

FM REYKJAVIK
TO ROUTINE FCO
TELNO 19
OF 021800Z JUNE 04
INFO ROUTINE [REDACTED]

0111
F01 014/3

SUBJECT: NOSEC: ICELAND INTERNAL: PRESIDENT GOES FOR NUCLEAR OPTION
ON MEDIA BILL

SUMMARY

1. A first, President of Iceland refuses to sign a Bill passed by the Althing. A referendum to be held asap. Much head scratching on what will happen next.

DETAIL

2. President Olafur Ragnar Grimsson held a press conference today (2 June) to announce that he would not be signing the Media Ownership Bill that completed its course through the Althing on 24 May and was referred to him on 29 May. We have covered what turned into a saga in our press summaries. [REDACTED]

[REDACTED] said he was exercising what he believed to be his right under article 26 of the constitution not to confirm a Bill and thus precipitate a referendum. He gave his reasons for not doing so as the lack of harmony in the country, the clear divide between the Althing and the people and the Bill's questionable validity under the constitution and in international law. Presumably, he was in part referring to opinion polls showing that a substantial majority of people were against the Bill and a petition with 30,000 signatures asking him not to sign the Bill into law; organised by a half British journalist.

3. The Althing rose for the summer on 28 May and will have to be recalled to pass the necessary legislation to allow a referendum

to be held. While Article 26 requires a referendum to be held "as soon as possible", there is no further guidance on the form this should take. The first reaction from the government came from Halldor Asgrimsson, the Foreign Minister, who will take over as Prime Minister in September. He expressed surprise at the President's action, on which the government would now reflect before deciding on how to react. Asgrimsson, nonetheless, believed that there was now a situation of "absolute uncertainty", which he would never have imagined possible in Iceland. There has been no word from David Oddsson, the Prime Minister but that will doubtless follow.

COMMENT

4. Grimsson's action is unprecedented in the 60 year history of the Icelandic Republic. His predecessors have, from time to time, contemplated this action but none have had the courage (others might say been foolish enough) to do it. The surprise with which most people have been taken was characterised by

He told me he would wager a small amount that the President would sign the Bill because the consequences of his not doing so were too dire to contemplate

What this means now for the government, the presidency and the Althing, the world's oldest democracy, is open to question.

Grimsson may yet live to regret his action if it leads to the sort of political uncertainty that Iceland has never before experienced.

MEHMET

YYYY

ZILNAN 6591

NNNN