.4%
45 - 49 yrs	667	1003	6.0%	9.6%
50 - 54 yrs	652	1030	6.7%	11.1%
55 - 59 yrs	705	1125	8.4%	14.4%
60 - 64 yrs	779	1328	12.4%	21.3%
65 - 66 yrs	307	547	16.5%	27.9%
Total 16 - 66 yrs	4,986	7,769	4.9%	8.0%

Note: Number of recipients/pensioners in December each year.

Table 12. Invalidity pensioners, by sex and age-group, 2006*Invalidity pensioners, male and female recipients divided by age group in 2006*

Age	Invalidity pensioners		Percent of total population	
	Men	Women	Men	Women
16 - 19 yrs	119	85	1.3%	0.9%
20 - 24 yrs	254	240	2.3%	2.3%
25 - 29 yrs	283	375	2.4%	3.4%
30 - 34 yrs	338	523	2.8%	4.9%
35 - 39 yrs	377	632	3.4%	6.3%
40 - 44 yrs	523	952	4.4%	8.6%
45 - 49 yrs	677	1.057	5.8%	10.0%
50 - 54 yrs	711	1.050	6.8%	11.0%
55 - 59 yrs	708	1.211	8.1%	14.7%
60 - 64 yrs	837	1.400	12.5%	21.5%
65 - 66 yrs	305	573	16.0%	27.8%
Total 16 - 66 yrs	5,132	8,098	4.8%	8.1%

Note: Number of recipients/pensioners in December each year.

Source: State Social Security Institute.

The School System

Reference is made to the Government of Iceland's 20th Report.

Comment by the Committee of Independent Experts.

Conclusion XVIII-2 p.16.

In order to evaluate the effectiveness of mainstreaming, the Committee asks the next report to provide information on any case law and complaints brought to the appropriate institutions.

Under the Junior Schools Act, No. 66/1995, if a school considers it is unable to accept a child because of its disabilities, the school principal is to refer the matter to the local authority's school committee. It is the responsibility of the committee to ensure that all children of compulsory school age in the school area receive education as required by law. If it is not possible to provide an appropriate solution for a particular child, the matter is referred to the Ministry of Education. Decisions taken by a school committee regarding solutions may be referred to the Ministry of Education.

If a senior school or third-level educational institution refuses a pupil or student admission, an appeal may be lodged with the Ministry of Education against such a decision. According to information from the ministry, few complaints are received concerning refusal of admission. In cases involving children in junior school, the local authorities' school committees generally find an acceptable solution, so that the matter does not come to the attention of the ministry. At the senior school and tertiary level, the ministry strives to resolve cases so that individuals receive suitable placement in schools with the appropriate facilities

The following judgements have been delivered by the Supreme Court regarding disabled persons' right to education.

In Supreme Court Case No. 177/1998, a blind girl was awarded compensation because the University of Iceland had failed to make arrangements to allow for a student with such serious disabilities to study at the university so that she could make use of the general services available to ordinary students in the faculty of the university in which she had chosen to study. The court based its judgment on the Disabled Persons' Acts, No. 41/1983 and No. 59/1992, the European Declaration on Human Rights and the equality provision of Article 65 of the Icelandic Constitution. The court considered that even though the university had taken measures to comply with some of the girl's requests concerning exemptions and assistance due to her disability, insufficient general measures had been taken, or overall policy formulated, concerning assistance with her studies, the progress of her studies, assistance with examinations and examination sessions, of a type that she was able to make use of. The court took the view that the absence of general instructions had resulted in deficiencies of various types in the university's attempts to meet the girl's requirements, with the result that she herself had had to ask for normal adjustments to be made in her case. The court ruled that this constituted unfair treatment of her as a person and a violation of her freedom to pursue education, and she was awarded compensation under Article 26 of the Act No. 50/1993.

In Supreme Court Case No. 51/2005, a mother sued the Áshreppur Local Council and the Húnavallarskóli School Building Committee for the payment of various costs resulting from the fact that she was obliged to maintain another home because of her daughter's attendance of a school for disabled children in Reykjavík. The court did not accept that Articles 1 and 37 of the Junior Schools Act, No 66/1995 and the Regulation No. 389/1996 imposed an obligation on Áshreppur Local Council or the building committee to pay the costs involved, as they were regarded as being maintenance costs and not schooling costs.

In Supreme Court Case No. 169/2007, H, who as a result of a specific disease was retarded, epileptic and exhibiting characteristics of autism, demanded compensation for non-financial loss from a local authority, S, under Article 26 of the Tort Damages Act. She described various events in her dealings with the S educational authority, arguing that the school authorities had consistently practised serious and persistent ostracism and unlawful hostility towards her. Furthermore, she cited temporary dismissals from school, the refusal on the part of the school to admit her and announcements by the school office to the effect that the school could not grant her admission. The school authorities considered they were not able to provide H with suitable teaching in the local government area due to her severe disability, and that her interests would be better served if she attended a special school. H's parents, on the other hand, considered that notwithstanding this assessment, she had an unequivocal right to pursue studies in an ordinary junior school, and that they alone, as her parents, were capable of deciding whether an application should be made for her to be admitted to a special school. In its judgement, the Supreme Court noted that notwithstanding the general rule stated in the third paragraph of Article 37 of the Junior School Act, No. 66/1995, that disabled pupils are to pursue their studies in schools in their local government areas, it was clear from the explanatory notes accompanying the Act when it was presented as a bill that pupils' disabilities could be

of such a nature as to make it impossible for them to pursue studies in an ordinary junior school. According to the provision referred to above, the evaluation of whether or not a pupil received teaching according to his needs in the school in the local government area should be made by both the child's parents and the teacher and other specialists. The court took the view that it was part of the parents' responsibilities as the child's guardians (under what is now Article 28 of the Children's Act, No. 76/2003) to provide their child with legally-prescribed education and to take decisions regarding the child's personal circumstances, and that it was therefore their responsibility, and within their power, to apply for a place for their child in a special school, just as it was, generally speaking, their responsibility and within their power to register the child in a school (*cf.* Article 6 of the Act No. 66/1995). The court ruled that it was up to the parents to discharge these obligations in a way best designed to serve the child's interests; thus, they were bound, when taking decisions on the matter, to take into account the assessment by specialists hired by the school authorities as to what would best serve their child's interests. Therefore, the court ruled that H's parents did not have an undisputable right to demand that she be accepted by an ordinary junior school in her home area. When the actions of S were assessed in this light, the court did not consider that H had succeeded in demonstrating that the conditions of Article 26 of the Tort Damages Act had been met regarding those decisions by the school authorities of S which H had alleged constituted unlawful hostility towards her freedom, right to a peaceful existence, reputation or person. Thus, the S local authority was acquitted of H's demands.

