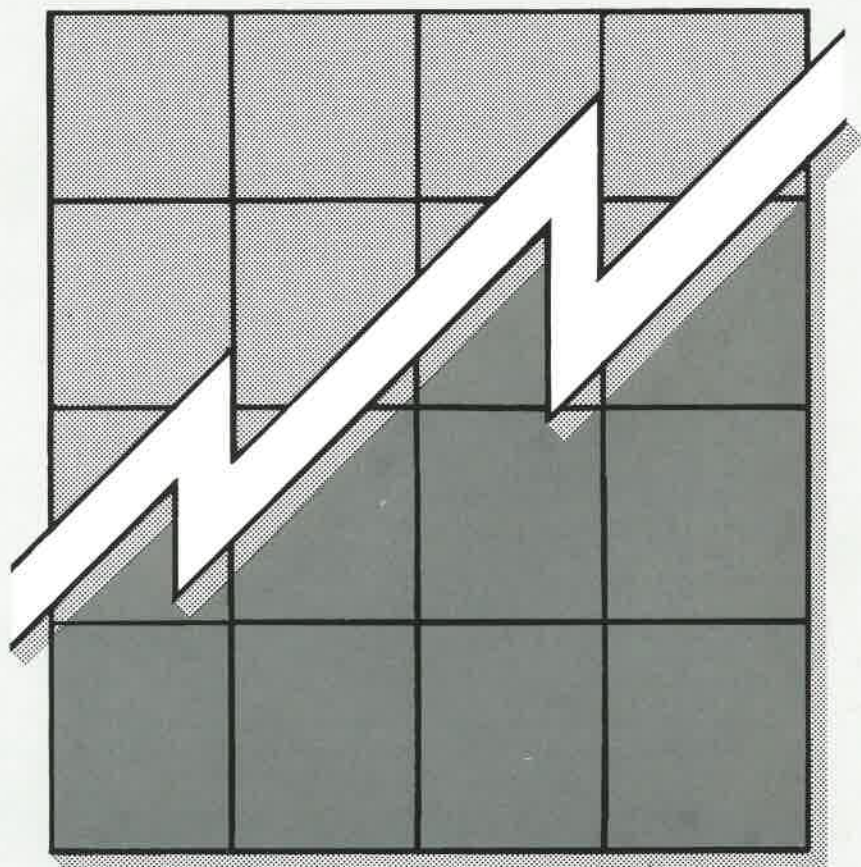


ICELAND TOURIST BOARD ANNUAL REPORT ENGLISH SUMMARY



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1985

ICELAND TOURIST BOARD

ANNUAL REPORT 1985
ENGLISH SUMMARY

NEW LEGISLATION

On July 2nd, 1985, new legislation was passed on the tourist industry which involved certain changes among the representatives of various bodies on the Iceland Tourist Board. Effective from October 1st, 1985, the new legislation increased membership of the board to 23, with an equal number of deputies. In all, seven regional tourist organizations are now represented, along with the city of Reykjavík. In addition representatives (and their deputies) appointed directly by the Minister of Communications have been increased from three to five.

OPERATING EXPENSES 1985

Total operating expenses of the Iceland Tourist Board in 1985 amounted to ISK 21,244,015 divided into the following main categories:

| | ISK |
|-----------------------------|--------------|
| Salaries and administration | 5,403,234.- |
| Promotion and publicity | 11,596,512.- |
| Environmental projects | 2,745,359.- |
| Other operations | 1,498,910.- |

TRAVEL FAIRS OVERSEAS

The Iceland Tourist Board participated in the following travel fairs overseas: ITB, Berlin; WTM, London; and TUR, Gothenburg.

The Iceland Tourist Board also arranged Iceland promotions in three cities in the Netherlands (Amsterdam, Rotterdam and The Hague) in cooperation with Eagle Air and Icelandic manufacturing and trading concerns, arranged in connection with the state visit to the Netherlands by President Vigdís Finnbogadóttir.

