



Doing Business in Iceland: 2009 Country

Commercial Guide for U.S. Companies

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Chapter 1: Doing Business in Iceland

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Market Overview

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Iceland, a stable democracy with a dynamic consumer economy, suffered an economic meltdown in October 2008. The aftershocks of the financial crisis are still developing at the writing of this report, but so far have resulted in a dramatic rise in unemployment and business closures, and the resignation of the Cabinet and installation of an interim government. The pillars of the Icelandic economy remain aluminum smelting, fishing and tourism as the result of ample renewable natural resources including rich fishing grounds, and cheap and clean power. The services sector, which suffered with the three major banks' collapse in October 2008, includes computer software and biotechnology companies. The main material exports are aluminum, fish and fish products, and ferrosilicon.

Icelanders are generally well-educated, with sophisticated tastes and acceptance of American consumer goods. With just under 320,000 people and a per capita GDP of \$ 64,871 (2007), Iceland was a small, yet wealthy market. The effects of the crisis will likely impact household expenditures, although to what extent is currently unknown. Almost all Icelanders speak English, and there is no language barrier for Americans doing business in Iceland. Iceland is one of the most advanced countries in the world in the use of information and telecom technology.

Since late November 2008, the Central Bank of Iceland has implemented temporary rules restricting capital outflow as a measure to support the Icelandic currency, which depreciated 100 percent against the dollar in 2008.

Iceland is an island nation, about the size of the state of Kentucky, located in the North Atlantic Ocean between Greenland and Norway. The first settlers arrived from Norway in 874. Iceland achieved full independence from Denmark in 1944, having been ruled by

the Norwegians and then Danes for almost 700 years. Iceland is a member of EFTA (1970) and the EEA (1994). It is also a member of NATO but has no armed forces of its own. The U.S., on behalf of NATO, bears primary responsibility for the defense of Iceland under the terms of a 1951 bilateral defense agreement. The U.S. maintained a Naval Air Station in Iceland until September 2006, when the base was closed.

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Market Challenges

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Due largely to financial deregulation and a strong performance by its fishing industry, Iceland experienced sustained economic growth in the 1990s. After a mild recession in late 2001, the economy returned to positive growth in 2003 and grew vigorously in 2005 at 7.5%. In 2008, the currency started to depreciate and after a full-blown economic crisis erupted in October, the Icelandic krona had depreciated 100 percent against the dollar from the beginning of the year. Among the effects of the crisis are the sudden rise in unemployment, lower purchasing power of household income and increased payments on foreign currency loans (which many households and businesses hold) all of which will create short-term challenges for U.S. exporters. The main barriers to U.S. exports are Iceland's increasing adoption of EU product standards and regulations, such as food product labeling. Most agricultural products are subject to high tariffs and import of some products, such as uncooked meat, is greatly restricted for phyto-sanitary reasons.

The banking sector is being restructured, so current project financing for joint ventures may be difficult to obtain. There are also temporary currency restrictions in place that impact investment. Foreign investment/ownership is somewhat restricted in the energy, fishing and aviation sectors.

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The U.S. is Iceland's largest bilateral investment partner, and the majority of the investment is in the aluminum sector. Much of the cheap, clean energy has yet to be developed and there are opportunities for new energy intensive industries. The

government is seeking to diversify Iceland's economic base by attracting industries such as high technology data server farms or data storage.

Iceland is conducting its first licensing round (through May 2009) for oil exploration in the Dreki area, which is located in the Atlantic Ocean on the Jan Mayen Ridge.

The corporate tax rate is 15%. There are special tax incentives to attract the film industry.

Marine and aluminum products account for the majority of goods exports, with other important exports such as ferro-silicon alloys, machinery and electronic equipment for the fishing industry and software. Most of Iceland's exports go to the EU and EFTA countries and about ten percent go to the U.S.

Iceland is dependent on imported goods. Potential growth areas for exports to Iceland include electric generating equipment, processed foods, fresh produce, wine and beer, computer equipment and software, high-tech fishing equipment, aircraft and furniture.

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In Iceland's small society, people refer to each other by first name and personal relationships matter. A personal visit will go a long way in establishing a successful business relationship.

As there is some public resistance to new aluminum smelters, any new investment in energy intensive industry would do well to differentiate itself from aluminum smelting.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/3396.htm>

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Using an Agent or Distributor

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Importing and distribution of consumer and industrial goods in Iceland is generally handled by Icelandic wholesalers, or by Icelandic companies acting as agents. Because of Iceland's small size, there is no significant expatriate business community. Most U.S. firms are represented by Icelandic agents or by regional sales offices elsewhere in Europe. There is a bilateral Icelandic-U.S. Chamber of Commerce, but it has a limited budget and a predominantly Icelandic membership. A newly created Icelandic American Business Forum, focusing on individuals and small and medium sized businesses, is working to strengthen and increase commercial relationships. Some Icelandic importers and retailers have buyers in the U.S. who search out new products and best prices and buy directly on behalf of their principals. Even small retailers here often contact manufacturers and distributors in the U.S. directly. For U.S. business representatives visiting Iceland, a direct approach to importers and wholesalers is usually the best way to introduce a new consumer product to the Icelandic market. The Embassy Economic/Commercial Section can provide lists of importers and sellers of particular products.

Establishing an Office

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The Invest in Iceland Agency is very proactive in assisting foreign investors in Iceland. Their publication on "Doing Business in Iceland" is available on their website:

www.invest.is

Franchising

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Icelanders are open towards the American franchise business and many well established franchise entities are in Iceland. U.S. fast food outlets in Iceland include McDonalds, KFC, Taco Bell, Subway, Pizza Hut, Dominos and Quizno's. Non-food U.S. franchises include Remax, Hertz, Avis, Curves and Office One. Other U.S. companies that have franchise-like relationships in Iceland include, PricewaterhouseCoopers, Capacent, Deloitte, Microsoft, and KPMG. The Icelandic Franchise Association was established March 2001 and is a part of the Icelandic Federation of Trade and Services. For further information visit the Federation of Trade and Service's website: www.svth.is

Direct Marketing

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Direct marketing is practiced in Iceland but not to the same extent in the U.S. Methods include hand delivering leaflets to homes, television infomercials and telemarketing. Telemarketing is permitted but the only source of contact information is the Icelandic phonebook that is published yearly and can also be found online at www.simaskra.is Entries are listed alphabetically by first name and some entries are marked so the telemarketers should not contact that customer.

Joint Ventures/Licensing

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There 1993 competition laws were reviewed in 2001 with amendments on joint ventures and the obligation on reporting on mergers.

Selling to the Government

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Iceland is a member of the WTO Government Procurement Agreement (GPA). On the national level, most procurement is the responsibility of the State Procurement Office (Ríkiskaup), an agency of the Icelandic Government. As an EEA member, Iceland is obligated to follow EU procurement practices, which require that any public procurement in excess of ISK 11 million (\$86,792 at 127 ISK to 1 USD) must be tendered for competitive bidding through EU procedures. Accordingly, qualifying Icelandic tenders are posted on the official web site of the EU and are also accessible via the website of the U.S. Mission to the EU (www.buyusa.gov/europeanunion). This is a good source of information since it is provided in English. Larger tenders are usually published in all the major Icelandic newspapers. The chief difficulty with the public tender process is that the bid deadline is often very short, which gives prospective U.S. bidders little time to respond, particularly if tender documents need to be translated from Icelandic. Additional material can be obtained from the State Procurement Office (www.rikiskaup.is), but it should be noted that information posted there is not always available in English.

Distribution and Sales Channels

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The majority of Icelanders live in the capital city and the suburbs surrounding it, extending out to the International Airport on the Reykjanes Peninsula. There are other populated towns on the coast, with the second largest town in the north, and no population centers in the middle of the country. Distribution is concentrated around the capital, but cargo to other areas can be transported by air, boat or truck. There is no railroad in Iceland.

Selling Factors/Techniques

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There are many U.S. products on the Icelandic market, and Icelanders are very familiar with leading U.S. brand names. Numerous U.S. franchise businesses operate, particularly in the fast food/restaurant sector. Popular U.S. television programs are broadcast in Iceland, and first-run U.S. films play in Icelandic cinemas (in English with Icelandic subtitles). Many Icelanders have worked, studied, or traveled in the U.S., and have a first-hand familiarity with American tastes and life-styles. Although Icelandic

culture is unique; the consumption habits of Icelanders resemble those of Americans in many ways.

Electronic Commerce

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E- Commerce or business in Iceland was initially introduced in 2000 and today, Iceland follows European regulations:

www.svth.is/component/option,com_docman/task,cat_view/gid,19/Itemid,69/ E-commerce consists of online banking and shopping, including sales of airline tickets and events tickets. Internet shopping for overseas goods was very popular when the Icelandic krona was strong against the US dollar and euro, including one Icelandic website that coordinated delivery and shipping of US products to Iceland, www.shopusa.is At www.netverslanir.is or www.centralshopping.net all online Icelandic stores are listed.

Trade Promotion and Advertising

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All major types of advertising media are available in Iceland. There are two commercial television channels and numerous private radio stations in addition to the Government-owned Radio and TV, which also accepts advertising. A 30 second ad during prime time TV costs approximately from \$822 minimum to \$1,293 maximum. Prime time on the radio can be purchased for about \$88 up to \$234 for the same length. CNN, Fox News, Sky News, BBC News and other international channels are available via a widely-subscribed cable system. For a list of advertising agencies contact the Icelandic Advertising Association (www.sia.is).

Newspaper readership in Iceland is very high. There are two principal newspapers. *Morgunbladid*, which was founded in 1913, has a strong base of subscribers and has traditionally been the newspaper of record, has a circulation of about 30,000 on week days and up to 50,000 on weekends. *Frettabladid* was founded in 2001 and is distributed free of charge. It is the largest newspaper and has a circulation of 70,000. Two additional newspapers are *DV*, which is a tabloid-style paper currently publishing Monday through Friday, with a circulation of about 10,000, and the business journal, *Vidskiptabladid*, which is published only at Fridays and has a circulation of 30,000

copies. It is aimed at upscale readers in the commercial, financial, and government sectors and it is styled after the Financial Times of London. Media censorship is not a problem.

Pricing

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Retail prices in Iceland can be high, reflecting the cost of shipping to an isolated location, the need to import most industrial inputs, tariffs and regulatory costs for certain items, and a general 24.5% Value Added Tax (VAT). In March 2007, the GOI lowered the VAT on most food items to 7% from 14%. There is typically only one importer or agent for a particular brand or product. Most communities outside the Reykjavík area are extremely small, and the whole island can be considered the same market area.

Sales Service/Customer Support

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The extent of the service and support requirement is directly linked with the product in mind. A common service/support method is a response to customers' questions and requests follow up is considered essential. E-mails, phone calls and fax are the usual routines for communications. Some services offer overnight service all year round.

Protecting Your Intellectual Property

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Introduction

Several general principles are important for effective management of intellectual property rights in Iceland. First, it is important to have an overall strategy to protect IPR. Second, IPR is protected differently in Iceland than in the U.S. Third, rights must be registered and enforced in Iceland, under local laws. Companies may wish to seek advice from local attorneys or IP consultants. The U.S. Commercial Service can often provide a list of local lawyers upon request.