Employment

The principal aim of the Labour Market Measures Act, No. 55/2006, is to ensure that as many people as possible are able to participate actively on the labour market, both for their own advantage and for that of society as a whole. It is also to put unemployed persons in a more secure position and to give individuals assistance, as appropriate, to enable them to become active participants in the labour market.

The term "labour market measures" covers labour-exchange services, assessments of job-seekers' aptitudes and abilities and the organisation of remedial measures designed to improve their suitability for employment. The Act provides for the measures to take into account the abilities and strengths of job-seekers who need assistance in order to enter the labour market and continue to participate actively on it.

When the Act was passed, it was considered vital to have remedies available involving employment-related rehabilitation in which the main aim was to enable the job-seeker to be an active participant on the labour market. In the Act, the expression "employment-related rehabilitation" is used rather than "vocational rehabilitation," which is broader and may cover medical rehabilitation and general rehabilitation which is not necessarily aimed at having the persons involved resuming participation on the labour market, e.g. after accidents or serious illnesses. In some cases, a return to the labour market is not seen as a practical possibility; instead, the people are trained to deal with the tasks of daily life, such as looking after their homes and taking part in leisure activities. Those who have had to stop work, or have not managed to establish themselves on the labour market, often need employment-related rehabilitation for one reason or another; this involves effective assistance and support and encouragement to become active participants on the labour market. In some cases, they have undergone medical and general rehabilitation, as appropriate, before

being able to take part in employment-related rehabilitation. It is also frequently considered necessary for people to start employment-related rehabilitation before completing their rehabilitation training of other types; in such cases it is vital that the Directorate of Labour and those who administer rehabilitation of other types work closely together. Individuals may have left the labour market for other reasons, e.g. in order to care for children or other close family members, and find that they want to resume employment but that it is difficult for them to do so. In such cases, it is assumed that employment-related rehabilitation be available for groups of persons; such measures include “Employment with Assistance” and places of sheltered employment.

When the Act was prepared, attention was given to a report entitled *Fjöldgun öryrkja á Íslandi, orsakir og afleiðingar* (The Increase in the Number of Disabled Persons in Iceland – Causes and Consequences); reference was made to this report in Iceland’s 20th Report. The aforementioned report stated that ways must be sought to give greater assistance to the disabled in order to enable them to find their way back onto the labour market; despite great advances in medical science and easier access to the health services, there has been a substantial increase in the number of disabled persons in Iceland in recent years, from about 8,700 in 1992 to about 13,800 in 2004. Furthermore, the disturbing fact is that the largest increase, proportionally speaking, has taken place in the younger age-groups. Furthermore, it seems that few of these people attempt to re-enter the labour market once they have been awarded disability benefit. The report considered that one way of reducing the new incidence of disability could be to give assistance to those who had been unemployed for long periods, this taking the form of retraining and assistance with seeking employment. It was also seen as necessary to have measures in place to make the disabled return to the labour market, e.g. by making available broader opportunities for re-education and vocational training.

Under the Labour Market Measures Act, the Directorate of Labour is responsible for organising employment-related rehabilitation for groups of persons. Such measures include “Employment with Assistance” and places of sheltered employment. Table 13 shows the numbers of disabled workers in sheltered employment facilities.

Table 13. Numbers of disabled workers in sheltered employment facilities.

<i>Facility</i>	<i>Number</i>	<i>Full-time equiv. positions</i>
<i>Ás vinnustofa, Reykjavík</i>	42	29.5
<i>Ásgarður, Mosfellsbær</i>	28	21.0
<i>Bergiðjan, Reykjavík</i>	21	10.5
<i>Bjarkarás, Reykjavík</i>	48	37.0
<i>Hæfingarstöðin Hvesta, Ísafjörður</i>	9	2.0*
<i>Hæfingarstöðin í Keflavík</i>	23	15.5**
<i>Hæfingarstöðin Skógarlundur, Akureyri</i>	44	23.8
<i>Vinnustofur Skálatúns, Mosfellsbær</i>	35	15.0
<i>VISS, Selfossi</i>	33	23.7
<i>Vinnustofan Hólaberg, Reykjavík</i>	15	9.0
<i>Starfsþjálfunarstaðurinn Örvi</i>	34	17.0
<i>Múlalundur</i>	42	21.0
<i>Vinnustaður Ö.B.Í., Reykjavík</i>	36	18.0
<i>Fjöliðjan Akranesi</i>	23	12.0
<i>Kertaverksmiðjan Heimaey</i>	16	8.0
<i>Plastiðjan Bjarg – Iðjulundur, Akureyri</i>	56	12.0***
<i>Blindravinnustofan</i>	22	13.0
<i>Stólpi, Egilsstöðum</i>	28	7.0****
<i>Sólheimar</i>	40	40.0
<i>Lækjarás, Reykjavík</i>	33	20.0

<i>Hæfingarstöðin Bæjarhrauni, Hafnarfirði</i>	22	11.0
<i>Hæfingarstöðin Fannborg, Kópavogi</i>	20	10.0
Total	670.0	398.5

* 7 in habilitation, 2 in employment

** 16 in habilitation in ten full-time equivalent positions; 7 in employment in 5.5 full-time equivalent positions.

***24 in 50% vocational rehabilitation/-training, 21 in 50% sheltered employment, 11 in habilitation

**** 8 in employment and twenty in habilitation.

Source: Ministry of Social Affairs.

Table 14. Numbers of disabled employees working with assistance.

Facility	Number	Full-time equiv. positions
Reykjavík	73	40.0
Vestmannaeyjar	5	2.2
Egilsstaðir	9	4.0
Reykjanes	74	44.0
Akureyri	57	25.0
Total	218	115.2

Source: Ministry of Social Affairs.

Comment by the Committee of Independent Experts.

Conclusion XVIII-2 p.17

The Committee asks information to be provided in the next report about the effectiveness of the measures taken with respect to vocational training, in particular their impact on the subsequent integration and persons with disabilities in the labour market. It also asks what judicial or administrative remedies are available to those who are found to have been unlawfully excluded or segregated or otherwise denied an effective right to vocational training.

Individuals with reduced working capacity may apply to participate in labour-market measures under the Labour Market Measures Act, No. 55/2006, in which case they apply for an assessment of their working capacity by a counsellor of the Directorate of Labour. With the job-seeker's consent, a job-seeking schedule is then drawn up, also covering his or her participation in the appropriate labour-market remedies in accordance with the assessment. Obviously, these individuals frequently have to undergo employment-related rehabilitation. As part of this, it is assumed that employment-related rehabilitation will be available for specific groups of people, such measures include "Employment with Assistance" and places of sheltered employment.