NT AND ETC

The membership of the Nordic Tourist Council (NT) and European Travel Commission (ETC) has undoubtedly proved an economical way of advancing the interests of Icelandic tourism. To give some idea of the ETC's work in the USA, it takes part in some 25 yearly promotions for travel agency staff, where all member countries can publicize themselves and the tours they offer.

OVERSEAS OFFICES

The Iceland Tourist Board's New York office remained under the able direction of Unnur Georgsson last year.

On February 28th, an office was opened in Hamburg, with Ómar Benediktsson as director. Since joining the ITB on July 1st, 1984, he has devoted himself unsparingly to the cause of promoting Icelandic tourism on the continent of Europe.

ENVIRONMENTAL PROJECTS

For the second successive year, considerable funds were allocated to environmental work – a total of ISK 2,745,359. A large number of requests for assistance were received. Most grants were awarded for new campsites, maintaining existing sites and

improving sanitary facilities, while others went towards creating or maintaining footpaths and erecting signposts.

Despite the fairly large sum devoted to environmental projects in 1984 and 1985, the funds available still fall well short of meeting the cost of essential maintenance and improvements. There is and will continue to be a great need to provide travellers with respectable services and cater for their basic requirements. In addition, the state of the land at many popular tourist sites is such that conservation measures cannot be put off any longer if permanent damage is to be avoided.

FOREIGN VISITORS TO ICELAND

A total of 97,443 foreigners visited Iceland in 1985, an increase of 14.2% from the previous year. Tourist figures to Iceland have risen by 34.2% over the past three years.

| | 1985 | 1984 | Change % |
|--------------------------|---------------|---------------|-------------|
| U.S.A. | 31,633 | 27,293 | 15.9 |
| Other American countries | 1,617 | 1,299 | 24.5 |
| Denmark | 9,946 | 7,759 | 28.2 |
| Sweden | 8,167 | 6,699 | 21.9 |
| Norway | 7,665 | 6,055 | 26.5 |
| Finland | 2,596 | 2,003 | 29.4 |
| UK | 9,720 | 9,398 | 3.4 |
| Eire | 320 | 226 | 41.6 |
| West Germany | 9,419 | 9,615 | -2.0 |
| France | 4,483 | 4,846 | -7.5 |
| Belgium | 594 | 499 | 19.0 |
| Netherlands | 1,653 | 1,610 | 2.6 |
| Luxembourg | 147 | 88 | 67.0 |
| Austria | 2,235 | 1,473 | 51.7 |
| Switzerland | 2,744 | 2,689 | 2.0 |
| Italy | 1,170 | 1,033 | 13.2 |
| Spain | 457 | 277 | 64.9 |
| Portugal | 76 | 65 | 16.9 |
| Greece | 66 | 66 | 0.0 |
| USSR | 204 | 211 | -3.3 |
| Poland | 116 | 140 | -17.1 |
| GDR | 45 | 31 | 45.1 |
| Yugoslavia | 157 | 105 | 49.5 |
| Czechoslovakia | 56 | 76 | -26.3 |
| Bulgaria | 12 | 15 | -20.0 |
| Hungary | 31 | 62 | -50.0 |
| Romania | 3 | 7 | -57.1 |
| Africa-Asia | 1,545 | 1,179 | 31.0 |
| Australia-New Zealand | 536 | 424 | 26.4 |
| Other countries | 30 | 47 | -36.1 |
| Total | 97,443 | 85,290 | 14.2 |

A more precise analysis of visitors by nationality is given in figs. 1,2,3,4 and 5.

In addition, 19 pleasure cruisers stopped in Iceland over the year, with a total of 10,823 passengers on board.