It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Iceland. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. While the U.S. Government is willing to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, laches, estoppels, or unreasonable delay in prosecuting a law suit. In no instance should USG advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Iceland require constant attention. Work with legal counsel familiar with Iceland laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IPR and stop counterfeiting. There are a number of these organizations, both Iceland or U.S.-based. These include:

- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IPR Resources

A wealth of information on protecting IPR is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.

For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.

For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.

For US small and medium-size companies, the Department of Commerce offers a "SME IPR Advisory Program" available through the American Bar Association that provides one hour of free IPR legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and Thailand. For details and to register, visit:

http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html

For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IPR-infringing products) and allows you to register for Webinars on protecting IPR.

IPR Climate in Iceland

There are several marks that indicate the importance for effective management of intellectual property rights in Iceland as Iceland adheres to key international agreements on property rights.

The Icelandic legal system provides protection to property rights, including intellectual property. As a 1994 participant to the EEA agreement, Iceland has undertaken to obtain adherence with a series of multilateral conventions on industrial, intellectual, and commercial property.

- Iceland is an EEA country and therefore accepts jurisdiction of the EEA Court.
- As a member of EEA, Iceland has implemented all relevant EU regulations and directives in the field of IPR. Furthermore, Iceland is bound by bilateral EFTA free-trade agreements which include provisions on IPR.

Iceland is a member of the "Paris Union" International Convention for the Protection of Intellectual Property (patents, trademarks, commercial names, and industrial design) since 1962 to which the United States and about 80 other countries adhere. American business executives and inventors are therefore entitled to receive national treatment in Iceland (treatment equal to that accorded Iceland citizens), under laws regarding the protection of patents and trademarks.

American nationals are also entitled to certain other benefits, such as the protection of patents against arbitrary forfeiture for non-working and a one-year "right of priority" for filing a patent application. The "right of priority" period for trademarks is 6 months.

Applications or inquiries pertaining to intellectual property as well as industrial property should be addressed to:

Director

Einkaleyfastofan

Icelandic Patent Office

Engjateigi 3, IS-150 Reykjavik

Tel: (354) 580-94-00; Fax: (354) 580-94-01

E-mail: postur@patent.is

Website: <http://www.patent.is>

Copyright and related rights should be addressed to:

Secretary General

Menntamálaráðuneytid

Ministry of Culture and Education

Sölvhólgötu 4

IS-150 Reykjavik

Tel.: (354) 545-95-00

Fax: (354) 562-30-68

E-Mail: postur@mrn.stjr.is

Website: <http://www.menntamalaraduneyti.is>

- The Icelandic Patent Office handles all patent disputes in Iceland. The legal framework concerning intellectual property rights (IPR) in Iceland is in all respects equivalent to that of other industrialized countries in Europe.
- Under Icelandic law, trademarks, copyrights, trade secrets and industrial designs are all protected.
- The Icelandic Constitution protects Property Rights.

- Patents

Patents are protected under the terms of the EU/EEA agreement, which states that the participant countries comply in their law with the substantive provisions of the European Patent Convention of 1973, which Iceland ratified in 2004.

Patent applications are examined for inventiveness and, if accepted, published for opposition for 3 months. If no opposition is filed or it is successfully overcome, the application is allowed and a patent is granted.

Iceland's patent laws are from 1991. A patent issued by the Icelandic Patent Office is valid only in Iceland. The Icelandic Patent Office acts as the receiving office for international patent applications from Icelandic applicants. Application on a European patent can be filed in with the EPO in Munich, Haag and Berlin for example. Also, an applicant can file in an application with the Icelandic Patent Office.

- Iceland adheres to the European Patent Convention of 1973 since 2004.
- Iceland is part of the Patent Cooperation Treaty (PCT) since 1995.
- Iceland is a member of the European Patent Organization.
- Iceland is a member of WIPO since 1986 and a party to most WIPO-administered agreements.

- Copyrights

Copyright Act from 1972, as last amended by Law No. 57, in June 1992 protects copyrights in Iceland. The term of copyright protection of a work is for the author's life plus 70 years after the author's death. It includes all literary, dramatic, musical, and artistic works. Copyright includes the sole right to produce and reproduce the work or a translation of it; to publish such a work or translation; to perform it in public; and to authorize others to do so.

Iceland is a signatory to various conventions for the protection of copyrights. It is a member of the Universal Copyright Convention to which the United States and about 60 other countries adhere. Works of American authors copyrighted in the United States are entitled to automatic protection in Iceland. Authors need only show on such works their name; year of publication and the symbol "C" in a circle to obtain copyright protection. Iceland is also a member of the "Berne Union" Copyright Convention since 1947 and member and signatory of the WTO's Trade Related Intellectual Property (TRIPS) Convention since 1995.

Iceland is generally effective against conventional hard goods piracy, but requires vast improvement related to the Internet piracy. There has only been one remarkable judiciary case and as of now (January 2009) it is still unsettled. The Icelandic government has signaled to police and prosecutors that it wants to see them step up their effort to reduce Internet piracy. Iceland has access to the Swedish, infamous, Pirate Bay, the world's largest bit torrent tracker, as well as a large number of so-called top sites.

- Iceland is a World Trade Organization (WTO) member, and Icelandic legislation complies with WTO TRIPS requirements.

- Trademarks

Iceland protects trademarks under the Trademark Act, No.45 from 1997 and has undertaken to adhere to the 1989 Madrid protocol since 1997. Trademark protection is gained by registering or using a trademark. Trademark applications in Iceland are filed with the Icelandic Patent Office. A trademark registration is valid for 10 years at a time and can be renewed as often as the trademark's owner wishes. Trademark right is limited to each state, i.e. a registration in Iceland only gives protection locally and not in other countries. It is possible to apply for an international registration based on an Icelandic application or registration, through the Madrid registration system.

To be registered, trademarks must fulfill certain conditions set forth in the Trademarks Act nr. [45/1997](#). Trademarks may not be of a general nature or descriptive for the goods or services they are supposed to be registered for. Trademarks may not be registered if they are identical to or closely resemble trademarks that have already been registered for similar goods or services. A trademark application must specify which goods or services the mark will stand for. The specification is made according to the international

classification of goods and services, otherwise known as the Nice classification.

The Patent Office receives applications and examines their suitability for registration, for example with regard to registered trademarks.

Marks which fulfill the conditions of the Trademarks Act are registered and published in the Patent Gazette, a monthly Patent Office publication.

-Iceland adopted the Nice Agreement on International Classification System for registration purposes in 1995.

Further details on the IPR protection can be found in Chapter 6 – Investment Climate Statement.

Due Diligence

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The Commercial Service in Stockholm, in cooperation with the Embassy in Reykjavik, offers the International Company Profile program which provides you with background reports on potential agents, distributors as well as other Icelandic firms. The report includes:

- Detailed background report on a prospective overseas sales representative or partner

- Listing of the company's key officers

- Banking and other financial information

- Market information, including sales, profit figures and liabilities

- Our insight on the strength of the prospective partner

Credit reports on Icelandic companies can be obtained by contacting information databases on defaults and debtors. Companies offer all kinds of services regarding credit reports and background checks.

Local Professional Services

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The Embassy's Consular Section maintains a list of local attorneys that is available on request along with guidelines on retaining an attorney in Iceland. Please contact the

Consular Section at reykjavikconsular@state.gov . Inquiries may also be directed to the Icelandic Bar Association, see website www.lmfi.is

Web Resources

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Invest in Iceland Agency:

www.invest.is

Federation of Trade and Services (SVTH):

www.svth.is

Icelandic American Business Forum:

www.iceabf.com

Chamber of Commerce:

www.vi.is

State Procurement Office (Ríkiskaup):

www.rikiskaup.is

U.S. Mission to the EU:

www.buyusa.gov/europeanunion/47.html

Icelandic Advertising Association (SIA):

www.sia.is

Morgunbladid:

www.mbl.is

Frettabladid:

www.frettabladid.is

Vidskiptabladid:

www.vb.is

The Icelandic Bar Association:

www.lmfi.is

Ministry of Business Affairs:

http://www.vidskiptaraduneyti.is/log-og-reglugerdir/Allar_Reglugerdir/nr/1060

The Icelandic Patent Office:

<http://www.patent.is>

Ministry of Education:

<http://www.menntamalaraduneyti.is>

Credit Info in Iceland:

www.creditinfo.is

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Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

- Electric generation/transmission equipment
- Packaged and processed food
- Computer equipment and software
- Consumer goods/entertainment
- Franchising
- Wine and beer
- High-tech fishing equipment
- Investment prospects in energy intensive industry
- Agricultural Sector, including fresh produce

Electronic generation/transmission equipment

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Few energy projects are under construction or in planning stages, including hydropower and geothermal power generation plants and new transmission lines to feed energy intensive industry.

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Equipment and technology for the upgrade of hydropower and other plants, e.g. turbines and generators, and geothermal technology.
Renewable vehicle fuel production technology.

Opportunities

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U.S. suppliers should be competitive for the turbines and other equipment needed for Iceland's hydroelectric and geothermal power generation facilities and transmission projects.

Resources

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Ministry of Industry:

<http://eng.idnadarraduneyti.is/>

The Federation of Icelandic Industries (SI):

www.si.is

Landsvirkjun (The National Power Company):

www.lv.is

Reykjavik Energy (Orkuveita Reykjavíkur):

www.or.is

Hs Orka hf:

www.hs.is

National Energy Authority (Orkustofnun):

www.os.is

Packaged and processed food

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Despite the difficulties of coping with European regulations (i.e., labeling, ingredient limitations) and the economic downturn, demand for American foodstuffs should remain.

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U.S. producers can help themselves by being willing to work with Icelandic importers on packaging and labeling requirements. Familiarity with and willingness to try American brands is high.

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Ministry of Business Affairs:

<http://eng.vidskiptaraduneyti.is/>

Ministry of Agriculture and Fisheries:

<http://www.landbunadarraduneyti.is/> (website only in Icelandic)

The Icelandic Food and Veterinary Authority – MAST

<http://www.mast.is>

The Federation of Icelandic Trade (FIS):

www.fis.is

Major U.S. product importers:

Islensk Ameriska (ISAM):

www.isam.is

Innnes:

www.innnes.is

John Lindsay ehf

www.lindsay.is

Karl K.Karlsson:

www.karlsson.is

Dreifing ehf.

www.dreifing.is

Adfong:

www.adfong.is (website only in Icelandic)

Danól

www.danol.is

Computer equipment and software

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Iceland is probably one of the most computer-savvy countries in the world, and demand for the latest computer hardware and off-the-shelf software reflects this. According to the Global Information Technology Report for 2007-2008 Iceland ranked number 8 of 127 economies in terms of network readiness.

The Icelandic software market is sophisticated with several domestic software development companies, and a few global software companies.

Icelandic customers are accomplished IT users and are looking for the latest solutions that will increase customer service, cost savings and also enhance business processes. U.S. products are well received in Iceland.

Information on investment opportunities in the IT industry in Iceland can be found at Invest in Iceland Agency.

www.invest.is

Best Prospects/Services

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Demand is expected in the following segments: solutions for information management, applications for increased mobility, e-business, and information security.

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Iceland has rich energy resources and a cool climate that make it attractive for data storage and processing equipment. Several data storage firms are in the process of establishing infrastructure. Future connectivity capacity to North America will enhance data processing opportunities.

