

REYKJAVÍK CITY PROFILE

Introduction

The city of Reykjavík is the capital of Iceland, its largest city and the northernmost capital city in the world. Reykjavík is the site of the Althingi (the legislative body) and the Icelandic Government.

Reykjavík is a dynamic international city with a highly developed infrastructure, skilled labour force, and a clean natural environment. The city prides itself on a lively cosmopolitan culture scene and a high quality of life.



History

Iceland was settled by Norwegian and Celtic immigrants during the late 9th and 10th centuries A.D. According to the medieval Book of Settlements, Ingólfur Arnarson – the first settler of Iceland – built his farm on the peninsula where Reykjavík stands today. The place was named Reykjavík – “Steamy Bay” - after the columns of steam that rose from the hot springs in the area.

Around the middle of the 18th century, a small town started to grow around the farm of Reykjavík, thanks to Royal Treasurer Skuli Magnusson, who established wool workshops at Reykjavík as part of his efforts to modernise the Icelandic economy. This led to the beginnings of urban development at Reykjavík. Reykjavík received its town charter in 1786. The Icelandic parliament, Althingi, was founded in 930 AD at Thingvellir in the southwest. In 1798 the Althingi was abolished, but in 1845 it was re-established in Reykjavík, where the country’s government and administration were now located. In due course, when Iceland won Home Rule and then independence from Danish rule, Reykjavík became the capital of Iceland. With the rapid economic progress of the 20th century, Reykjavík grew steadily, but developed especially fast in the second half of the century.

Geography and Climate

Reykjavík is located in southwest Iceland at the shores of Faxaflói bay. The Reykjavík area coastline is characterised by peninsulas, coves, straits and islands, and the city is surrounded by mountains, glacier and ocean.

Despite its northerly location, Reykjavík has a relatively mild climate due to the warm Gulf stream. The following table shows the average temperature in Reykjavík in 2005 (degrees celcius):

Month	Temp °c	Month	Temp °c
Jan	-0.2	Jul	11.8
Feb	1.5	Aug	10.5
Mar	3.7	Sep	6.3
Apr	4.2	Oct	3.0
May	5.7	Nov	1.6
Jun	10.5	Dec	2.3

Population and Demography

The population of Reykjavík as of 1st December 2005 was 114,800, comprising nearly 40% of the population of Iceland. Together with the surrounding municipalities, the Greater Reykjavík Area has a population of 187,105, or 62.5% of the population of Iceland.

Over the last decade the average annual population growth in Reykjavík has been 1%. It is expected to continue to grow further, due to the combination of a relatively high birth rate (compared to other European countries), the internal migration of people from other parts of the country to the capital and immigration from abroad.

Of all the capital cities in the Nordic countries, Reykjavík is the youngest. Icelanders also have a long life expectancy, or 78.9 years for males and 82.8 years for females.

Economy

Reykjavík enjoys a strong and growing economy. The labour force is highly educated and skilled, and unemployment is very low (2.9% for the capital region in 2005).

The living standard in Iceland is among the highest in the world. GDP per capita is one of the highest in Europe and amounted to 3,421 thousand ISK in 2005 (\$54,427 according to exchange rate 11/10/06). Average income in the capital area in 2005 amounted to 3,123,000 ISK and is growing by around 5% per year.

The largest employment sector by far is services, employing around 80% of the capital region's workforce. These include various business activities, financial intermediation, public administration, health and education, transport and communication and tourism services. Manufacturing employs 19% of the capital's workforce and agriculture and fishing only 1%. Growing industries are biomedical research, pharmaceuticals, IT, marine and food-processing technology, energy solutions, tourism, creative industries and design.

Major companies with headquarters in Reykjavík include Iceland Telecom, Actavis, Baugur Group, Eimskip, Grandi, FL Group, deCODE Genetics, Kaupthing Bank, Landsbanki, Reykjavík Energy and Marel. Many of these have earned a solid international reputation and are among leading companies in their respective fields internationally.

Iceland is a member of the European Economic Area (EEA), allowing the tariff-free movement of goods, services, capital and labour.

Administration

The City is governed by a fifteen-member City Council, elected in local elections every four years. The Reykjavík Alliance held majority in Council from 1994 until 2006. In the May 2006 elections, the Independence Party formed a new majority in the council together with the Progressive Party, and took over in June 2006.

The current Mayor of Reykjavík is Mr Vilhjálmur Þ. Vilhjálmsson.

Education and Social Affairs

The City of Reykjavík runs an ambitious educational policy for pre-schools and compulsory schools (grades 1-10). Educational authorities emphasise individualised and cooperative learning and have active policies for inclusion and equal opportunities.

The Reykjavík Municipal Work School provides young people in the final 3 levels of

primary school with the opportunity of summer jobs, where they receive training in practical work such as maintaining the appearance of public areas. Recreational programmes are also in place for youngsters the whole year round.

Social activities for the elderly are in constant development and an emphasis is laid on integrated services for the elderly who are assisted to live in their own home for as long as possible.

For approximately a decade, the City of Reykjavík has systematically promoted gender equality in Reykjavík society. The growing multicultural society forming in Iceland has also called for new policies, particularly in schools.

Environment and Energy

The city limits of Reykjavík incorporate many and diverse areas for outdoor recreation, for example coastal paths, wooded areas, a thermal beach and a salmon river. The City of Reykjavík has policies in place to maintain the natural diversity of the city's ecosystem and to promote a more sustainable society. Various unique environmental projects are ongoing, such as the use of landfill gas for vehicles, and city busses running on hydrogen fuel.

Reykjavík has an abundance of economical and environmentally friendly geothermal and hydro generated energy. The thermal water is used to heat up homes and buildings, city streets and swimming pools. Water is unpolluted, cheap and in abundance. Hence Reykjavík is one of the cleanest cities in the Western world.

Transport and Communications

Reykjavík is a dynamic modern city with developed infrastructure. Car ownership in Iceland is among the highest in the world. Public transportation exists in the form of an extensive bus system. Keflavík International Airport is located 49 km from Reykjavík. Reykjavík Airport is positioned inside the city and is mainly used for domestic flights as well as flights to Greenland and the Faroe Islands. Reykjavík has two seaports, the old harbour near the city centre which is mainly used by fishermen, cruise ships and for leisure, and Sundahöfn in the east city which is the largest cargo port in the country.

Telecommunications facilities are excellent, with Internet and mobile phone usage among the highest in the world.

Sources:

Statistics Iceland, www.statice.is, 2006.

Iceland Meteorological Institute, www.vedur.is, 2006.