A method that has produced good results for introducing handicapped and disabled people to the labour market is known as “Employment With Assistance” (EWA); those who apply for this assistance are generally those who are most able to engage in ordinary employment. A vocational training/rehabilitation centre, Öarvi, in Kópavogur, has also reported considerable success rates from its programmes of assessment and training: of the 56 persons who left the programmes in the period 2004-2007, 31 entered employment in the labour market and three went to study in a technical school. It can be assumed that the centre Plastiðjan Bjarg – Iðjulund, in Akureyri, achieves similar results with its vocational rehabilitation and vocational training courses. In general, therefore, it can be said that effort put into bringing disabled people out into the labour market produces considerable results, particularly when EWA programmes are involved. Those who use the services of the habilitation centres do not as a rule enter the ordinary labour market though some of them who work in sheltered employment, e.g. the Múlalundur centre and the workshops run by the Icelandic National Federation of the Handicapped, have done so. About 50-60 persons are on the waiting list for EWA programmes, and there are probably about the same number waiting for positions in places of sheltered employment.

Under Article 9 of the Labour Market Measures Act, appeals may be lodged with the Unemployment Insurance and Labour Market Measures Complaints Committee against executive decisions taken by the Directorate of Labour. Rulings by the Complaints Committee are final at the executive level. Persons who consider they have been discriminated against can also apply to the courts in accordance with the normal rules.

The Disabled Persons Act, No. 59/1992, also contains provisions which are intended to guarantee the rights of disabled persons if they consider violations of their rights have been committed. Section XV of the Act specifically addresses measures to protect their legal rights, with the appointment of special regional councils which are to protect the right of disabled persons to receive services, in addition to which special representatives of the disabled are engaged to monitor their circumstances and situation.

Article 15, para. 2 – Employment of persons with disabilities.

Reference is made to the Government of Iceland’s 20th Report; the statistics here have been updated.

Comment by the Committee of Independent Experts.

Conclusion XVIII-2 p. 17.

The report indicates that a new Labour Market Measures Act reorganizing inter alia placement arrangements was enacted in 2006, i.e. outside the reference period. The Committee asks to be informed in the next report of its content and application.

The Labour Market Measures Act, No. 55/2006, transferred responsibility for disabled persons’ employment under the Directorate of Labour; earlier, this had been the responsibility of the Regional Offices for the Affairs of the Disabled.

The aim of this is that services to those with reduced working capacity due to disabilities should be provided in the same way as services to other groups although, obviously, they will be adapted to their needs. Reference is made to the discussion of

the contents of the Act in the discussion of paragraph 1 of Article 15 of the Charter in the present Report.

Comment by the Committee of Independent Experts.

Conclusion XVIII-2 p. 17.

The Committee asks again for information on the number of persons with disabilities who are unemployed.

It is estimated that about 200 disabled individuals, altogether, who were recipients of social services, were on the unemployment register in 2006. Unfortunately, no figures are available for 2005.

Table 15. Numbers of persons with disability ratings who receive no payments due to their employment earnings.

	2005	2006
Disability-rated individuals without payments	300	377
Persons qualifying for disability grants, but receiving no payments	118	127
Total	418	504

Comment by the Committee of Independent Experts.

Conclusion XVIII-2 p. 17.

The Committee notes that, according to the report, 3,329 persons with disabilities are in employment and it therefore asks whether they are all employed in the ordinary market.

According to information from the State Social Security Institute, the vast majority of these persons are on the ordinary labour market, either in full-time or part-time work. Part of the total number work in places of sheltered employment or are employed under contracts as persons with reduced working capacity.

Comment by the Committee of Independent Experts.

Conclusion XVIII-2 p. 17.

The Committee asks again whether trade unions are active in sheltered employment.

The trade unions, together with the Regional Offices for Disabled Persons' Affairs and disabled persons' shop-stewards, defend disabled persons' interests regarding wages and terms on the labour market. The trade unions also operate in places of sheltered employment where collective agreements have been made covering the work. Collective agreements have been made covering work done in places of sheltered employment in all the largest local government areas in Iceland.

Non-discrimination legislation

Comment by the Committee of Independent Experts.

Conclusion XVIII-2 p. 17.

The Committee notes from the report that Iceland is currently working on legislation to ensure equal treatment in employment for persons with disabilities. It asks to be informed of the steps taken forward.

As is stated above in the discussion of the second paragraph of Article 1 of the Charter in the present Report, a working group appointed by the Minister of Social Affairs is currently examining methods of giving expression to the substance of EU Directives No. 2000/43/EC implementing the principle of equal treatment between persons irrespective of racial or ethnic origin and No. 2000/78/EC establishing a general framework for equal treatment in employment and occupation in the rules applying to the labour market in Iceland. The group is expected to submit its proposals to the minister in summer 2008.

Article 18

The right to engage in a gainful occupation in the territory of other Contracting Parties

Article 18, para. 1. – Applying existing regulations in a spirit of liberality

A. – C.

There has been a substantial increase in the number of foreign nationals living in Iceland over the past few years, with a sharp increase in immigration and participation in the labour market in 2006, continuing the trend of the previous years. On 1 January 2007, about 18,500 foreign nationals were living in the country, representing about 6% of the population, having risen from about 13,700 (4.6% of the population) at the beginning of 2006.

Table 16. Number and proportion of foreign nationals in the Icelandic population 2004-2007.

	Number	Percentage
2004	10,180	3.5
2005	10,636	3.6
2006	13,778	4.6
2007	18,563	6.0

Source: Statistics Iceland

To a large extent, the rise in the number of foreign nationals living in Iceland can be explained by the high level of demand for labour and an economic upswing in recent years. Following a downturn in the economy in 2002, when average unemployment reached 2.5%, confidence grew as conditions improved in 2003, with various indications that the recession had bottomed out. However, there was an increase in unemployment early in the year, but the situation improved later in the year, with a much slower rise in unemployment in the autumn than in the corresponding period the previous year. At about 3.4%, average unemployment during 2003 was higher than the previous year.

Demand for labour rose greatly in 2004, particularly in the construction industry and related occupations in connection with large-scale power-intensive industrial projects and power plants in the east and southwest of the country. This growth in activity and the improvement in the economy resulted in a drop in unemployment during 2004, in addition to which there was a sharp increase in the influx of foreign workers, which had dwindled somewhat in the economic downturn in 2002-2003. The employment situation in 2005-2006 reflected the high level of economic growth in the country, particularly in the form of power-intensive industrial development, a large amount of construction and growth in various other sectors. Demand for labour was at a high level; consequently, unemployment fell rapidly, due largely to the industrial projects in the east of the country and expansion in the construction industry and certain services. Demand outstripped supply on the domestic labour market, and consequently a large number of foreign workers were engaged.