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Invest in Iceland Agency:

www.invest.is

Apple:

www.apple.is

Nyherji/IBM:

www.nyherji.is

Opin Kerfi ehf./HP:

www.opinkerfi.is

Microsoft Iceland:

www.microsoft.com/iceland/msdk/

EJS/Dell:

www.ejs.is

Skyrr/Oracle:

www.skyrr.is

CCP (Crowd Control Productions):

www.ccp.is

World Economic Forum; The Global Information Technology Report

<http://www.weforum.org/en/initiatives/gcp/Global%20Information%20Technology%20Report/index.htm>

Consumer goods/entertainment

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The percentage of dual-income households in Iceland is reasonable, and there is fair demand for labor saving devices and the latest gadgets. This market could continue to be attractive on both a category and niche basis, despite the economic downturn.

Best Prospects/Services

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Music products, CD's, DVD's, Computer products, Software.

Opportunities

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American consumer products are popular in Iceland. There are numerous examples of U.S. products that have a higher market penetration per capita in Iceland than anywhere else in Europe. Also, the market for U.S. entertainment products remains bright, and exposure to American entertainment products appears to have a synergistic effect on sales of other U.S. goods and services.

U.S. based music and movies has always kept a strong market in Iceland and often, world premiere of movies are shown in Iceland, popular acts throw concert and computer games from the U.S. have a strong fan base in Iceland.

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Entertainment:

Sambio felagid:

www.sambioin.is (website only in Icelandic)

Sena:

www.sena.is

365 hf:

www.365.is

BT entertainment:

www.bt.is

3/6/2009

Skifan Music Store:

www.skifan.is

Consumer goods:

The Federation of Icelandic Trade (FIS):

www.fis.is

Franchising

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Icelandic franchise holders formed a trade association in 2001 to promote the growth of franchising in the country. It is a popular way to start a small business here.

Best Prospects/Services

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Over the last decade U.S. fast food franchises have flourished, with at least 10 U.S. franchises in Iceland today. In the clothing and apparel sector European franchises are dominant, but U.S. brands in clothing and accessories are consistently popular in Iceland and there could be a base for increasing U.S. franchises in that sector to Iceland. Service franchises are also a possibility.

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Icelanders often approach the Embassy with inquiries on how to buy a U.S. franchise in the all areas. The Embassy co-hosted two seminars on franchise concepts in 2008 and both were fully subscribed, and the Embassy led a 13-member Icelandic trade delegation to the International Franchise Expo in April 2008.

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The Icelandic Franchise Association:

<http://www.svth.is>

The US Embassy in Iceland:

<http://iceland.usembassy.gov/>

Wine and beer

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Icelanders drinking preferences have steadily changed in recent years from favoring hard liquor to a growing preference for wine and beer. Economic prosperity has brought an increased interest in fine wines while inexpensive boxed wines are also gaining in popularity. The old-fashioned regulations of Iceland's government alcohol monopoly -- retail sales of alcohol are permitted at a single chain of state-owned stores -- retard competition and complicate the introduction of new labels, but these rules are slowly being liberalized, and this is creating enhanced opportunities for these products.

There are exclusive arrangements for imports of many brands. For example, if one importer imports Heineken, that relationship is exclusive and no other importer imports that brand. This does not appear to be governed by any law, but rather is an understood business practice for the (small) Icelandic market of 320,000 people.

The purchase price of all alcohol contains a fee imposed by the Icelandic authorities. Law nr. 96/1995, indicates that the fee is to be set on the percentage of alcohol in each liter, all importers of alcohol must pay this fee on top of customs fees. The customs tariff for beer and goods that contain mixes of beer is 58.7 ISK (.51 USD) on each centiliter above 2.24 centiliters. In addition, a 24.5% Value Added Tax (VAT) is calculated on the purchase price of the alcohol. (Exchange rate compared on March 2, 2009.)

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American wines, particularly from the state of California, have claimed a significant piece of this growing market, and their popularity continues to increase. The Icelandic importer of one upscale American brand reports that he distributes as much wine in Iceland as does his counterpart in Norway, despite Norway having almost 20 times Iceland's population.

American beer, particularly small brewery beer, is also gaining in popularity.

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Wine and beer importers:

Egils:

www.egils.is (website only in Icelandic)

RJC:

www.rjc.is

Karl K. Karlsson:

www.karlsson.is

Mekka Wine and Spirits ehf:

www.mekka.is (website only in Icelandic)

Bakkus:

www.bakkus.is (website only in Icelandic)

HOB:

www.hob.is (website only in Icelandic)

Rafkop Samvirki:

www.samvirki.is (website only in Icelandic)

Elgur ehf.

<http://www.itn.is/elgur/um.htm> (website only in Icelandic)

Retailer:

Vinbud:

www.vinbud.is

High-tech fishing equipment

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Iceland is considered a world leader in modern fishing methods and processing equipment, but Icelandic fishermen want the best available equipment no matter where it is manufactured.

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There is a market for specialized and advanced U.S. equipment, especially where U.S. producers can use advantages gained from economies of scale to offer competitive prices.

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Ministry of Fisheries:

<http://eng.sjavarutvegsraduneyti.is>

The Icelandic Aquaculture Association TIAA:

www.lfh.is/english.htm

Federation of Icelandic Fish-processing Plants:

www.sf.is

Marel:

www.marel.is

Elcon ehf:

www.elcon.is

Radiomidun hf:

www.radiomidun.is

Brimrun:

www.brimrun.is

Velasalan ehf:

www.velasalan.is

Hampidjan Group:

www.hampidjan.is

DNG ehf:

www.dng.is

3x-Stal:

www.3x.is

Skaginn:

www.skaginn.is

Investment prospects in energy intensive industry

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Iceland's inexpensive and reliable energy sources make it an attractive location for energy-intensive industrial activities. The national government and local economic development authorities have been willing to negotiate low-cost contracts for the supply of electricity as an incentive to encourage investment.

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Investors in energy intensive industries can be offered power at rates substantially less than market rates in the U.S. Currently, there are two U.S. investments in energy-intensive industries -- both aluminum smelting operations. Other projects that have been contemplated by U.S. investment interests have included steel pipe fabricating, data storage facilities/server farms, and petrochemical processing.

Invest in Iceland Agency maintains a website and information on developing energy intensive industry.

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The Ministry of Finance:

<http://eng.fjarmalaraduneyti.is>

Ministry of Industry:

<http://eng.idnadarraduneyti.is>

The Central Bank of Iceland:

www.sedlabanki.is

Invest in Iceland Agency:

www.invest.is

Icelandic Financial Services Association (SFF):

www.sff.is

The Financial Supervisory Authority, Iceland (FME):

www.fme.is

Icelandic Securities Depository (VBSI):

www.vbsi.is

3/6/2009

Agricultural Sectors

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Iceland is highly protectionist concerning agricultural products and most agricultural products are subject to high tariffs. Tariffs on certain varieties of vegetables are significantly higher during the growing season to protect domestic greenhouse producers. Meat and dairy products, and potatoes are also protected by substantial duties. Iceland also implements a quota system on imported meat and dairy products. Under this system, the Ministry of Fisheries and Agriculture provides advance notice of upcoming quota possibilities later in the year. Importers are then given the opportunity to place a bid for part of the quota whether it is meat or dairy products. Flowers and plants carry a similar import quota system and are subject to 30% tariffs. Animal feed can carry tariffs up to 55%, and some ingredients and additives commonly used in U.S. foods are prohibited. In 2007, 10% tariffs were added to 40 kinds of non-EU origin produce, including salads and spinach. All imported meat must be free of growth hormones and antibiotics. Iceland maintains strict phyto-sanitary regulations, since many animal diseases common elsewhere are not present in the country. Iceland is free of hoof-and-mouth disease and BSE.

There are currently no restrictions on import of genetically modified substances, but this will change when Iceland implements EU regulations in this area.

For further information about agricultural issues see MAST Icelandic Food and Veterinary Authority (established 2008 under the Ministry of Fisheries and Agriculture) www.mast.is

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Despite the import tariffs, importers tell us there is great consumer demand for fresh produce, both fruit and vegetables.

The Farmer's Association of Iceland

www.bondi.is

Fruit importers

Bananar, ehf.

Website: www.bananar.is

All contact information for Icelandic government institutions, other institutions and associations mentioned in this chapter can be found in chapter 9.

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Chapter 5: Trade Regulations and Standards

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Import Tariffs

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Agricultural products remain the most heavily taxed tariffs in order to protect the domestic agricultural sector. Tariffs on certain varieties of vegetables, e.g. tomatoes, cucumbers and bell peppers are significantly higher during the growing season to protect domestic greenhouse producers. Meat and dairy products, and potatoes are also protected by substantial duties. Animal feed can carry tariffs up to 55%, and some ingredients and additives commonly used in U.S. foods are prohibited. Imported meat must be free of growth hormones and antibiotics. The GOI imposed a 10% tariff on 40 different kinds of non-EU origin produce including salads and spinach in 2007. Iceland maintains strict phyto-sanitary regulations, since many animal diseases common elsewhere are not present in the country. Iceland is free of hoof-and-mouth disease and BSE.

There are currently no restrictions on import of genetically modified substances, but this will change when Iceland implements EU regulations in this area.

Iceland also maintains tariffs on some categories of consumer goods, including clothing, shoes, and furniture. Most industrial goods are not subject to tariffs since Iceland ratified a trade agreement with the European Community (later named the European Union) leading to the elimination of tariffs on industrial goods. Automobiles are subject to taxes based on engine size and type. There are no special taxes applicable to trade in services.

Most goods imported to Iceland are subject to customs duty and also a value-added-tax

(VAT). The standard VAT rate is 24.5%, with a reduced rate of 7%, which generally applies to heating costs, printed matter, restaurant bills, hotel stays, and most food.

Trade Barriers

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Iceland uses the Harmonized Commodity Description and Coding System (HS), which indicates the duty that should be applied and whether an import license or permit is required for the commodity in question. Iceland also uses the ISO 9000, a family of standards for quality management systems. ISO 9000 is maintained by ISO, the International Organization for Standardization and is administered by accreditation and certification bodies. Since joining the European Economic Area in 1994, Iceland has adopted European product standards and regulations in most areas. Implementation of these new standards, and the accompanying requirement for use of the CE mark, has created occasional difficulties for importers of some U.S.-manufactured goods.

Nonetheless, it is still possible to import U.S.-standard products of many kinds into Iceland, and Icelandic regulators seek to be flexible where possible. However, the Embassy anticipates that these types of regulatory barriers will only increase as Icelandic regulations become more 'European'. Information about the CE mark is available from U.S. Department of Commerce Export Assistance Centers around the U.S.

Information is also available at the Icelandic Standards; the national standards body of Iceland at www.stadlar.is .

Import Requirements and Documentation

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Icelandic regulations on ingredients, additives and labeling generally follow EU directives. Notable, there are no special regulations on labeling and tracking genetic modified food as the EU regulations or other comparable rules have not yet been implemented. Therefore, no special licenses for importation on genetic modified food neither special labeling are needed. In EU member states it is mandatory to label the products if they are genetic modified.