CHARTS

Fig. 1. Tourism to and from Iceland 1966-1985

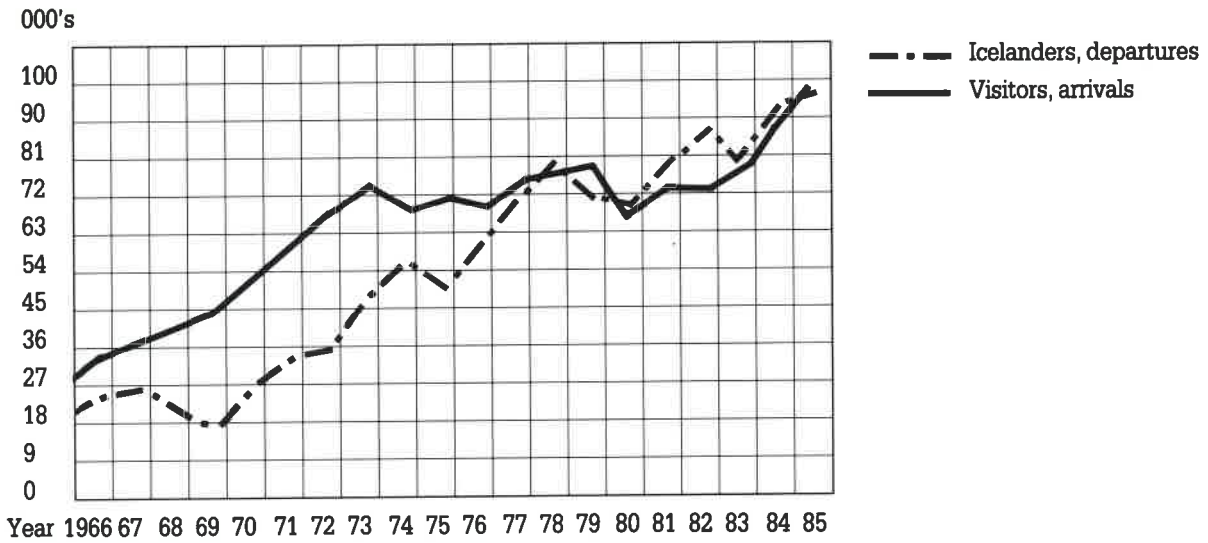


Fig. 2. Tourism from the Nordic countries 1970-1985

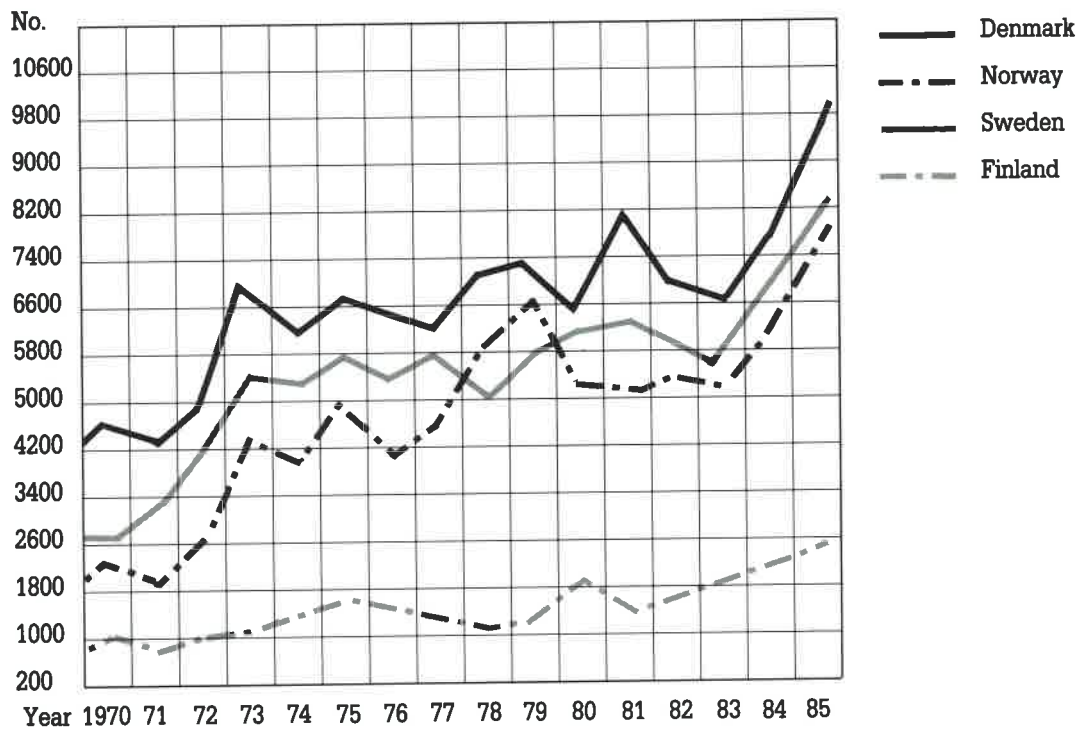


Fig. 3. Tourism from various countries 1970-1985

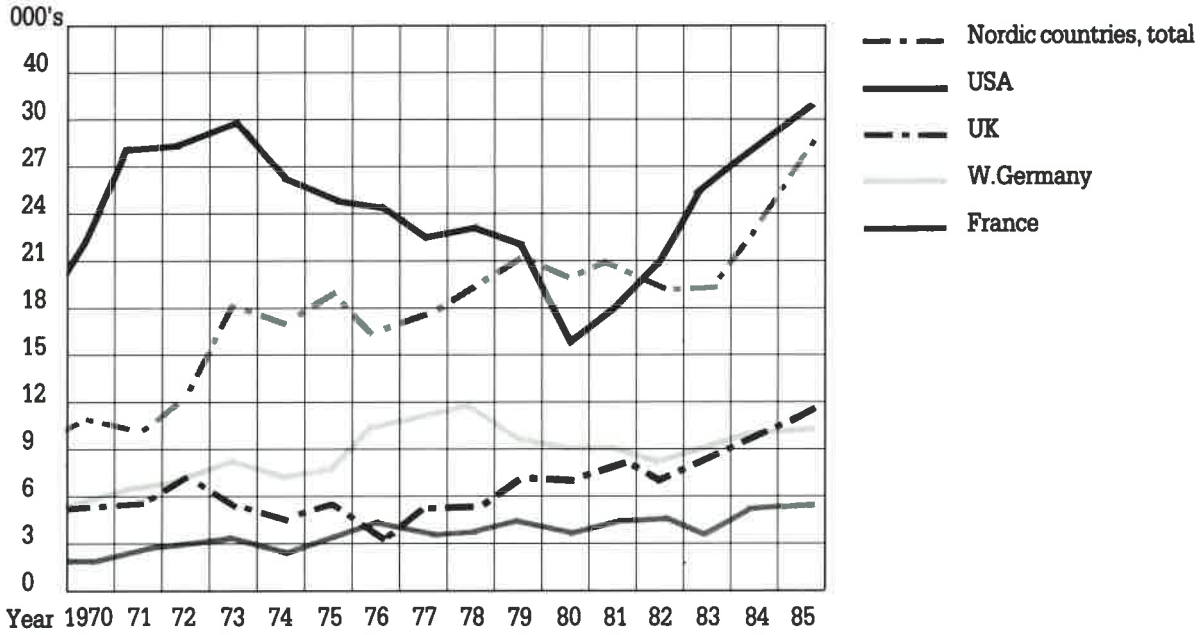


Fig. 4. Seasonal levels of tourism

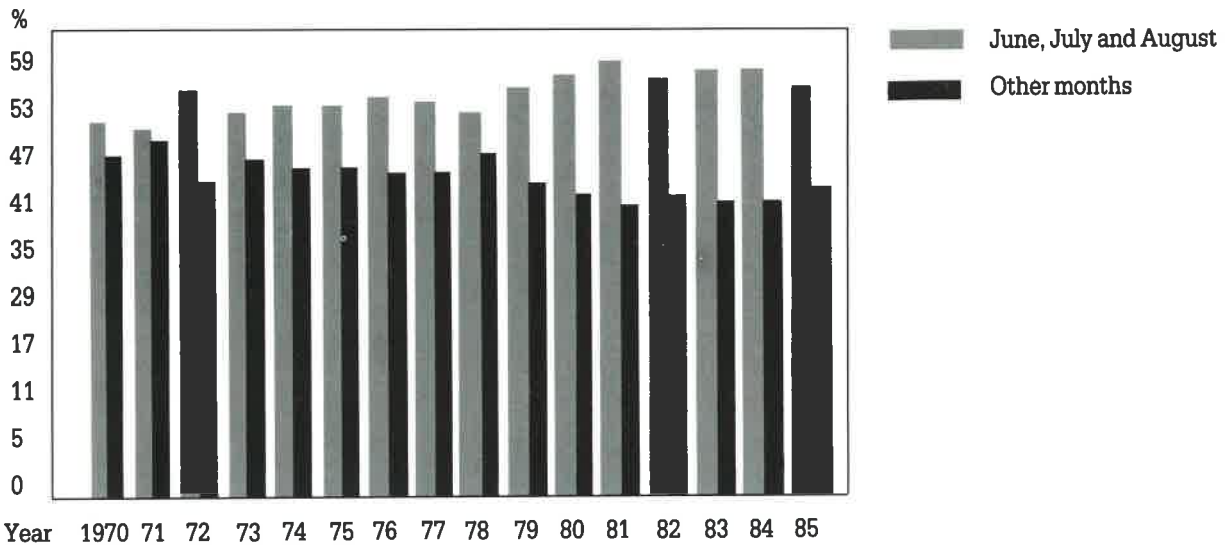
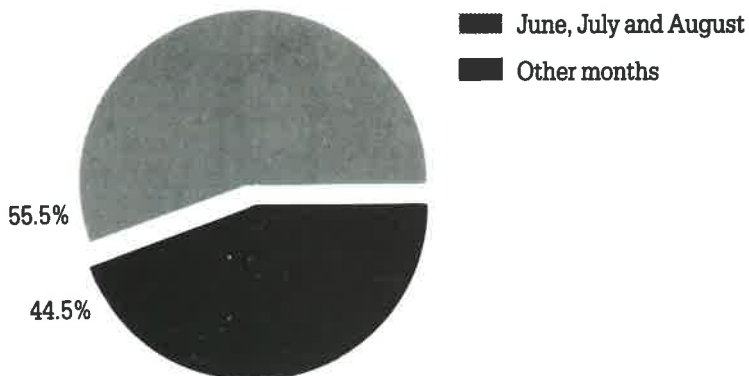


Fig. 5. Seasonal levels of tourism in 1985



THE TOURIST INDUSTRY'S FOREIGN CURRENCY EARNINGS

Foreign currency earned from the sale of goods and services to tourists in 1985 amounted to ISK 3,101 million during 1985, an increase in real terms of 19.3%. Actual earnings in Icelandic króna without adjustment for inflation rose by 53.7%. Adding in "invisible exports of services" from tourism would leave the industry's gross foreign currency earnings at around ISK 3,500 million. For the first time, earnings from visitors would appear to have exceeded the amount spent by Icelandic holidaymakers abroad, a noteworthy achievement which few nations can boast of.

The following table shows the amount of foreign currency returned to Icelandic banks by the tourist industry in 1985. By way of comparison, figures for 1984 are also given, adjusted to allow for inflation.