Ten new countries were admitted to the European Union, and therefore to the European Economic Area, on 1 May 2004: Estonia, Cyprus, the Czech Republic, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. The membership agreements applying to all of these except Cyprus and Malta did not include provision for the rules on the free movement of workers applying immediately. The Icelandic government decided to utilise this adaptation mechanism, postponing the application of the rule on free movement of workers until 1 May 2006. Thus, the Foreign Nationals' Right to Work Act, No. 97/2002, continued to apply, and consequently temporary residence and work permits had to be obtained for workers from these states. On the other hand, under Protocol B to the EEA membership agreement, member states are obliged to grant workers from the new member states certain priority over those of other countries regarding access to the labour market during the period in which these restrictions are applied. The Icelandic government observed this, urging employers to seek workers from the EEA labour market before looking further afield when a shortage of domestic labour arose.

In 2006 the government decided that the EU rules on the free movement of workers who were citizens of the aforementioned states were to take full effect on 1 May that year. Nonetheless, employers are to inform the Directorate of Labour when they engage workers from these countries, and their employment contracts are to be submitted together with the notifications in order to facilitate monitoring to ensure that the workers involved receive the correct wages and terms in accordance with Icelandic legislation and collective agreements. Another purpose of this obligation to notify the directorate is to make it easier for the government to evaluate the consequences of the expansion of the EEA and to ensure that it will be possible to respond promptly to new situations arising that could result in serious disruption of the domestic labour market. These adaptive arrangements are in force until 30 April 2009.

The EEA was expanded still further on 1 August 2007 with the admission of Bulgaria and Romania. As with the previous expansion in 2004, allowance was made for a postponement of the application of the principle of the free movement of workers from these countries. Even though it is necessary to apply for temporary work and residence permits for nationals of these countries, the government nevertheless undertook to give workers who are nationals of these new EEA member countries priority over nationals of non-EEA states regarding access to the Icelandic labour

market during the adaptive period; provision to this effect was made in Protocol B to the EEA Membership Agreement, which was ratified by the Act No. 106/2007 amending certain statutes in connection with the agreement on the membership of Bulgaria and Romania of the EEA.

The number of work permits issued in 2005 came to 6,376; this figure covers all categories and represents a great increase over the previous years: the figure for 2003 was 3,297 and that for 2004 was 3,750. The difference was due mainly to the number of new temporary work permits issued in connection with the large-scale power-intensive construction projects. In 2005, the number of new temporary work permits issued was 3,965; in 2003 the corresponding figure was 556. In 2006, the total number of work permits issued and registrations was 10,688; this included 2,849 new temporary permits, rather fewer than the year before, which is explained by the fact that, as from 1 May 2006, nationals of the states admitted to the EU/EEA in 2004 were no longer required to hold special work permits. Companies hiring workers from those countries nevertheless had to notify the Directorate of Labour of these engagements; from 1 May to the end of the year (2006), notifications were received of 3,999 individuals who joined the labour market for the first time.

Although about 4,000 notifications of engagements of citizens of the states admitted to the EU/EEA in 2004 who were new on the labour market were received by the Directorate of Labour in 2006, the number of personal ID numbers issued by the National Registry indicate that a further 1,800 foreign nationals had entered the country by the end of 2006 without their presence being recorded by the Directorate of Labour, most of them on the labour market.

During 2006, 294 work permits were issued to enable their holders to change to a new place of work; 2,019 work permits were extended and 138 permanent work permits were issued, in addition to 45 work permits issued for specialised workers. In addition, over 1,200 persons from the states admitted to the EU/EEA in 2004 were registered; they had been on the Icelandic labour market before this, but either their permits had expired or they had changed their place of work.

Table 17. An overview of work permits issued in 2003-2006

	2003	2004	2005	2006
New temporary permits	556	1,374	3,965	2,849
New registrations				3,999
New place of work	295	236	344	294
Temporary permits extended	1,434	1,135	1,569	2,019
Permanent work permits	714	824	349	138
Registrations, previously on the labour market				1,203
Student permits	134	134	96	73
Au pair permits	33	42	39	68
Specialised workers	131	5	5	45
Total	3,297	3,750	6,376	10,688

Source: The Directorate of Labour.

Table 18 shows the numbers of temporary work permits issued (new permits, extensions and permits to work at a new place) in 2004-2006 by the country of origin

of the recipients. Most recipients of temporary permits issued during the period were Polish nationals; followed by people from the China, Lithuania, the Philippines and the former Yugoslavia.

Table 18: Work permits, by nationality of recipients, 2004-2006

	2004				2005				2006			
	New temporary permits	Temporary work permits extended	New place of work	Total	New temporary permits	Temporary work permits extended	New place of work	Total	New temporary permits	Temporary work permits extended	New place of work	Total
Poland	453	339	57	849	2,147	460	131	2,738	1,541	205	91	1,837
China	181	85	9	275	323	258	8	589	124	536	9	669
Lithuania	63	85	21	169	299	109	18	426	200	33	25	258
Philippines	74	92	27	193	81	99	13	193	51	179	21	251
Yugoslavia (Serbia and Montenegro)	78	63	32	173	91	64	33	188	47	95	37	179
Slovak Republic	47	50	2	99	127	35	13	175	68	22	5	95
Latvia	19	21	6	46	121	6	10	137	144	17	4	165
Romania	17	20	0	37	92	40	3	135	55	98	5	158
USA	67	20	9	96	91	20	6	117	118	60	8	186
Thailand	27	48	17	92	48	45	13	106	18	69	8	95
Pakistan	38	20	0	58	34	51	1	86	22	95	1	118
Croatia	4	2	2	8	80	2	1	83	28	72	3	103
Russia	28	27	8	63	17	38	6	61	23	58	5	86
Czech Republic	20	19	2	41	36	20	3	59	25	2	3	30
Estonia	18	51	3	72	17	23	6	46	7	6	1	14
Bulgaria	14	13	0	27	26	14	5	45	4	22	10	36
Ukraine	14	12	4	30	26	15	4	45	13	44	7	64
Vietnam	9	26	8	43	12	21	6	39	19	21	9	49
Canada	20	3	0	23	21	11	4	36	47	30	2	79
Bosnia	6	9	1	16	14	16	3	33	11	22	5	38
India	12	11	1	24	10	15	1	26	43	15	2	60
Hungary	11	7	1	19	13	7	3	23	3	2	0	5
Albania	0	4	1	5	8	1	5	14	1	10	0	11
Macedonia	2	1	3	6	9	3	2	14	3	8	0	11
Other countries	152	107	25	281	204	170	43	412	233	298	33	503
Lack of information	0	0	0	0	23	26	3	52	0	0	0	0
Total	1,374	1,135	236	2,745	3,965	1,569	344	5,878	2,849	2,019	294	5,162

Source: The Directorate of Labour.