Product labels have to be in Icelandic, English or one of the Nordic languages, other than Finnish. However since the nutritional labeling standards in U.S. are different than those in the EU, importers are required to re-label products to meet EU labeling

requirements. U.S. labeled products on store shelves require additional EU-consistent labeling by importers, which increases the shelf price of the products. Iceland maintains tariffs on certain categories of food products from the U.S. that are not applied to similar products from the EU. For further information contact the Icelandic Environmental and Food Agency (Food Division): www.ust.is and MAST Icelandic Food and Veterinary Authority: www.mast.is

Temporary Entry

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Samples may be imported into Iceland duty-free if they are of little or no commercial value, or have been made unfit for use. Otherwise samples will be subject to duty. Samples carried by a commercial traveler, as well as pattern books or cards, must be declared upon arrival in the country.

Goods can be completely exempt from customs duty and/or VAT when they are imported into Iceland temporarily, to be re-exported unmodified. Goods that fall into this category include materials for trade shows and exhibitions, some professional equipment, special tools used for assembling goods to be exported, replacement machinery or equipment during warranty repairs, samples, works of art to be exhibited, some medical, surgical and laboratory and scientific equipment used in hospitals, other medical institutions and for teaching and research purposes.

The ATA Carnet, of which Iceland is a member, is an international customs document that allows the holder to temporarily import goods without payment of normally applicable duties and taxes, including VAT. The Carnet eliminates the need to purchase temporary import bonds. So long as the goods are re-exported within the allotted time frame, no duties or taxes are due. Samples may be imported temporarily by using the ATA carnet, a simplified customs document by which commercial samples or professional equipment may be sent to Iceland.

About 65 countries participate in the carnet system.

Information on the ATA Carnet can be obtained from U.S. Council for International Business.

Labeling and Marking Requirements

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Electrical equipment sold and used by the public (consumer electronics and household electrical appliances) must carry the CE mark. Electric current in Iceland is 50 cycle, 220-volt AC. Questions can be forwarded to the Icelandic Consumer Agency (www.neytendastofa.is).

Icelandic intellectual property laws are TRIPS-compliant. All applications for trademark/patent/intellectual property protection in the Icelandic market must be registered with the Icelandic Patent Office (www.patent.is).

Iceland does not require country of origin marking for imports. However, goods carrying incorrect designations of origin are prohibited, and products made to appear as produced or manufactured in Iceland may not be imported unless the correct foreign origin is clearly and durably marked thereon.

Special marking regulations and labeling requirements exist for pharmaceuticals, chemicals, food products and other product categories. Iceland has health, sanitary and labeling rules and capabilities for monitoring product quality.

A retail-size food package must show the name of the manufacturer, packer or importer, commercial name of the product, net metric weights or volume, ingredients in descending order of weight, last recommended date of consumption, and storage instructions if perishable or intended for infants. More information can be obtained with the The Environment Agency of Iceland (www.ust.is) and at The Icelandic Food and Veterinary Authority (www.mast.is).

Prohibited and Restricted Imports

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Suppliers of chemical substances and products must provide a composition declaration. The Icelandic importer, in cooperation with the foreign manufacturer, is responsible for labeling the product. Labeling requirements generally follow EU regulations. Questions regarding importing, packaging and labeling of toxic substances or chemicals may be directed to the Environmental and Food Agency of Iceland (www.ust.is).

Regulations on duty free importation by tourists indicate no exemptions from specific importing requirements that certain products are required to follow by laws, regulations or any other instructions by Icelandic authorities. Examples on such products are telephones and other telecommunication equipment, fishing equipment/gear and rider's equipment, firearms, ammunition and other related equipment.

Certain goods, such as weapons, explosives, drugs, and poisons may be imported only by authorized persons and institutions, and require import licenses or special permits. A complete list of restrictions and licensing requirements is available at <http://www.tollur.is>, the official website of the Icelandic Directorate of Customs.

Customs Regulations and Contact Information

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U.S. exporters may request an advance ruling on customs classification from the Icelandic Directorate of Customs. The application should describe the product in full detail. Samples, catalogues, photographs, or other descriptive literature should be submitted whenever possible. The manufacturer, the exporter, or the representative in Iceland should sign the application. While the customs authorities will not in all cases give a binding decision, the preliminary ruling will usually be considered binding if the goods are found to correspond to the sample or the description. Importers can access the Icelandic Customs Tariff Manual in English on the Customs website (www.tollur.is).

Standards

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Products tested and certified in the U.S. to American standards are likely to have to be retested and re-certified to EU requirements.

Where products are not regulated by specific EU technical legislation, they are always subject to the EU's General Product Safety Directive as well as to possible additional national requirements.

European Union standards created under the "New Approach" are harmonized across the 27 EU Member States and European Economic Area countries to allow for the free flow of goods. A feature of the New Approach is CE marking. While harmonization of EU legislation can facilitate access to the EU/EEA Single Market, manufacturers should be aware that regulations and technical standards might also function as barriers to trade if U.S. standards are different from those of the European Union.

Standards Organizations

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Icelandic Standards (IST) is the national standards body of Iceland. It is an independent association whose role, by law, is the publication of Icelandic standards and the representation of Iceland in international and regional standards bodies. Four sector committees operate under the auspices of Icelandic Standards: BSTR, in the building sector, FIF in the fishing sector, FUT in the information technology sector, and RST in the electrotechnical sector.

IST is a member of the European standards organizations CEN, CENELEC and ETSI and of the international standards organizations ISO and IEC.

Address:

IST - Icelandic Standards

Skúlatún 2

IS-105 Reykjavik

Iceland

Tel: +(354) 520 7150

Fax: +(354) 520 7171

e-mail: stadlar@stadlar.is

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries.

Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL:

<http://www.nist.gov/notifyus/>

Conformity Assessment

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Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. Bodies that perform analysis, testing and certification in accordance with certain EC directives must be notified to the European Commission. In Iceland, Lögildingarstofan (The Governmental Agency for Accreditation, Conformity Assessment and Metrology in Iceland) is the entity responsible for assessing and appointing these bodies. Löggildingarstofa is an independent Governmental Agency (auspice) which was formed by the merger of The State Electrical Inspection and the Agency for Legal Metrology in 1996. The main objectives and roles of Löggildingarstofa are to provide companies and institutions with expert accreditation and metrological services and to ensure compliance with requirements for the safety and interests of Icelandic consumers. It provides companies and institutions with accreditation and metrological services in accordance with joint rules applying throughout the European Economic Area. It is also responsible for market surveillance of consumer goods and electrical safety. Löggildingarstofa represents Iceland in international cooperation in the fields for which it is responsible, and plays a key role in the harmonization of requirements between member states of the European Economic Area.

Löggildingarstofa
Borgartun 21
IS-105 Reykjavik
Iceland

Tel. + 354 510 1100

Fax + 354 510 1101

The EU Member States, EFTA countries (EEA members) and other countries with which the EC has concluded Mutual Recognition Agreements (MRAs) and Protocols to the Europe Agreements on Conformity Assessment and Acceptance of Industrial Products (PECAs) have designated Notified Bodies, established per directive. Lists of Notified Bodies can be searched on the NANDO web site. The lists include the identification number of each notified body as well as the tasks for which it has been notified, and are subject to regular update. <http://ec.europa.eu/enterprise/newapproach/nando/>.

More on conformity assessment can be found at

<http://europa.eu/scadplus/leg/en/lvb/l21013.htm>.

Product Certification

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To sell products on the EU market as well as Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards.

Products manufactured to standards adopted by CEN, CENELEC and ETSI, and published in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE marking and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the EU/EEA district. A manufacturer can choose not to use the harmonized EU standards, but then must demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

The CE marking addresses itself primarily to the national control authorities of the EU member states, and its use simplifies the task of essential market surveillance of regulated products. Although CE marking is intended primarily for inspection purposes by EU member states inspectors, the consumer may well perceive it as a quality mark.

The CE marking is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the authorized representative established in the EU. This detailed information should not appear next to the CE marking, but rather on the declaration of conformity, the certificate of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product.

Icelandic Standards (IST) is accredited for certification in the fields of environment (ISO14000 series), quality (ISP9000 series), Information technology, Security technology and Information safety (ISO/IEC 17799 -ISO 27002 and ISO/IEC 27001 series) and products (CE marking).

Accreditation

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Loggildingarstofan is the national accreditation organization under the auspices of Icelandic Ministry of Industry. Löggildingarstofa provides companies and institutions with expert accreditation and metrological services and is to ensure compliance with requirements for the safety and interests of Icelandic consumers. The Accreditation Division performs accreditation of inspection, testing and certification bodies to the EN 45000 series of standards, which entails international recognition of their activities. It also handles communications and training concerning accreditation issues and B-accreditation of workshops for re-inspection of motor vehicles, testing and installation of tachographs. Accreditation involves the formal recognition of competence to perform specific tasks, e.g. motor vehicle inspections, testing of the bacteriological content of water or certification of quality systems.

Independent certification bodies, known as notified bodies, have been officially accredited by competent authorities to test and certify to EU requirements. However, under the Agreement on Mutual Recognition between the U.S. and the EEA and EFTA states, notified bodies based in the United States and referred to as conformity assessment bodies, are allowed to test in the United States to EEA and EFTA specifications, and vice versa.

The National Institute of Standards and Technology (NIST), has a link on its website to American and European Conformity Assessment bodies operating under a mutual recognition agreement. http://ts.nist.gov/Standards/Global/upload/US-EEA_EFTA_States_MRA_Oct_17_051.pdf .

Notified bodies in Iceland can be found at <http://ec.europa.eu/enterprise/newapproach/nando>

Accreditation is handled at Member State level. "European Accreditation" (http://www.european-accreditation.org/default_flash.htm) is an organization representing nationally recognized accreditation bodies. Membership is open to nationally recognized accreditation bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible with EN45003 or ISO/IEC Guide 58.

ISAC - Iceland Accreditation

ISAC, Einkaleyfastofan, Engjateigur 3,
IS-150 REYKJAVIK
Tel.:+354 580 9400
Fax:+354 580 9401
<http://www.isac.is>

Publication of Technical Regulations

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When it comes to technical regulations and standards, Iceland is a member of EEA and bound by the same regulations as EU countries.

The Icelandic Standards Authority is:

[Icelandic Council for Standardisation - STRI.](#)

Laugavegi 178

105 Reykjavik,
Iceland
Tel: +354 520 7150
Fax: +354 520 7171

The National Gazette in Iceland is called Stjornartidindi and is Iceland's official gazette. It contains three parts; Part A - Statutes, ordinances and regulations; Part B - Subordinate legislation; and Part C - International agreements. It provides free access to the full text of all three sections of Stjornartidindi in Icelandic that have been finalized. They can be found at www.stjornartidindi.is.

Labeling and Marking

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Icelandic regulations labeling generally follow EU directives. Notable, there are no special regulations on labeling and tracking genetic modified food as the EU regulations or other comparable rules have not yet been implemented. Therefore, no special licenses for importation on genetic modified food neither special labeling are needed. In EU member states it is mandatory to label the products if they are genetic modified. See more information in Labeling and Marking Requirements in chapter 5.