Foreign currency returned by the tourist industry

| | Million ISK | |
|-----------------------------------|-------------|-------|
| | 1984 | 1985 |
| Duty-Free Store, Keflavík Airport | 128 | 128 |
| Icemart, Keflavík Airport | 82 | 106 |
| Travel agencies | 184 | 222 |
| Hotels | 85 | 75 |
| Shops | 70 | 69 |
| Car rentals | 12 | 14 |
| Angling permits | 36 | 35 |
| Exchanged directly by banks | 795 | 1,093 |
| Total | 1,392 | 1,742 |

To the above figures can be added the ISK 19 million in Icelandic currency bought by tourists before entering the country, compared with ISK 17 million the previous year.

Revenues from tourists' air fares to and from Iceland have been estimated at ISK 1,340 million, as against ISK 1,191 million in 1984.

Currency sold by banks in Iceland for leisure and business travel by Icelanders totalled ISK 3,190 million in 1985, and ISK 2,775 million the year before, while Icelandic currency sold abroad rose to ISK 2 million from ISK 1 million.

REGIONAL TOURIST ASSOCIATIONS

The establishment during the year of the East Iceland Tourist Association marked the final stage in the formation of regional tourist bodies in all constituencies of Iceland. Under the new tourist legislation, all these bodies are to be represented on the tourist board, which is a milestone in the development of the industry. There is no question that regional associations have significantly increased awareness of the economic importance of tourism. I still firmly believe that this represents one of the most constructive steps ever taken since tourism began in Iceland. The next stage is to outline a policy for cooperation between the tourist board and regional associations, and to ensure the latter a financial basis for their operations. Work is now under way to this end.

SCHOLARSHIPS AND GRANTS

There has been an increasing trend in recent years for business administration undergraduates at the University of Iceland to deal with various aspects of tourism in their final dissertations, which bears witness to growing awareness of the industry among young people. The Iceland Tourist Board awarded three scholarships for such projects over the year.

A grant of ISK 800,000 was made in 1985 to ensure coverage and advertising of Iceland tours in brochures published by overseas travel networks and agencies, shared between 16 such organizations in Europe. Various tourist and travel organizations in many parts of Iceland were also given financial assistance with printing of brochures and other activities.

OTHER MATTERS

The Iceland Tourist Board published a safety handbook in four foreign languages containing advice and warnings for tourists, in particular those not travelling on organized tours. A handbook of this sort has long been overdue. The detailed directory of campsites also appeared in a revised edition. In cooperation with Iceland Review, a special English-language supplement was published describing opportunities for freshwater and sea angling, for delivery to more than 20,000 subscribers and distribution in a similar number as an offprint. The Board's tourist guide was also reprinted, along with the annual "Practical Information" in four languages. One very pressing project to undertake is the publication of a revised travel guide, preparation of which is hoped to begin during the current year.

A four-man team from Canada's "Red Fisher Show" made two TV programmes on freshwater and sea angling during a week's visit. The board also liaised with and granted financial assistance to a large number of press, radio and TV personnel from both sides of the Atlantic.

ANNUAL MEDIA AWARD

Scottish-based TV personality and author Magnus Magnusson was presented with the Board's 1984 Media Award. He is a truly deserving recipient, with the invaluable publicity he has given Iceland through his broadcasting and publishing work in the UK.

REGIONAL GUIDES

In 1985 the Iceland Tourist Board appointed a committee to draw up proposals on qualifications and work of regional tourist guides. Courses for prospective regional guides had earlier been held in Keflavík and Húsavík. The draft proposals were sent to the Minister of Communications on November 1st with a written request for a regulation to be issued officially certifying qualifications for this work.

CONCLUSION

At the time of writing, uncertainty surrounds the number of foreign visitors to be expected during 1986. The recession in tourism from the USA due to terrorism in Europe and elsewhere could have serious effects for Iceland, with Americans accounting for one in every three visitors in 1985. The decision to triple airport taxes is also a serious blow to Icelandic tourism, an absolutely unjustifiable action whose only result is anger and ill-feeling.

Reykjavík, April 1986

Birgir Thorgilsson
Managing Director