Table 19. Work permits, by nationality of recipients, 2002-2003

	2002				2003				
	<i>New permits</i>	<i>Extensions</i>	<i>Total</i>	<i>Prop.</i>	<i>New permits</i>	<i>New job</i>	<i>Extensions</i>	<i>Total</i>	<i>Prop.</i>
Poland	286	558	844	30.1%	123	74	469	666	29.1%
Philippines	76	230	306	10.9%	22	30	163	215	9.4%
Lithuania	87	172	259	9.2%	25	35	133	193	8.4%
Yugoslavia	69	150	219	7.8%	33	31	114	178	7.8%
Thailand	44	94	138	4.9%	13	27	79	119	5.2%
China	24	46	70	2.5%	57	9	44	110	4.8%
Russia	36	53	89	3.2%	22	8	49	79	3.5%
Vietnam	31	61	92	3.3%	8	11	47	66	2.9%
USA	47	25	72	2.6%	45	6	15	66	2.9%
Slovakia	8	25	33	1.2%	31	1	24	56	2.5%
Estonia	20	22	42	1.5%	18	1	27	46	2.0%
Romania	7	20	27	1.0%	9	6	22	37	1.6%
Czech Rep.	24	23	47	1.7%	15	3	18	36	1.6%
Ukraine	16	34	50	1.8%	9	4	22	35	1.5%
India	4	7	11	0.4%	15	2	16	33	1.4%
Latvia	10	30	40	1.4%	9	5	18	32	1.4%
Nepal	7	12	19	0.7%	7	2	11	20	0.9%
Bosnia	4	18	22	0.8%	5	1	13	19	0.8%
Chile	5	9	14	0.5%	5	3	8	16	0.7%
Morocco	6	15	21	0.7%	3	2	10	15	0.7%
Bulgaria	4	15	19	0.7%	1	3	11	15	0.7%
Others	193	177	370	13.2%	81	31	121	233	10.2%
TOTAL	1,008	1,796	2,804	100%	556	295	1,434	2,285	100%

Source: Directorate of Labour

About half of those who entered the labour market for the first time in 2006 went to work in the construction industry; this proportion was only slightly lower than in 2005. Of those who received extensions of their permits or registrations in 2006, a slightly lower proportion, 43%, worked in the construction industry.

Table 20. New temporary work permits and registrations by occupation, 2005-2006.

	<i>New temporary work permits and new job registrations.</i>				<i>New places of work, extensions, permanent w. permits and renewals.</i>			
	2005		2006		2005		2006	
Industry and agric.	497	13%	1.012	15%	250	13%	479	14%
Fishing, fish processing	497	13%	790	12%	429	23%	516	15%
Construction industry	2.078	54%	3.279	48%	615	33%	1.514	43%
Commerce and services	760	20%	1.707	25%	564	30%	984	28%

Source: Directorate of Labour

No more accurate information was available on the numbers of work permits and registrations by sector for 2005 and 2006.

Table 21. New temporary work permits granted by occupation in 2002-2004.

	No. 2002	No. 2003	No. 2004	Prop. 2004
Construction, general workers and specialists.	62	103	466	29%
Fish processing	210	143	361	22%
Cleaning, washing up	172	109	129	8%
Meat processing, slaughterhouses	56	69	118	7%
Sportsmen and sports trainers	59	80	112	7%
Managers - specialists – office workers – artists, etc.	85	96	110	7%
Other industries; food production	81	65	98	6%
Dancers	65	57	62	4%
Agriculture	22	29	51	3%
Child care, unskilled assistants in healthcare – domestic help	59	26	43	3%
Metalworking and electrical trades, general workers and specialists.	22	25	25	2%
Catering - waiters - barmen	11	9	19	1%
Shop assistants - warehouse	26	37	13	1%
Uncertain	76	4	2	0%
Seamen	2	4	1	0%
Total	1,008	856	1,610	100%

Source: Directorate of Labour

The proportion of work permits issued to persons working in the metropolitan area for the first time increased sharply, to nearly 50%, in 2006, having been about one third in 2005. The proportion of those who came to the East of Iceland to work fell somewhat from 2005 to 2006, from about 40% to 28%. There was little change, on the other hand, from 2005 to 2006 regarding the proportions of applicants by place of residence when it came to applications for extensions and registrations by those who had been on the labour market earlier; just over 40% of these were from people in the metropolitan area and nearly 60% from other parts of the country.

Table 22. New temporary work permits and registration by place of residence, 2005-2006.

	<i>New temporary work permits and registrations in new places of work.</i>				<i>New places of work, permanent permits and extensions.</i>			
	2005		2006		2005		2006	
Metropolitan area	1,266	32%	3,286	48%	879	40%	1,541	42%
Other parts of Iceland	2,630	68%	3,540	52%	1,345	60%	2,096	58%
Eastern Iceland (included in above figure)	1,560	40%	1,631	24%	613	28%	1,161	32%

Source: Directorate of Labour.

Table 23. Temporary work permits, by place of residence, 2003-2004.

	New permits		New place of work		Extensions	
	2003	2004	2003	2004	2003	2004
Metropolitan area	203	390	197	126	859	535
Suðurnes	27	71	32	25	115	97
Western Iceland	35	127	10	8	87	89
West Fjords	41	46	13	13	95	76
N. Iceland, western region	70	82	6	11	43	37
N. Iceland, eastern region	17	64	10	19	59	45
Eastern Iceland	135	498	7	15	47	174
Southern Iceland	28	96	20	19	129	82
Total	556	1,374	295	236	1,434	1,135

	New permits		New place of work		Extensions	
	2003	2004	2003	2004	2003	2004
Metropolitan area	37%	28%	67%	53%	60%	47%
Suðurnes	5%	5%	11%	11%	8%	9%
Western Iceland	6%	9%	3%	3%	6%	8%
West Fjords	7%	3%	4%	6%	7%	7%
N. Iceland, western region	13%	6%	2%	5%	3%	3%
N. Iceland, eastern region	3%	5%	3%	8%	4%	4%
Eastern Iceland	24%	36%	2%	6%	3%	15%
Southern Iceland	5%	7%	7%	8%	9%	7%
Total	100%	100%	100%	100%	100%	100%

Source: Directorate of Labour.

Tables 24 and 25 show the nationalities of persons who were issued with permanent residence permits in 2005 and 2006. Most permanent permits have been issued to Poles, as has been the pattern for some years now. In 2006, 26 Polish nationals, 20 people from the former Yugoslavia and 19 from the Philippines received permanent work permits in Iceland.

Table 24. Permanent work permits granted 2005-2006. Country of origin of recipients.