Special marking regulations and labeling requirements exist some product categories. More information on labeling can be obtained from the following sources, e.g.

pharmaceuticals, chemicals and food products:

Ministry of Health at www.heilbrigdisraduneyti.is

Medicines Control Agency at www.lyfjastofnun.is

The Environment Agency of Iceland at www.ust.is

Contacts

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US Embassy Reykjavik
Laufasvegi 21
101 Reykjavik, Iceland

Tel. +354-562-9100
Fax. +354-562-9139

IST - Icelandic Standards

Skúlatún 2
IS-105 Reykjavik
Iceland
Tel: +(354) 520 7150
Fax: +(354) 520 7171
e-mail: stadlar@stadlar.is

Loggildingarstofa

Borgartun 21
IS-105 Reykjavik
Iceland
Tel. + 354 510 1100
Fax + 354 510 1101

ISAC – Iceland Accreditation

ISAC, Einkaleyfastofan, Engjateigur 3,
IS-150 REYKJAVIK
Tel.:+354 580 9400
Fax:+354 580 9401
www.isac.is

Ministry of Health

Vegmúli 3
IS-150 Reykjavik
Iceland
Tel: +354-545-8700
www.heilbrigdisraduneyti.is

Icelandic Medicines Control Agency

Eiðistorgi 13-15
IS-170 Seltjarnarnes
Iceland
Tel: +354- 520-2100
Fax 561 2170
www.lyfjastofnun.is

The Environment Agency of Iceland

Sudurlandsbraut 24
Is-108 Reykjavik
Iceland
Tel: +354-0591-2000
Fax: +354- 591-2020
www.ust.is

Trade Agreements

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Iceland is a member of the Agreement on the European Economic Area (EEA) that unites members of the European Union (EU) and the three EFTA EEA states (Iceland, Liechtenstein and Norway) into one single market governed by the EU basic rules. Iceland is also bound by Free Trade Agreements with the following countries through its membership in the European Free Trade Association (EFTA): Canada, Chile, Croatia, Egypt, Israel, Jordan, Korea, Lebanon, Macedonia, Mexico, Morocco, Palestinian Authority, the South African Customs Union, Singapore, Tunisia and Turkey.

Iceland does not have a bilateral investment treaty or an FTA with the U.S. There is a U.S.-Iceland bilateral taxation treaty and there is Trade and Investment Framework Agreement (TIFA) with the United States, which was signed in January 2009.

Two-way goods trade between the U.S. and Iceland was \$835 million in 2007. U.S. goods exports to Iceland in 2007 totaled \$630 million, including aircraft, inorganic chemicals, vehicles, and machinery. U.S. exports of agricultural products to Iceland totaled \$19 million.

Web Resources

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The Icelandic Environmental and Food Agency (Food Division):

www.ust.is

The Icelandic Food and Veterinary Authority

www.mast.is

U.S. Council for International Business:

www.atacarnet.com

The Icelandic Consumer Agency:

www.ls.is

The Icelandic Patent Office:

www.einkaleyfastofan.is

Directorate of Customs:

www.tollur.is

Icelandic Standards:

www.stadlar.is

Loggildingarstofa:

<http://www.randburg.is/is/loggildingarstofa/>

The National Gazette:

www.stjornartidindi.is

Ministry of Health:

www.heilbrigdisraduneyti.is

Medicines Control Agency:

www.lyfjastofnun.is

The Environment Agency of Iceland:

www.ust.is

The National Institute of Standards and Technology (NIST):

http://ts.nist.gov/Standards/Global/upload/US-EEA_EFTA_States_MRA_Oct_17_051.pdf

NANDO (New Approach Notified and Designated Organisations):

<http://ec.europa.eu/enterprise/newapproach/nando/>

All contact information for Icelandic government institutions, other institutions and associations mentioned in this chapter can be found in chapter 9.

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Chapter 6: Investment Climate

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Openness to Foreign Investment

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The Icelandic Government encourages foreign investment in most sectors. The majority of investment is in energy-intensive industries such as aluminum smelting that take advantage of the country's abundant renewable energy resources. Icelandic laws regulating and protecting foreign investments are consistent with OECD and European Union (EU) standards. As Iceland is a member of the European Economic Area (EEA), most EU commercial legislation and directives take effect in Iceland. The major law governing foreign investment is the 1996 Act on Investment by Non-residents in Business Enterprises, which grants national treatment to non-residents of the EEA (including U.S. citizens). The law dictates that foreign ownership of businesses is generally unrestricted, but with limitations in fishing, energy and aviation sectors. Non-residents cannot own more than five percent in fishing and fish processing companies; cannot hold hydro and geothermal power harnessing rights and cannot manufacture or distribute energy; and cannot own more than 49% in aviation companies. However, according to the Ministry of Industry, the restrictions on manufacturing energy can be avoided by establishing a holding company somewhere in the EU that operates the power plant. Icelandic law also restricts the ability of non EEA-citizens to own land, but

this may be waived by the Ministry of Justice. Icelandic courts uphold the sanctity of contracts as a matter of course. The Competition Authority is responsible for upholding the competition law and obligations under international agreements.

There is no automatic screening of investors, although bidders in privatization sales may have to go through a pre-qualification process. Potential U.S. bidders in privatization auctions need to follow the process closely, since the procedures are often ad hoc and deadlines can be short. The U.S. does not have a bilateral investment treaty (BIT) with Iceland. A Trade and Investment Framework Agreement was signed on January 15, 2009.

The Icelandic economy experienced high volatility in 2008, due partly to the size of the economy, the currency and the global liquidity crisis. The 12-month inflation in December 2008 measured at 18.1%. Over the course of 2008 the stock market index OMX 15, which consisted of the 15 companies listed on the OMX Iceland Stock Exchange with the highest market capitalization, went from 6318.02 to 352.16. At present only ten companies make up the index. In the same time period the krona devalued 100 percent against the dollar, from 62 ISK to USD to 120.87 ISK to USD as measured by the Central Bank of Iceland. Both the OMX 15 and the exchange value of the ISK had been appreciating rapidly in previous years. In October 2008 the government took over control of the three big Icelandic commercial banks.

Conversion and Transfer Policies

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Until recently, Icelandic law provided for full convertibility and transferability of dividends, profits, interest on loans, debentures, mortgages, lease payments and invested capital. However, following the financial turmoil in fall 2008, movements of capital to and from Iceland were restricted by the Rules on Foreign Exchange issued by the Central Bank in November 2008 and amended in December 2008. These rules are supposed to be temporary measures to strengthen and stabilize the exchange rate of the ISK and are scheduled to be revised no later than March 1, 2009.

The rules restrict the outflow of foreign currencies from Iceland unless the currency is used to import goods or services or to travel. This means at the present time that foreign investors in Iceland cannot remove their capital. The rules allow for purchasing foreign currencies to pay on interest, indexation, dividends, capital gains, contractual installment

payments and salaries. It is prohibited to settle transactions of transferable financial instruments denominated in ISK in foreign currencies, and to conduct cross-border prepayment of financial instruments. Sales proceeds from transactions in financial instruments that take place in Iceland must be deposited in to the seller's account in Iceland. Purchasing of foreign currencies by means of withdrawals from ISK-denominated bank accounts at domestic financial institutions or the Central Bank is not allowed, as is withdrawing foreign currencies in cash from foreign currency-accounts in Iceland without demonstrating that it will be used to pay for goods and services. Borrowing and lending between domestic and foreign parties for purposes other than cross-border transactions with goods and services is not allowed if the amount exceeds 10,000,000 ISK.

Expropriation and Compensation

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As far as the U.S. Embassy is aware, the Icelandic government has never expropriated a foreign investment. Some actions of the Icelandic government immediately before and during the financial crisis in October 2008, including the Central Bank takeover of 75% of Islandsbanki Bank (thereby causing the value of the bank's shares to plummet in value) and the subsequent takeover of the three major banks with significant foreign investment interests, have been described by private investors as an expropriation of sorts. However, the assets and claims against the banks are still being evaluated (see dispute settlement). The Constitution of Iceland proclaims that no one may be obliged to surrender his property unless required by public interests and that such a measure shall be provided for by law and full compensation be paid. A special committee is appointed every five years to review and proclaim the legality of expropriation cases. If the committee proclaims a case to be legal it will negotiate an amount of compensation with the appropriate parties. If an amount cannot be agreed upon, the committee determines a fair value after hearing the case of all parties. Cases of expropriations are fairly rare and in most cases involve real estate and land being expropriated because of water and power facilitation, road construction, city planning or things of similar nature.

Dispute Settlement

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Iceland has ratified the major international conventions governing arbitration and the settlement of investment disputes. Iceland accepts binding arbitration of investment disputes.

After the Government took over control of the three big Icelandic commercial banks in October 2008, it separated the bank's domestic operations from their foreign operations and passed a bill that places the claims of depositors as top priority. Currently debtors, some of whom are American, are negotiating with the government on how to their settle claims on the banks. As of now it is not clear how they will be compensated. There are no other recent cases of major investment disputes involving foreign investors in Iceland and the Icelandic system has been considered well equipped to handle any trade and investment dispute.

The Icelandic civil law system enforces property rights, contractual rights and the means to protect these rights. The Icelandic court system is independent from the parliament and government. Foreign parties must abide by the same rules as Icelandic parties, and they enjoy the same privileges in court; there is no discrimination against foreign parties in the Icelandic court system. When trade or investment disputes are settled, the settlement is usually remitted in the local currency.

Under the Constitution, sentences may be passed by the courts only. The courts are divided into two classes: the Lower Courts, where most cases are heard, and the Supreme Court, which hears appeals from the lower courts.

There are eight lower courts and one Supreme Court, all hearing private and public cases. A special court called the Labor Court is concerned with labor disputes. Iceland has been a member of the International Center for Settlement of Investment Disputes (ICSID) since 1966.

Performance Requirements and Incentives

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Broadly speaking, Iceland does not offer direct subsidies for business investment. Its prime incentives lie in providing for a favorable environment for businesses, including

low corporate tax rates and low energy prices. Industrial sites are available around Iceland at competitive cost. Local communities may offer certain additional incentives.

As a member of the EEA, Iceland has access to EU research funds for R&D programs and joint ventures can be undertaken with companies from at least one other EEA country. Grants are issued for specific projects on a case-by-case basis by bodies including the New Business Venture Fund and Science Fund.

Film and TV production in Iceland are subsidized by the government in the form of a rebate of a portion of production costs. To qualify, the production company must be incorporated in Iceland. An Icelandic branch or a representative office of a corporation registered in one of the EEA countries is considered as incorporated for these purposes. There are no requirements as to the production budget, but the film should promote Icelandic culture as well as introduce Iceland's history and natural beauty. The film and TV production cost rebate rate is currently 14 percent.

Right to Private Ownership and Establishment

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Other than in fishing, energy, and airlines, foreign entities are free to establish and own any type of business enterprise and engage in all forms of legal remunerative activity. If a foreign citizen from outside the EEA wishes to purchase land or real estate in Iceland, a permit is required from the Ministry of Justice. Icelandic law treats private and public enterprises with equality when it comes to market access and other business operations. Foreign investors are permitted to participate in the privatization of government-owned businesses, subject to restrictions imposed by the government.

A foreign party must solicit an identity number (kennitala) before establishing a bank account. The process typically takes less than a week.

Protection of Property Rights

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Iceland adheres to key international agreements on property rights (e.g., Paris Union Convention for the Protection of Industrial Property). Trademarks, copyrights, trade secrets and industrial designs are all protected under Icelandic law. As with many other issues, Iceland is following the European lead in protection of property rights and adheres to the European Patent Convention of 1973. In 2005, Iceland signed the Patent Cooperation Treaty (PCT)

Iceland is a member of the EEA and therefore accepts jurisdiction of the EEA Court. Property Rights are recognized and protected in the Constitution of Iceland. Secured interests in property are bound by law and enforced as such and there is a very reliable system which records such security interests.

