



UNIVERSITY OF STRATHCLYDE  
CENTRE FOR  
ENVIRONMENTAL LAW  
AND GOVERNANCE



UNIVERSITY  
of Prince Edward  
ISLAND



# COVID-19 Island Insights Series

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## Iceland

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The COVID-19 Island Insights Series is an initiative spearheaded by the Strathclyde Centre for Environmental Law & Governance (SCELG) and the Institute of Island Studies (IIS) at the University of Prince Edward Island in collaboration with Island Innovation. The initiative brings together critical assessments of how specific islands around the world have performed during the COVID-19 pandemic and the extent to which their recovery plans can promote resilience and sustainability in the long term.

For more information on SCELG see  
<https://www.strath.ac.uk/scelg>

For more information about the IIS see  
<http://islandstudies.com/>

For further information about Island Innovation see  
<https://www.islandinnovation.co/>

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Iceland is a Nordic island small state in the North Atlantic Ocean, with a population of 368,010 as of October 27 2020, and a land area of 103,000 km<sup>2</sup>, making it the most sparsely populated country in Europe.<sup>1</sup>

### COVID-19 data and timeline

February 28 - First case detected

March 16 - First ban of gatherings and public events over 100 people announced, high schools and universities closed and elementary schools remained open with restrictions

April 24 - Everyone arriving in Iceland must quarantine for 14 days from arrival

May 25 - Easing of restrictions on gatherings and school operations

June 15 - Passengers arriving in Iceland can take a COVID-19 test instead of having to quarantine for 14 days

March 12, 2021: - Confirmed cases 6,070 (or 1.65% of the total population)

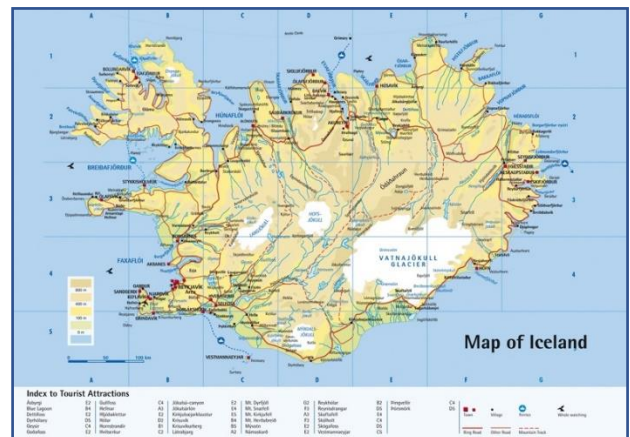
Fatalities 29 (or 0,0078% of the total population)

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Iceland<sup>2</sup>

<sup>1</sup>Statistics Iceland. (2020). Information retrieved from Statistics Iceland website [Hagstofa Íslands]: <https://hagstofa.is/utgafur/frettasafn/mannfjoldi/mannfjoldinn-a-3-arsfjordingi-2020/>

<sup>2</sup> Source <https://capturetheatlas.com/map-of-iceland/>



In contrast to some of its neighbouring countries Iceland did not close its borders. At the beginning of the pandemic Icelandic residents arriving from high risk areas were subject to a 14-day quarantine and as of April 24 everyone coming to the country was subjected to the same rule. The rules on the borders were revised in June when travellers arriving in Iceland were given the opportunity to be tested for COVID-19 rather than be quarantined for 14 days. After a period of rather slack controls regarding travellers arriving in Iceland, infections started to rise again in August, leading to stricter regulations with travellers needing to undergo two tests for COVID-19 with a five day interval quarantine or decline testing and quarantine for 14 days.<sup>11</sup>