	2005	2006
	No.	No.
Poland	117	26
Lithuania	34	7
Latvia	10	5
Estonia	6	1
Czech Republic	0	1
Slovakia	2	0
Slovenia	1	0
Hungary	1	0
Romania	8	1
Bulgaria	8	0
USA	2	3
Canada	0	0
Yugoslavia (Serbia and Monte- negro)	28	20
Croatia	2	1
Ukraine	5	3
Russia	11	3
Bosnia	2	3
Albania	2	1
Macedonia	1	0
Other non-EU states in Europe	4	0
China	11	2
Philippines	27	19
Thailand	12	17
Pakistan	1	0
Vietnam	12	8
India	6	1
Other countries in Asia	16	6
Australasia	0	1
Africa	10	5
Central and South America	8	4
TOTAL	349	138

Table 25. Permanent work permits granted 2002-2004. Country of origin of recipients.

	2002 No.	2003 No.	2004 No.
Poland	251	129	257
Philippines	67	119	94
Yugoslavia (Serbia and Monte- negro)	66	77	67
Thailand	50	59	58
Lithuania	19	58	83
Russia	24	31	25
Vietnam	18	29	45
China	16	23	13
Ukraine	8	22	17
Croatia	6	20	4
Bosnia	0	11	7
Morocco	13	11	8
Albania	4	9	1
Chile	6	9	6
Romania	9	9	9
Sri Lanka	4	7	4
Latvia	3	6	11
Nepal	6	6	10
Turkey	2	6	3
Others	108	73	102
TOTAL	680	714	824

Article 18, para. 2. – Simplifying existing formalities and reducing dues and taxes

A.-C.

Reference is made to the discussion of Art. 18, para 1.

Comment by the Committee of Independent Experts.

Conclusion XVII-2 p. 451.

The report further states that although the procedures are closely interrelated, the concerned ministries are considering to shift responsibility to a single body in the future instead of having two Directorates involved. The Committee wishes to be informed of any development in this respect.

Representatives of the Ministry of Justice and the Ministry of Social Affairs jointly examined the pros and cons of bringing the issue of residence and work permits under a single ministry. For the moment, it was decided that the time was not yet ripe to change the current situation. The issue of work permits is connected with the labour market; thus, it was considered natural that the Directorate of Labour, which monitors the situation on the labour market, should continue to issue work permits.

Comment by the Committee of Independent Experts.

Conclusion XVII-2 p. 451.

According to the report, the average time necessary between the submission of an application for the granting of a work permit and its issuance is between eight to ten weeks. The report specifies that the authorities are now aiming to reduce this time frame to six weeks. The Committee asks whether this target has been met.

This target has not been met; the average time taken by the Directorate of Immigration to process applications for residence permits for non-EEA nationals is 90 days. The main reason for this is that it can take a long time to obtain the materials necessary, under the Foreign Nationals Act, including those from the applicants' home countries. The average length of time required by the Directorate of Labour to process applications for work permits is 1-2 weeks. The Directorate of Labour is not able to take a decision on the granting of work permits until the Directorate of Immigration has approved the granting of a residence permit, subject to the condition that a work permit will be granted.

Comment by the Committee of Independent Experts.

Conclusion XVII-2 p. 452.

Noting that work and residence permits are applied for in a single act, that the average time for the granting of work permits is between eight to ten weeks with a view to reducing this time frame further and that there are no charges levied for the granting of such permits, the Committee concludes that the situation is in conformity with the Charter. It wishes the next report to provide information whether and to what extent the new Foreign Nationals' Right to Work Act, No. 97/2002, which entered into force on 1 January 2003, i.e. outside the reference period, has further simplified these formalities.

The Foreign Nationals' Right to Work Act, No. 97/2002 did not change the application procedure which was described in Iceland's Eighteenth Report. However, a regulation was issued in March 2005 giving greater effect to the operation of the Act in administrative procedure. Procedures were adopted in September 2005 aimed at meeting the immensely high level of demand for labour by speeding up the processing of applications for work permits for nationals of states which became members of the EU and the EEA on 1 May 2004, with the provisions on priority rights in Protocol B to the EEA membership agreement being taken into consideration at the same time.

A fee has been introduced to cover the processing of residence permit applications. For first-time applications from citizens of EEA states aged 18 and older, the fee is ISK 4,000; for extensions the fee is ISK 2,000 and for permanent residence permits the fee is ISK 8,000. For first-time applications from citizens of EEA states aged 17 and under, the fee is ISK 2,000; for extensions the fee is ISK 1,000 and for permanent residence permits the fee is ISK 4,000. The fee for first-time applications for temporary residence permits from non-EEA citizens aged 18 and older is ISK 8,000; extensions cost ISK 4,000 and permanent residence permits ISK 8,000. Citizens of states outside the EEA who are aged 17 and under pay ISK 4,000 for first-time temporary residence permits, ISK 2,000 for extensions and ISK 4,000 for residence permits.

Article 18, para. 3. – Liberalising regulations.

A - C

As stated in Iceland's 18th report a new Foreign Nationals Act, No. 96/2002, and a new Foreign Nationals' Right to Work Act, No. 97/2002, took effect on 1 January 2003. Iceland's 18th Report gave an account of the main substance of the Acts and reference is hereby made to that discussion.

The Foreign Nationals Act has been amended three times. The first of these amendments was made by the Act of amendment, No 27/2003, which brought the Act into line with the provisions of the new EFTA Convention (established by the Vaduz Agreement) so that the rules of the EEA Agreement on the free movement of persons also applied to EFTA states that were not members of the EEA. The second of these amendments was made by the Act of amendment, No. 20/2004, which among other things gave effect to the adaptation provisions of an agreement concerning the enlargement of the European Union and the European Economic Area which entered into effect on 1 May 2004. The third amendment was made by the Act of amendment, No. 106/2007, which postponed the implementation of Articles 35 and 36 of the Foreign Nationals Act regarding foreign nationals from other EEA or EFTA states until 1 January 2009 in the case of citizens of Bulgaria and Romania.

In January 2008 the Minister of Justice and Ecclesiastical Affairs presented a bill to the Althingi to amend the Foreign Nationals Act, No. 96/2002. The bill does not involve a comprehensive review of the current act; instead, it proposes certain amendments to take account of the experience gained of the application of the Foreign Nationals Act and Iceland's undertakings under the EEA Agreement and the Schengen Scheme. The bill is still being debated by the Althingi.