The Icelandic Patent Office -- a governmental agency under supervision of the Ministry of Industry and Commerce -- handles all patent disputes in Iceland. The legal framework concerning intellectual property rights (IPR) in Iceland is in all respects equivalent to that of other industrialized countries in Europe. Iceland is a World Trade Organization (WTO) member, and Icelandic legislation complies with WTO TRIPS requirements.

As an EFTA state and member of the EEA, Iceland has implemented all relevant EU regulations and directives in the field of IPR. Furthermore, Iceland is bound by bilateral EFTA free-trade agreements which include provisions on IPR.

Iceland is a member of the European Patent Organization. Iceland is a member of WIPO and a party to most WIPO-administered agreements.

Transparency of Regulatory System

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Icelandic laws regulating business practices are consistent with those of most OECD member states, and are increasingly based on European Union directives as a result of Iceland's EEA membership. Much of Iceland's financial regulatory system was put in place only in the 1990s, thus transparency is occasionally a concern (i.e. in public procurement, and in privatization sales where the process is established by the government on an ad hoc basis).

The Competition Authority is responsible for the enforcement of anti-monopoly regulations and promotion of effective competition in business activities. This includes eliminating unreasonable barriers and restrictions on freedom in business operations, preventing harmful oligopoly and restriction of competition and facilitating the access of new competitors to the market.

The Consumer Agency holds primary responsibility for market surveillance of business operators, transparency of the markets with respect to safety and consumers' legal rights, and enforcement of legislation concerning protection of consumers' health, legal and economical rights.

The system as a whole is transparent, though bureaucratic delays can occur. All proposed laws and regulations are published in draft forms for the public record and are open for comment.

Legislative Process: The Icelandic parliament (Althingi) consists of a single chamber of 63 members and a simple majority is required for ordinary bills to become law. All bills that are introduced in the parliament are in draft form. Drafts are open to the public and are published on the parliament's web page. Interested parties can comment on proposed law and regulations. All NGOs involved are summoned to comment on proposed laws that affect them.

Efficient Capital Markets and Portfolio Investment

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The financial sector is currently in great turmoil. In October 2008 the banking system collapsed and the Financial Supervisory Authority of Iceland took control over the three big Icelandic commercial banks. Resolution Committees were appointed that split each bank into two entities, a domestic one and an international one, and subsequently appointed new CEO's over the domestic entities. The banking system is being restructured and the banks' assets are being reevaluated. The supply of capital is limited as the banks were recapitalized by the Government as funding on the international wholesale capital markets was difficult to obtain. It is likely that Iceland will see a flood of personal and business bankruptcies in early 2009 across all sectors, including investment banks and other financial institutions.

The OMX Nordic Exchange operates the market for securities in Iceland and trades various products. The prices of companies listed on the OMX have fallen greatly in the recent past.

Political Violence

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At the time of this report's drafting in January 2009, Iceland experienced intense political protests stemming from the October 2008 financial crisis. Public protests spurred the government to dissolve and a new coalition to form prior to early elections in spring 2009 (originally scheduled for spring 2011). Also, public protests have taken place in front of the Central Bank of Iceland in order to call for the Board of Governors at the Central Bank of Iceland to step down. Although this is presently an uncertain time, most expect political stability to return. There has been no politically motivated violence towards foreign holdings.

Corruption

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Isolated cases of corruption occur but are not an obstacle to foreign investment. In a 2008 survey by Transparency International, Iceland tied for the seventh out of 180 countries for the least corrupt. In 2007, Iceland was ranked sixth and in 2006, Iceland tied for the first place.

Bilateral Investment Agreements

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The U.S. does not have a bilateral investment treaty (BIT) with Iceland nor an FTA with the U.S. There is a U.S.-Iceland bilateral taxation treaty and a Trade and Investment Cooperation Forum Agreement (TIFA).

OPIC and Other Investment Insurance Programs

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Political risk insurance and project financing were readily available at competitive rates on the local and international markets. With the financial collapse in fall 2008 and the current rebuilding in the banking sector, project financing may be temporarily limited. Iceland is a member of Multilateral Investment Guarantee Agency.

Labor

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The labor force in Iceland consists of 166,000 people in the age of 16 to 67. Until the financial collapse in fall 2008, demand for labor exceeded supply. According to Statistics Iceland the unemployment rate of the workforce, which consisted of more than 80% of the population, was less than 3% over the period 2005-2007. Many large construction projects, requiring a large number of skilled and unskilled workers, were built during that period. The Icelandic workforce is highly skilled. Foreign labor moved to Iceland to fill the majority of unskilled service and semi-skilled construction jobs; the number of foreign citizens residing in Iceland doubled. With the EEA agreement, free movement of labor from the EU quickly became the norm, and was embraced by local firms as a solution for their manpower shortage at times of extremely low unemployment.

The labor market conditions changed dramatically following the fall 2008 economic crisis. The unemployment rate rose rapidly, from under 2 % to 6.5% in three months. Unemployment is expected to rise, with foreign and domestic labor leaving Iceland for better job prospects.

The Icelandic labor market is highly unionized with more than 85 percent of employees belonging to unions. A joint negotiating committee with representatives from national and local governments, Iceland's largest banks, and several other large employers negotiates an annual collective wage agreement with the unions representing workers in the public sector and some parts of the private sector. Iceland has ratified around 20 ILO conventions, including those that protect the basic worker rights.

The major labor organization is the Icelandic Federation of Labor (ASÍ), founded in 1916, which is the largest organization of trade unions in Iceland. Most of the unions affiliated to the ASÍ are organized into 5 national federations. In all, there are 59 unions affiliated to ASÍ federations and 7 unions belonging directly to it. Public employees are organized into various unions, which in turn belong to the Federation of State and Municipal

Employees (BSRB) or Association of Academics (BHM), which also organizes some employees of private companies, or to separate unions for professions such as teaching. The Merchant Navy and Fishing Vessel Officers' Guild is a federation of several unions, most of them representing seamen, although many members of the Association of Icelandic Engineers are land-based. Employees in banks are all members of the Confederation of Icelandic Bank and Finance Employees (SSF). Private non-banking sector employers are organized into The Confederation of Icelandic Employers (Samtök atvinnulífsins, SA). SA tasks include negotiation of contracts with unions on wages and working conditions, and the interpretation and communication of decisions by governmental authorities that directly affect the financial performance of businesses at both domestic and international level. The State is by far the largest employer in Iceland. Many of the local authorities – Reykjavík being an important exception – conduct their wage bargaining through a joint negotiation committee, and so do the banks.

Icelandic labor unions are decentralized and non-political. Contractual wage agreements cover general terms of employment, including a basic minimum wage, but specific terms are usually negotiated on a more job-specific basis. Collective bargaining power, in both the public and the private sectors, rests with individual labor unions. The Industrial Relations Act specifies the conditions for lawful industrial action. A strike (or other permitted form of industrial action) may be called on condition that at least 20% of the trade union members vote secretly and that the majority accepts the strike. Formal announcement of the industrial action must be sent to a mediator and the employer with 7 days' notice. Industrial action is not allowed over disputes under the jurisdiction of the Labor Court. Furthermore, the Act prohibits solidarity strikes in support of unions on illegal strikes, and bans political strikes outright.

The government has imposed mandatory mediation when strikes have threatened key sectors in the economy such as the fishing industry.

The basic legal working week is 40 hours over 5 days, but some professions have 37.5 – 39.5 hours per week, mainly office clerks and sales assistances. Overtime, however, is common in the labor market. Most employees are paid for overtime, or alternatively allowed time off in lieu. Typical shift-work rates are an extra 33% on top of the daytime rate, and an extra 45% for weekend or public holiday work. This rate may be 80%, if the relevant pay agreement or a contract of employment does not include rates on shift-work

or on overtime work. A continuous rest period of 11 hours is typically guaranteed during each 24-hour period. In certain circumstances the rest period may be shortened to 8 hours.

As of February 13, 2009, unemployment was rated at 8.9%, according to figures from the Directorate of Labor in Iceland.

Foreign Direct Investment Statistics

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Foreign investment statistics: The following tables reflect data available as of January 2008. Figures on investment position refer to book value. These figures are limited to companies in which a single foreign investor holds 10 percent or more of the equity capital and do not include foreign ownership interests via third party investment. Investment flow statistics are based on market value.

Major foreign investors: Under Icelandic law, investment statistics gathered by the Central Bank and Icelandic Bureau of Statistics cannot be released on a company- or project-specific basis. Major U.S. investors in Iceland include: Century Aluminum, Alcoa (aluminum), and deCODE Genetics (biotech). Many U.S. companies are represented through Icelandic agents.

Information in this chapter was primarily obtained from the Central Bank of Iceland.

Table 0: Average exchange rate ISK/\$1

<u>Year:</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
	91.81	76.94	70.29	63.01	69.94	64.17	74.04

Table 1: FDI stocks in Iceland by country (millions of USD)

	<u>Year:</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Total FDI		700.27	1,100.97	1,813.13	4,706.40	7,815.73	11,672.12
U.S.		201.07	170.12	358.93	482.69	531.61	714.52
Europe		484.16	920.31	1,434.43	4,172.07	7,206.72	10,952.89
Netherlands		3.51	3.11	5.39	1,858.86	3,167.01	5,029.11
Belgium/Luxembourg		109.36	333.30	764.77	1,121.36	2,533.70	4,608.23

United Kingdom	14.57	1.90	1.65	120.19	200.67	405.05
Guernsey	61.01	150.71	180.74	660.70	612.87	150.35
Cyprus	-	46.22	92.33	-	193.42	150.35
Switzerland	143.59	137.96	129.08	149.55	159.71	149.91
Denmark	53.75	57.62	65.76	84.29	86.32	146.27
Sweden	20.42	16.96	23.50	61.24	68.66	90.79
Germany	0.83	70.91	62.17	1.11	54.92	43.88

Table 2: FDI stocks in Iceland by industry (millions of USD)

	<u>Year:</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Total FDI		700.27	1,100.97	1,813.13	4,706.40	7,815.73	11,672.12
Metal and mechanical products		201.07	170.12	358.93	482.69	531.61	714.52
Financial activities		484.16	920.31	1,434.43	4,172.07	7,206.72	10,952.89
Trade & repairs		3.51	3.11	5.39	1,858.86	3,167.01	5,029.11
Software, research, etc.		109.36	333.30	764.77	1,121.36	2,533.70	4,608.23
Food Products		14.57	1.90	1.65	120.19	200.67	405.05
Telecommunications		61.01	150.71	180.74	660.70	612.87	150.35

Table 3: FDI flows in Iceland by country (millions of USD)