### **Key Economic and Societal Effects of the COVID-19 Outbreak in Iceland**

In addition to public health outcomes, the social and economic costs of a global pandemic are high. Iceland's economy depends heavily on tourism and other export sectors and COVID-19 has therefore had a tremendous adverse effect on the economy. With rising uncertainties and travel restrictions in the wake of the pandemic, unemployment in Iceland jumped to over 10% in just two months.<sup>12</sup> The economic outlook deteriorated rapidly after the severity and spread of the epidemic became clear. In February, the Icelandic Central Bank forecasted that the GDP would grow by 0.8% in 2020; in August that same year, the bank's economic forecast had changed drastically, assuming instead a contraction of over 7%, mainly due

to a contraction in private consumption and tourism.<sup>13</sup>

The tourism industry in Iceland has been severely affected by COVID-19 travel restrictions. The industry had been booming in Iceland for the last decade with visitor numbers rising from 459,000 in 2010 to more than 2.3 million in 2018. This has resulted in the tourism industry accounting for 8.6% of Gross Domestic Product (GDP) and 39 percent of the countries' total export revenue. A large part of the Icelandic workforce works in the tourism industry and in 2017 it represented almost 16% of the workforce.<sup>14</sup>

Because of travel restrictions the tourism industry in Iceland had to resort to minimum operations with minimum staff. Even prior to the outbreak, wage increases and the strength of the Icelandic krona, were forcing many tourism companies in Iceland to downsize. Taking on more debt during the pandemic made them more vulnerable. Even so, according to the Icelandic Travel Industry Association, the coronavirus crisis has led to fewer bankruptcies than industry insiders feared, mainly because of the government's counter measures and the companies' immeasurable work on streamlining their services and agreements.<sup>15</sup> The Government of Iceland announced a 1.6bn USD response package to the COVID-19 crisis on March 21, 2020. It included state-backed bridging loans for companies, deferral of tax payments, financial support for the tourism sector and up to 75% of salaries paid as part-time unemployment benefits. The government also initiated a campaign encouraging Icelanders to travel domestically to support the tourism industry, both with a marketing initiative and fiscally.<sup>16</sup>

<sup>11</sup> Covid.is. n.d. Information retrieved from the website Covid.is <https://www.covid.is/undirflokkar/vidbrogd-a-islandi>

<sup>12</sup> Iceland Chamber of Commerce. 2020. The Iceland Economy, 2020. Retrieved from: [https://www.government.is/library/09-Embassies/New-York-Consulate/ICEEcon2020-210920-Web\\_Final.pdf](https://www.government.is/library/09-Embassies/New-York-Consulate/ICEEcon2020-210920-Web_Final.pdf)

<sup>13</sup> Ministry of Finance and Economic Affairs. 2020. Efnahagsleg áhrif farsóttar og sóttvarna. Retrieved from: <https://www.stjornarradid.is/library/02-Rit--skyrslur-og-skrar/Efnahagsleg%20%20a1hrif%20fars%20%20b3ttar%20og%20%20s%20%20b3ttvarna%20-%201.%20sk%20%20bdrsla%20starfsh%20%20b3ps.pdf>

<sup>14</sup> OECD Tourism Trends and Policies. 2020. Iceland Tourism in the Economy. Retrieved from: <https://www.oecd-ilibrary.org/sites/2fde1a1d-en/index.html?itemId=/content/component/2fde1a1d-en>

<sup>15</sup> "Árið 2020 var hroðalegt, erfitt og krafðist úthalds" 2020, December 30. RÚV. Retrieved from: <https://www.ruv.is/frett/2020/12/30/arid-2020-var-hrodalegt-erfitt-og-kraftdist-uthalds>

<sup>16</sup> Iceland Invest. N.d. *Economic and stimulus response to COVID-19*. Retrieved from: <https://www.invest.is/press-media/news/invest/economic-and-stimulus-response-to-covid-19/313>





A crisis of this magnitude has a way of revealing the underlying dynamics of governance, highlighting the strengths and weaknesses of institutions and creating a perfect opportunity for governments to re-evaluate their policies regarding resilience and sustainability. For Iceland it is important to draw lessons in the aftermath of this crisis to be able to move forward with rebuilding society. Katrín Jakobsdóttir, Iceland's Prime Minister, has emphasised the importance of focusing on equality during and after COVID-19 and that now, more than ever, it is important to fight against populism and divisive forces.<sup>23</sup> The Prime Minister has also focused on creating a platform to discuss how we can use the changes and challenges that COVID-19 has brought to seek sustainable and green solutions emphasizing the importance of strengthening equality and social justice in society, to defend social and civil rights that often get ignored in times of economic crisis.<sup>24</sup> The Minister for the Environment and Natural Resources, Guðmundur Ingi Guðbrandsson, has also pointed out that we should rely on experts when it comes to responses to climate change and environmental challenges, in the same way we have done while tackling COVID-19. Stating that “The COVID-19 pandemic has shown us that we are able to react quickly to threats and we should also react quickly to environmental threats”.<sup>25</sup>