Amendments have been made to the Foreign Nationals' Right to Work Act six times since it was passed. The Act of Amendment, No. 84/2003, brought the Act into line with the provisions of the new EFTA Convention (established by the Vaduz Agreement) so that the rules of the EEA Agreement on the free movement of persons also applied to EFTA states that were not members of the EEA. The Act of Amendment, No. 19/2004, gave effect to the adaptation provisions of an agreement concerning the enlargement of the European Union and the European Economic Area which entered into effect on 1 May 2004. Minimal changes were made on the Act with the Temporary-Work Agency Act, No. 139/2005. The Act of Amendment, No. 26/2006, gave effect to the provisions of Council Regulation, No. 1612/68/EEC, with subsequent amendments, on the free movement of workers within the EEA as applied to the citizens of Estonia, the Czech Republic Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia. The Act of Amendment, No. 108/2006, introduced changes into the Foreign Nationals' Right to Work Act to reflect an agreement between the Icelandic Government, on the one hand, and the government of Denmark and the home-rule administration in the Faroe Islands, on the other. It's aim was to establish a common economic area in the jurisdictions of Iceland and the Faroe Islands. Finally, the Act of Amendment, No. 106/2007, had the purpose to defer the entry into force of the provision of item *a* of Article 14 of the Foreign Nationals Right to Work Act, concerning foreign nationals from EEA/EFTA states until 1 January 2009 in the case of citizens of Bulgaria and Romania.

In January 2008 the Minister of Social Affairs presented a draft legislation to amend the Foreign Nationals' Right to Work Act, No. 97/2002. The main aim of this bill is to clarify the Act, to make its application more effective and to ensure active monitoring on compliance. It proposes for the adoption of new categories of temporary work permits reflecting the ground on which foreign nationals are working in Iceland. The general explanatory notes accompanying the bill underline the priority of maintaining equilibrium between supply and demand for labour on the domestic labour market, as it is important to consider the long-term effects that work permits to meet temporary shortages of labour could have on the labour market in the long term. Furthermore, the notes state, it is necessary to take into account the experience gained on the expansion of the EEA over the past three years. The bill is still under examination by the Althingi.

The Temporary-work agencies.

Temporary-work agencies began offering their services on a larger scale in Iceland in 2005. In response to the resultant change in the Icelandic labour market, the Temporary-Work Agency Act, No. 139/2005, was enacted in December 2005; before that time, no legislation had existed in this area in Iceland. One of the aims of the Act was to strive to guarantee that foreign workers would enjoy social rights on the same basis as Icelanders and to remove all doubt as to the applicability of Icelandic collective agreements, irrespective of whether the employees stand in a direct contractual relationship with companies in Iceland or are employed in Iceland through a temporary-work agency.

The Temporary-Work Agency Act contains various provisions designed to protect the rights of those employed by temporary-work agencies. Temporary-work agencies are under an obligation to enter into written employment contracts with their employees and to provide written information on the work which the employee is sent to carry out in Iceland in each individual instance before the work commences (*cf.* Article 8 of the Act). Temporary-work agencies are not permitted to demand payments from their workers, or negotiate or receive such payments from them in exchange for offering them employment (*cf.* Article 5 of the Act). Furthermore, temporary-work agencies are not permitted to restrict the right of an employee who has been hired to a user company to enter into a contractual relationship with that company at a later date (*cf.* Article 7 of the Act). The Directorate of Labour is responsible for monitoring the application of the Act, and temporary-work agencies are obliged to provide the Directorate of Labour with the information it considers necessary in order to monitor application, including employment contracts and details of wages and terms of service. Under Article 11 of the Act, the Directorate of Labour may, if certain conditions have been met, demand that the police close the operations of a temporary-work agency temporarily until action has been taken to remedy an unsatisfactory situation. The Act is enclosed with this Report.

Posted workers.

The Act on the rights and obligations of foreign undertakings that post workers temporarily in Iceland, and on their workers' terms of employment, No. 45/2007, replaced the Act on the Legal Status of Employees Working Temporarily for Foreign Enterprises in Iceland, No. 54/2001. It applies to companies which are established in other states within the EEA, EFTA or the Faroe Islands and send workers to Iceland on a temporary basis in connection with the provision of services, and to temporary-

work agencies. It is intended to provide the Icelandic authorities with a better overview of the situation on the domestic labour market as regards the activities of foreign service-providing companies in Iceland and the numbers of foreign workers employed by such companies. It is also intended to ensure that Icelandic law and collective agreements apply to the workers concerned, and that foreign nationals who come to Iceland on a temporary basis under the auspices of foreign companies are lawfully resident in the country, and that reliable information is available concerning them. The Act is enclosed with this Report.

Comment by the Committee of Independent Experts.

Conclusion XVII-2 p. 449.

The Committee notes that the number of initial work permits granted distinguish between the applicants' countries of origin but that no information was made available on the nationality of the foreign nationals who were refused initial work permits. It further notes that with respect to applications for work permit renewals or permanent work permits, no information on refusal rates was provided. The Committee recalls that the assessment of the degree of liberality used in applying existing regulations with respect to nationals of Parties to the Charter and the revised Charter is based on figures showing the refusal rates for work permits for the first-time as well as for renewal applications. The Committee requests the next report to provide such information and emphasises that in the absence of such data there would thus be no evidence that existing regulations are applied in a spirit of liberality with respect to these nationals.

The following Table, No. 26, shows the number of rejections of applications for new (initial) temporary permits, permits to work in new places of work, extensions of temporary permits and permanent work permits in 2005 and 2006. It also shows the nationality of the applicants involved.

Table 26. The number of rejections of application for new temporary permits.

Permit type	New (initial) temporary permits		New place of work		Re-newal (extension) of temporary permits		Permanent permits	
	Year of rejection of application		Year of rejection of application		Year of rejection of application		Year of rejection of application	
	2005	2006	2005	2006	2005	2006	2005	2006
Total	359	403	11	37	3	29	3	0
Nationality								
Uncertain	4	7						
Stateless		2				1		
Albania	9	1						
Angola	1							

Argentina				1		
Bosnia-Herzegovina	10	7		1		
Bulgaria	3	4		1		1
Brazil	1	9		1		1
Belarus	4	1				
Canada	1	6				
Chile	4	3		1		
China	6	13				2
Colombia	2	2				
Costa Rica		1				
Cuba		2				
Cabo Verde		1				
Dominican Republic	1	1				
Algeria	1					
Egypt	1	1				
Ethiopia	1			1		
Georgia		2				
Ghana	1					
Guinea		1				
Honduras		1				
Croatia		10				
Indonesia	1	8				
Israel	1					1
India	1	8				
Jamaica		1				
Japan		1				
Kenya		6				
Lebanon	2					
Sri Lanka	5	6		2		1
Lithuania	3	17		2		
Morocco	8	3		1		
Mexico		3				
Malaysia		1				
Namibia	1					
Nigeria	2	3				1
Nepal	2	10		2	3	2
New Zealand						1
Peru	3	3				
Philippines	92	84		1	6	1 1
Pakistan	1	1		1		
Poland	32					1
Romania	11	38		1	4	2
Russia	9	8			3	
Senegal		1				
Syria	1			1		
Thailand	52	35			3	2 2

Turkey	2	1			
Tanzania	1				
Ukraine	7	12	1		2
Uganda	1	1			
USA	1	10			
Uruguay		1		2	
Uzbekistan		2			
Venezuela		2			
Vietnam	25	15			
Yugoslavia (Serbia and Montenegro)	45	46	1	8	13
South Africa		1			

In 2003, 116 applications for temporary work permits were rejected; in 2004 the figure was 117. The most common reason for rejection was that the jobs in question had not been advertised in Iceland, and consequently it was not possible to demonstrate a shortage of domestic labour; formal deficiencies in the application could also lead to rejection. Applicants are given guidance when the reason for rejection lies in a failure to meet formal requirements, and are given an opportunity of submitting a corrected application and advertising the position where this has not been done. Statistical data is only available covering rejections of applications for temporary work permits for these years; thus, no data is available on the nationality of those involved.