	<u>Year:</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Total FDI flows		86.99	331.10	735.58	3,079.86	3,979.01	3,638.04
U.S.		-60.47	-42.12	226.42	86.57	-92.18	-52.17
Europe		122.08	383.81	494.59	2,989.14	4,063.58	3,690.77
Netherlands		0.15	-1.57	2.70	2,317.08	1,841.58	3,339.86
Belgium/Luxembourg		67.62	219.57	453.41	376.78	1,682.23	3,598.66
United Kingdom		-2.20	-24.86	-0.26	190.95	200.30	100.84
Guernsey		8.62	116.61	12.18	164.10	142.82	-3,309.51
Cyprus		0.00	45.41	41.74	0.00	94.41	-52.53
Switzerland		7.82	-18.44	-8.41	6.36	13.51	7.28
Denmark		9.85	-22.63	17.07	11.78	2.04	22.00
Sweden		28.89	-4.69	29.31	8.24	3.19	3.23
Germany		-0.09	69.92	-27.66	-87.30	76.19	-9.65

Table 4: FDI flows in Iceland by industry (millions of USD)

	<u>Year:</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Total FDI flows		86.99	331.10	735.58	3,079.86	3,979.01	3,638.04
Metal and mechanical products		19.31	13.92	288.21	653.36	894.32	119.95
Financial activities		7.47	-10.02	1.32	2,331.34	2,517.43	2,921.35
Trade & repairs		66.37	-86.63	3.93	0.33	194.77	6.72
Software, research, etc.		-57.01	376.44	400.01	9.84	54.99	-184.35
Food Products		4.61	7.19	6.76	17.17	237.02	155.48
Telecommunications		-14.36	-0.68	-72.91	27.84	-22.53	20.99

Table 5: Iceland's FDI stock abroad by country (millions of ISK)

	<u>Year:</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Total FDI		101,316	123,056	246,585	635,559	981,950	1,732,026
U.S.		12,315	11,307	11,119	96,021	84,372	188,311
Europe		84,709	104,976	221,294	518,681	864,370	1,502,029
Netherlands		5,191	6,391	10,138	152,947	201,466	482,818
Belgium/Luxembourg		33,690	36,463	34,685	39,521	110,524	130,790
United Kingdom		16,789	25,297	64,656	166,666	229,743	258,053
Denmark		1,947	3,226	63,850	80,509	158,504	181,751
Sweden		8,893	9,358	12,580	14,737	31,197	98,987
Finland		593	3,585	4,826	12,018	22,441	171,421
Norway		2,104	1,995	5,197	29,141	67,572	110,775
Cyprus		847	1,005	8,169	10,334	15,904	18,460
Isle of Man		164	248	218	248	4,170	13,347

Table 6: Iceland's FDI stock abroad by country (millions of USD)

	<u>Year:</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Total FDI		1,103.54	1,599.38	3,508.11	10,086.64	14,039.89	26,991.21
U.S.		134.14	146.96	158.19	1,523.90	1,206.35	2,934.56
Europe		922.66	1,364.39	3,148.30	8,231.73	12,358.74	23,407.03
Netherlands		56.54	83.06	144.23	2,427.34	2,880.55	7,524.05
Belgium/Luxembourg		366.95	473.91	493.46	627.22	1,580.27	2,038.18
United Kingdom		182.87	328.79	919.85	2,645.07	3,284.86	4,021.40
Denmark		21.21	41.93	908.38	1,277.72	2,266.29	2,832.34
Sweden		96.86	121.63	178.97	233.88	446.05	1,542.57
Finland		6.46	46.59	68.66	190.73	320.86	2,671.36
Norway		22.92	25.93	73.94	462.48	966.14	1,726.27
Cyprus		9.23	13.06	116.22	164.01	227.39	287.67
Isle of Man		1.79	3.22	3.10	3.94	59.62	207.99

Table 7: Iceland's FDI stock abroad by industry (millions of ISK)

	<u>Year:</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Total FDI		101,316	123,056	246,585	635,559	981,950	1,732,026
Real estate & business activities		39,708	39,378	46,101	231,853	369,823	635,944
Food Products		21,464	23,412	38,846	47,431	67,265	71,932
Petroleum, chemical, rubber and plastic products		8,684	12,234	17,410	102,331	153,368	248,256
Trade & repairs		9,142	17,590	30,471	62,436	82,780	103,206
Transport & communication		4,274	4,589	8,441	38,191	53,367	56,183
Financial activities		12,878	19,465	97,472	144,976	241,023	580,768

Table 8: Iceland's FDI stock abroad by industry (millions of USD)

	<u>Year:</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Total FDI		1,103.54	1,599.38	3,508.11	10,086.64	14,039.89	26,991.21
Real estate & business activities		432.50	511.80	655.87	3,679.62	5,287.72	9,910.30
Food Products		233.79	304.29	552.65	752.75	961.75	1,120.96
Petroleum, chemical, rubber and plastic products		94.59	159.01	247.69	1,624.04	2,192.85	3,868.72
Trade & repairs		99.58	228.62	433.50	990.89	1,183.59	1,608.32
Transport & communication		46.55	59.64	120.09	606.11	763.04	875.53
Financial activities		140.27	252.99	1,386.71	2,300.84	3,446.14	9,050.46

Table 9: Iceland's FDI flow abroad by country (millions of ISK)

	<u>Year:</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Total FDI flows		29,678	28,888	180,560	444,567	366,909	872,972
U.S.		1,977	412	463	85,267	26,097	111,627
Europe		27,107	26,721	177,187	355,745	330,231	679,357
Netherlands		-434	1,112	4,188	131,022	47,619	125,472
Belgium/Luxembourg		17,140	3,703	747	22,106	77,226	13,198
United Kingdom		5,210	12,922	39,301	118,232	30,910	70,317
Denmark		739	990	91,911	18,978	59,632	56,242
Sweden		6,842	675	12,287	8,086	18,057	57,105
Finland		154	3,029	1,614	10,011	18,714	271,004
Norway		-205	-14	3,445	36,911	41,488	60,489
Cyprus		197	186	2,091	1,553	4,322	3,459
Isle of Man		-3,332	-117	-45	49	3,705	9,750

Table 10: Iceland's FDI flow abroad by country (millions of USD)

	<u>Year:</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Total FDI flows		323.25	375.46	2,568.79	7,055.50	5,246.05	13,604.05
U.S.		21.53	5.35	6.59	1,353.23	373.13	1,739.55
Europe		295.25	347.30	2,520.80	5,645.85	4,721.63	10,586.83
Netherlands		-4.73	14.45	59.58	2,079.38	680.86	1,955.31
Belgium/Luxembourg		186.69	48.13	10.63	350.83	1,104.18	205.67
United Kingdom		56.75	167.95	559.13	1,876.40	441.95	1,095.79
Denmark		8.05	12.87	1,307.60	301.19	852.62	876.45
Sweden		74.52	8.77	174.80	128.33	258.18	889.90
Finland		1.68	39.37	22.96	158.88	267.57	4,223.22
Norway		-2.23	-0.18	49.01	585.80	593.19	942.64
Cyprus		2.15	2.42	29.75	24.65	61.80	53.90
Isle of Man		-36.29	-1.52	-0.64	0.78	52.97	151.94

Table 11: Iceland's FDI flow abroad by industry (millions of ISK)

	<u>Year:</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Total FDI flow		29,678	28,888	180,560	444,567	366,909	872,972
Real estate & business activities		17,237	2,317	9,864	177,984	139,674	240,908
Food Products		2,632	2,215	15,014	10,243	21,085	7,264
Petroleum, chemical, rubber and plastic products		2,777	4,740	10,783	96,102	84,889	35,555
Trade & repairs		-448	10,333	22,654	22,491	31,775	4,012
Transport & communication		-920	-103	4,212	42,719	533	101,715
Financial activities		7,850	5,841	115,727	94,196	85,919	477,072

Table 12: Iceland's FDI flow abroad by industry (millions of USD)

	<u>Year:</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Total FDI flow		323.25	375.46	2,568.79	7,055.50	5,246.05	13,604.05
Real estate & business activities		187.75	30.11	140.33	2,824.69	1,997.05	3,754.22
Food Products		28.67	28.79	213.60	162.56	301.47	113.20
Petroleum, chemical, rubber and plastic products		30.25	61.61	153.41	1,525.19	1,213.74	554.08
Trade & repairs		-4.88	134.30	322.29	356.94	454.32	62.52
Transport & communication		-10.02	-1.34	59.92	677.97	7.62	1,585.09
Financial activities		85.50	75.92	1,646.42	1,494.94	1,228.47	7,434.50

Table 12: FDI as part of GDP

	<u>Year:</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
FDI stocks in Iceland/GDP (%)		7.87%	10.07%	13.72%	28.89%	46.81%	57.92%
FDI flows in Iceland/GDP (%)		0.98%	3.03%	5.57%	18.91%	23.83%	18.05%
Icelandic FDI stock abroad/GDP (%)		12.41%	14.63%	26.55%	61.92%	84.08%	133.94%
Icelandic FDI flow abroad/GDP (%)		3.64%	3.43%	19.44%	43.31%	31.42%	67.51%

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Ministry of Finance:

<http://eng.fjarmalaraduneyti.is>

Ministry of Industry and Commerce:

<http://eng.idnadarraduneyti.is>

Ministry for Foreign Affairs:

<http://www.ministryoffinance.is>

Statistics Iceland:

www.statice.is

The Central Bank of Iceland:

www.sedlabanki.is

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Chapter 7: Trade and Project Financing

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How Do I Get Paid (Methods of Payment)

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Payment from Iceland to a foreign entity can normally be made without formalities or delay through commercial banks and saving fund banks. However, due to the bank's restructuring post-October 2008 collapse, it is advisable to contact the appropriate commercial bank or saving funds bank in advance.

All normal methods of payment are used but the most common and preferred method of payment is open account.

Landsbanki Island
Austurstraeti 11
155 Reykjavik, Iceland
Tel: +354-410-4000
www.landsbanki.is
info@landsbanki.is

Kaupthing
Borgartún 19 ,
105 Reykjavík, Iceland
Tel: +354 444-7000
www.kaupthing.is
info@kaupthing.is

Islandsbanki
Kirkjusandi
105 Reykjavik, Iceland
Tel: +354-440-4000
www.islandsbanki.is
islandsbanki@islandsbanki.is

SPRON hf.

3/6/2009

Ármúla 13a
108 Reykjavik, Iceland
Tel:+354- 550-1200
www.spron.is
spron@spron.is

Byr sparisjóður
Borgartúni 18
105 Reykjavik, Iceland
Tel: +354-575-4000
www.byr.is
byr@byr.is

Three agencies assign the Republic of Iceland's a sovereign credit rating: Moody's Investors Service, Fitch Ratings, and Standard & Poor's. The Central Bank of Iceland communicates regularly with these agencies on behalf of the authorities.

Fitch Ratings:
<http://www.fitchratings.com>

Moody's Investors Service:
<http://www.moodys.com>

Standard & Poor's:
<http://www.standardandpoors.com>

There are four collection agencies in Iceland that have been issued licenses to practice debt collection by the Financial Supervisory Authority (FME):

Intrum Iceland ehf.
<http://www.intrum.is>

Alskil hf
<http://www.alskil.is>

SPRON Factoring hf.

<http://www.spf.is>

Veitu ehf.

<http://www.amkredit.is>

How Does the Banking System Operate

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The banking system suffered a collapse in October 2008 and the government currently controls three of the largest banks. The refinancing and reestablishment of the sector is ongoing at the time of this report's writing. The banks' activities are supervised by the Icelandic Financial Supervisory Authority (Fjarmalaeftirlitid).