Another recovery measure that the government has implemented to create job opportunities and economic growth is promoting and supporting innovation and research with the end goal of building industries that are based on innova-

tion and ingenuity for the future.<sup>26</sup> The government therefore has been focusing on many of the Sustainable Development Goals (SDGs) in their recovery plans for the future after COVID-19. Even though they do not reference the SDG's directly they are setting the focus on innovation, climate action and equality in their recovery plans.

### Useful Sources

- The Directorate of Health and The Department of Civil Protection and Emergency Management in Iceland COVID-19 information webpage: <https://www.covid.is/english>
- The Government of Iceland's webpage – Economic responses to COVID-19: <https://www.government.is/government/covid-19/>
- The University of Iceland's webpage on COVID-19: <https://covid.hi.is/english/>
- COVID-19 national resilience cohort: <https://lidanicovid.is/about/>

<sup>23</sup> Nordic Editor. 2020, September 22. *Forsætisráðherra: jafnrétti verði í fyrirrúmi í endurreisn eftir COVID-19*. Retrieved from: <https://unric.org/is/forsaetisradherra-jafnretti-verdi-i-fyrrumi-i-endurreisn-ef-tir-covid-19/>

<sup>24</sup> Prime Ministers Office. 2020, September 27. *Alþjóðlegt, rafrænt málþing um heiminn eftir COVID-19*. Retrieved from: [https://www.stjornarradid.is/efst-a-baugi/frettir/stok-frett/2020/09/27/Althjodlegt-rafraent-malthing-um-heiminn-ef-tir-COVID-19/?fbclid=IwAR1asYHJauY4p64mr-ATXSgG6nDvQ9\\_9a7nN7R7ieuHn90PvncwJ\\_t-g4p0](https://www.stjornarradid.is/efst-a-baugi/frettir/stok-frett/2020/09/27/Althjodlegt-rafraent-malthing-um-heiminn-ef-tir-COVID-19/?fbclid=IwAR1asYHJauY4p64mr-ATXSgG6nDvQ9_9a7nN7R7ieuHn90PvncwJ_t-g4p0)

<sup>25</sup>The Ministry for Environment and Natural Resources. 2020, September 14. *OECD hvetur ríki til grænnar endurreisnar efnahagslífs*. Retrieved from: <https://www.stjornarradid.is/efst-a-baugi/frettir/stok-frett/2020/09/14/OECD-hvetur-riki-til-graennar-endurreisnar-efnahagslifis/>

<sup>26</sup> „Sækj-um fram með ný-sköp-un að leiðarljósi“. 2020, April, 21. *Mbl.is*. Retrieved from: <https://www.mbl.is/frettir/innlent/2020/04/21/saekjum-fram-med-nyskopun-ad-leidarljosi/>

### Published COVID-19 Island Insights Papers

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|--|--|
| #1. Malta. November 2020               | #9. Mauritius. February 2021               |
| #2. Egadi Islands. November 2020       | #10. Seychelles. February 2021             |
| #3. Grenada. November 2020             | #11. Aotearoa New Zealand. February 2021   |
| #4. Trinidad and Tobago. November 2020 | #12. Hawai'i. February 2021                |
| #5. Shetland Islands. November 2020    | #13. Barbados. March 2021                  |
| #6. Åland Islands. November 2020       | #14. Jamaica. March 2021                   |
| #7. Guam. December 2020                | #15. Newfoundland and Labrador. March 2021 |
| #8. Okinawa Islands. December 2020     | #16. Prince Edward Island. March 2021      |



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