Decisions taken by the Directorate of Labour regarding applications for work permits may be referred to the Ministry of Social Affairs. 131 such referrals were made in the period 2003 to 2006. In 83 cases, the ministry upheld the directorate's decision, one case was rejected and 47 cases were withdrawn by the plaintiffs.

Comment by the Committee of Independent Experts.

Conclusion XVII-2 p. 452-453.

Work permits are issued before the foreign national arrives in the country and have an initial validity period of a maximum of one year but may in no event exceed the validity period of the employment contract. According to the report, initial work permits may exceptionally be granted for longer periods, such as e.g. in the case of foreign workers from States party to the Charter not being members of the EEA. The Committee wishes the next report to specify what the exceptions are applying to these nationals.

This provision has not been applied; in practice, however, it has generally proved to be a simple matter to have temporary work permits extended.

Comment by the Committee of Independent Experts.

Conclusion XVII-2 p. 453-454

If foreign workers lose their job for reasons for which they are not responsible, they have the opportunity to demand the costs for repatriation from their employer but may also choose to stay in the country in order to search for another job if they so wish. In the latter case they may apply for assistance from the labour exchanges in seeking new employment in the same way as domestic workers. The loss of job does thus not lead to withdrawal of their residence permit. However, the report states that a renewal of the residence permit of the foreign national concerned is subject to the condition that he/she can demonstrate that he/she is able to support him- or herself. The Committee wishes the next report to specify under what conditions a foreign worker would be obliged to leave the country in this respect, e.g. in the event he would be entitled to unemployment benefits in Iceland. The Committee further asks whether a residence permit can be extended pending a court ruling on an appeal made by a foreign worker against his/her dismissal.

In cases where foreign workers with temporary work and residence permits lost their job, it has become customary practice for them to be able to apply to the Directorate of Labour for assistance with finding new employment. The trade unions have also assisted, where possible, and collaboration between the social partners and the Directorate of Labour has gone smoothly, particularly on monitoring to ensure that foreign workers are not treated unfairly on the Icelandic labour market. When the persons in question have found new jobs, they apply again for temporary work and residence permits.

On the other hand, it is not envisaged that foreign workers who are in Iceland on temporary work and residence permits are to be able to remain in the country for long periods seeking employment, as the prerequisite for the granting of work permits is at all times that there must be a shortage of labour on the domestic market. Foreign workers who are employed in Iceland under temporary work permits are not entitled to unemployment benefit under the Unemployment Act, No. 54/2006. One of the conditions set in the Act for workers to qualify for unemployment benefit is that they be in possession of permanent work permits. When foreign workers lose their jobs for reasons for which they are not responsible, it is for the Directorate of Immigration to decide, in each individual case, how long they are permitted to remain in Iceland without taking part in the labour market. Amongst other things, the directorate assesses whether the conditions of the Foreign Nationals Act regarding the ability to support oneself are met. In cases where the foreign national has come to Iceland in order to work, it can be expected that whether or not he or she will be able to remain in the country will depend on the situation on the labour market. Other circumstances may be decisive in the case of foreign nationals who have come to the country under different circumstances.

Foreign nationals who have lived in Iceland for a total of four years are able to ask for permanent residence and work permits. After that time, they are also considered as being covered by the unemployment insurance system, providing that they meet the other requirements of the Act. It should be mentioned that foreign nationals who hold temporary residence and work permits and lose their jobs are entitled to financial support from the social welfare department of their local authority (municipality) under the same rules as Icelandic citizens. However, financial assistance from the

local authority is not regarded as a satisfactory basis of support in order to qualify for residence permits under the Foreign Nationals Act.

Under the third paragraph of Article 14 of the Foreign Nationals Act, No. 96/2002, the Directorate of Immigration may permit a foreign national who has applied for an extension of his or her residence permit to continue living in the country under the same conditions as before until a decision has been taken regarding his or her application. The foreign national is entitled to this if he or she submits his or her application at least one month before his or her residence permit expires. Appeals may be lodged with the Ministry of Justice against rejections by the Directorate of Immigration of applications for the extension of a temporary residence permit, or for a permanent residence permits, in accordance with the Foreign Nationals Act, and appeals may be lodged with the Ministry of Social Affairs against rejections by the Directorate of Labour of applications for the extension of work permits. Under the first paragraph of Article 31 of the Foreign Nationals Act, the rejection of an application for the extension of a temporary residence permit, or for a permanent residence permit, if the application is submitted before the deadline specified in the third paragraph of Article 14 of the Act, may not be put into effect until a final decision has been taken. Comparable rules do not apply regarding the rejection of first-time applications for residence permits; this situation seldom arises, as it is assumed that the foreign national will be outside Iceland when the first application for a residence permit is made.

Comment by the Committee of Independent Experts.

Conclusion XVII-2 p. 454.

The Committee notes that a new Foreign Nationals Act No. 96/2002, containing rules on the legal status of foreign nationals in Iceland as well as a new Foreign Nationals' Right to Work Act No. 97/2002, entered in force in January 2003, i.e. outside the reference period, and wishes the next report to provide information whether and how the existing regulations governing the employment of foreign workers have been further liberalised by the new legislation.

As is described above in the discussion of the application of para. 1 of Article 18, nationals of the states admitted to the EU/EEA in 2004 were no longer required to hold special work permits in Iceland as from 1 May 2006. Companies hiring workers from those countries nevertheless had to notify the Directorate of Labour of these engagements. No further liberalisation of the existing regulations has taken place since this legislation entered into force

Article 18, para. 4. – The right of nationals to leave the country

Reference is made to the Government of Iceland's previous reports.

Article 23

Consultations and communication of copies of the report

In the preparation of this report, consultations were held with the Icelandic Confederation of Labour and the Icelandic Confederation of Employers, which are, respectively, the main organizations of workers and employers in Iceland.

Copies of this report have been communicated to the following national organizations of employers and trade unions:

The Icelandic Confederation of Labour.
The Confederation of Icelandic Employers.
The Federation of State and Municipal Employees.
The Alliance of Graduate Civil Servants.