<http://www.fme.is>

Foreign-Exchange Controls

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Until the latter part of 2008, there were no foreign exchange controls in Iceland; they were fully abolished 1995. However, as a result of the financial crisis in October 2008, the Central Bank imposed temporary restrictions on capital outflows.

The Central Bank of Iceland set up temporary system of daily currency auctions in October 2008 in order to facilitate the international market. The value of the Icelandic currency, the Krona, was decided by supply and demand on those auctions.

At the end of October, commercial trading of the Krona outside of Iceland was restarted after the Interest rates by the Central Bank had been raised up to 18 percent.

At the end of November 2008, the Central Bank of Iceland and the Minister of Business Affairs decided on a new set of currency regulations (Rules on Foreign Exchange) replacing the bank's restrictions that had been imposed in October. This meant that movements of capital to and from Iceland were banned without a license from the Central Bank. These rules are scheduled to be revised no later than September 1, 2009. These rules on foreign exchange also oblige Icelandic residents to deposit any new foreign currency they receive with an Icelandic bank.

The rules restrict the outflow of foreign currencies from Iceland unless the currency is used to import goods or services or to travel. This means at the present time that foreign investors in Iceland cannot remove their capital. The rules allow for purchasing foreign currencies to pay on interest, indexation, dividends, capital gains, contractual installment payments and salaries. It is prohibited to settle transactions of transferable financial instruments denominated in ISK in foreign currencies, and to conduct cross-border prepayment of financial instruments. Sales proceeds from transactions in financial instruments that take place in Iceland must be deposited in to the seller's account in Iceland. Purchasing of foreign currencies by means of withdrawals from ISK-denominated bank accounts at domestic financial institutions or the Central Bank is not allowed, as is withdrawing foreign currencies in cash from foreign currency-accounts in Iceland without demonstrating that it will be used to pay for goods and services. Borrowing and lending between domestic and foreign parties for purposes other than cross-border transactions with goods and services is not allowed if the amount exceeds 10,000,000 ISK.

The last currency auction took place in the beginning of December 2008. The domestic interbank foreign exchange market was reopened the day after with three market makers, this time being owned by the government.

U.S. Banks and Local Correspondent Banks

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There are no U.S. banks in Iceland. The major U.S. banks have correspondent relationships with Icelandic Financial Institutions.

Project Financing

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The Icelandic government traditionally finances public sector projects, while private projects are financed through the local investment market.

Iceland is a founding member of the Bretton Woods institutions that were established in 1945, the International Monetary Fund (IMF), and the International Bank for Reconstruction and Development (World Bank). Iceland is one of the original members

of the Organization for Economic Cooperation and Development (OECD) and of the European Bank for Reconstruction and Development (EBRD).

EBRD provides project financing for banks, industries and businesses, both new ventures and investments in existing companies. It also works with publicly owned companies to support privatization, restructuring state-owned firms and improvement of municipal services. Iceland is a financing member only.

The European Investment Bank (EIB) played a certain role in the Karahnjukar dam project in Iceland when the government of Iceland could not afford the cost of it alone, and had therefore to turn foreign funding sources planning to raise funds from the European Investment Bank, Nordic Investment Banks and private banks.

The European Investment Fund (EIF), established in 1994, is an agency for the provision of finance to SMEs (small and medium-sized enterprises) headquartered in Brussels.

It does not lend money to SMEs directly; rather it provides finance through private banks. Its main operations are in the areas of venture capital and guaranteeing loans. It also provides guarantees to financial institutions (such as banks) to cover their loans to SMEs. The Fund is active in the member states of the European Union, in Croatia, Turkey and three EFTA countries (Iceland, Liechtenstein and Norway).

The Nordic Investment Bank (NIB) is an investment bank and multilateral development bank owned by eight Nordic and northern European countries. The owners are Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden. The bank is headquartered in Helsinki, Finland and has offices in Copenhagen, Oslo, Reykjavik and Stockholm, and a representative office in Singapore. The bank has operated since 1976. The purpose of the bank is to extend credit and finance for investment projects both within and outside the member countries.

Iceland accepted an IMF-led bailout package just over \$5 billion, of which \$ 2.1 billion was from the IMF and the balance from other Nordic and European countries.

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

The European Bank for Reconstruction and Development:

<http://www.ebrd.org>

The European Investment Bank:

<http://www.eib.org/>

The European Investment Fund:

<http://www.eif.org>

Nordic Investment Bank:

<http://www.nib.int>

Kaupthing Bank:

<http://www.kaupthing.is>

Landsbanki Íslands:

<http://www.landsbanki.is>

Íslandsbanki:

<http://www.islandsbanki.is>

Spron Saving Fund Bank:

<http://www.spron.is>

Byr Saving Fund Bank:
<http://www.byr.is>

Central Bank of Iceland:
<http://www.sedlabanki.is>

The Financial Supervisory Authority (FME):
<http://www.fme.is>

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Business Customs

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Social and business etiquette in Iceland is similar to that in other western European countries. The business traveler coming to Iceland will quickly realize that while most customs and procedures are similar to the United States there are a few quite noticeable differences.

Since Iceland is a small community, access to key people is easier and often informal, although it is advisable to schedule appointments in advance. Business meetings are not formal but good preparation is important. Since even the largest Icelandic corporations are relatively small, you may find the decision-makers in your meeting. Business cards are exchanged upon introduction. Extended small talk is not necessary, and getting straight down to business is appreciated though it can happen that Icelandic business people appear to be willing to spend more time discussing a situation than Americans are used to. During a business meeting some find time to get to know each other and to discuss the program in sufficient detail that all feel comfortable with each other's position.

Simultaneous translation and interpretation services are available, but are usually not required unless very detailed or technical work is involved. Most Icelanders doing business in a particular field will understand the relevant English technical documentation, but this may have to be translated if included in a contract.

Icelanders like to combine business with pleasure, so establishing a friendly and personal relationship is a good way to do business. Business dinners are the preferred

form of entertainment. It is considered appropriate to talk business over a meal, unless spouses are present. Icelanders enjoy dressing up and being social. There are no strict rules or formal dining customs that need to be observed,

While Americans tend to dress up for work and dress down after work, the opposite is often the case in Iceland, although men in government, banking or business circles generally wear suits. An informal social event such as a business dinner still calls for a jacket and tie. Iceland has cool summers, and mild winters. Even in summer, clothing should include a sweater or jacket, a raincoat, and a good pair of walking shoes.

Understanding Icelandic names is important for business and social occasions. Only a small proportion of the population has family surnames, usually derived from foreign names. Most people have a patronymic, formed from their father's first name with the ending "-son" or "-dóttir" (e.g. Arnar Jónsson (Arnar is Jon's son) or Anna Jónsdóttir (Anna is Jon's daughter). A woman does not take her husband's name on marriage. First names are the names by which people are known, and are thus generally used. (One exception would be a government Minister who would be "Mr. Minister" or "Madam Minister.") Icelandic telephone directories list people in alphabetical order by their first name. Icelanders do not use "Mr." and "Ms." among themselves, although they may do so when among foreigners. Icelanders will not feel you are being overly familiar if you call them by their first names.

Travel Advisory

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Reykjavik offers a variety of hotel and guesthouse accommodations, many excellent restaurants, cafes, and wide range of cultural attractions. Note that hotel rooms can be difficult to find during the summer tourist season, and that it can be difficult to get a table at the more popular restaurants without an advance booking.

Iceland remains a relatively safe country for visitors. Reykjavik is safer than major cities in the U.S., although there is occasional street crime, particularly late at night in the city center. Visitors utilizing common sense and good judgment can expect to enjoy their time in Iceland without incident. Emergency services including fire, police and ambulance are available by dialing **112**. Emergency service operators speak English.

State Department Consular Information page: <http://travel.state.gov>

U.S. travelers to Iceland must have a valid passport. A tourist or business visa is not required for stays up to 3 months.

For further information concerning entry requirements for Iceland, travelers can contact

The Icelandic Embassy

1156 15th Street N.W., Suite 1200,

Washington DC 20005-1704

Tel.: +1 (202) 265 6653.

<http://www.iceland.org/us>

Also, for further information, the Icelandic Directorate of Immigration can be contacted.

The address is:

Skógarhlíð 6

105 Reykjavík, Iceland

Tel. +354-510-5400

<http://www.utl.is>

utl@utl.is

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

Consular section of the Reykjavik embassy: <http://iceland.usembassy.gov/cons.html>

All telecoms services are modern and readily available. High speed internet connections are available at all business hotels.

List of telecom companies:

Vodafone Iceland
<http://www.vodafone.is>

Siminn
<http://www.siminn.is>

Nova
<http://www.nova.is>

Tal
<http://www.tal.is>

Transportation

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Visitors can access Iceland by air or by ferry. Icelandair (www.icelandair.com) is the only scheduled airline with service to Iceland from the U.S., flying from Boston, New York, Minneapolis, and Orlando (not from May 8 til September 29). Travelers can take the airport bus, Fly Bus (www.flybus.is), from Keflavik Airport and advise the driver of a hotel destination. One-way bus tickets cost about \$15 and it takes about 50-75 minutes from the airport to your hotel. The airport bus operates in connection with all arriving flights and your seat is always guaranteed. The airport bus departs from Keflavik Airport 35-40 minutes after each flight arrival.

Private taxis are also available at the airport, but are significantly more expensive (about \$100, no tipping required). Reykjavik's public transportation system consists of buses running to all areas of the city. Local cabs are readily available at taxi stands throughout the downtown area or by telephone. Prices depend on the length of journey and the time of day. A five-minute ride at mid-day should cost about \$9. Rental cars are available at the airport and in town, but are very expensive compared to U.S. prices. Gasoline is about \$4.75 a gallon. (Exchanges rates were compared to February 13, 2009.)

Language

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There is no language barrier for U.S. visitors to Iceland. Icelandic business executives and government officials are fluent in English and almost all Icelanders speak English to some degree.

Health

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A visitor to Iceland faces no special health risks, as the overall health conditions are excellent. No special inoculations are required. All milk and tap water is safe to drink. Since Iceland is entirely surrounded by the ocean, it has a moderate, maritime climate year round. The average temperatures range from 32F in January to 52F in July. Temperatures vary slightly from day to night. Average annual rainfall is 32 inches. Days are short in winter, with about 3-5 hours of daylight in December and January. Daylight in summer lasts nearly 24 hours from May to end of July.

The health system in Iceland is different from that in the United States. Icelandic medical care is of very high quality and is comparable to the medical care one finds throughout Western Europe. Diagnostic laboratories and specialists in all fields of medicine are available. Hospitals are well-equipped, and maternity hospitals and many clinics are available. Most doctors and dentists speak English.

Tourists should expect to pay for the service provided.

Most medicines are available locally. They may not, however, be the same brand names as those used in the United States and prices are generally higher than in the U.S.

Tourists should bring a supply of the medicine that they know they will need. In case of emergency - ambulance - fire - police - dial **112**.

Local Time, Business Hours, and Holidays

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Icelandic work schedules are similar to those in the U.S., although many offices close early in the summer. Business activity slows down considerably from mid-June through mid-August as Icelanders take their summer holidays. Other slow times of year are the Christmas season and the weeks before and after Easter in the spring.

Local time: GMT

Business hours: 8 am – 5 pm. Some start at 9 am and close at 4 pm. Retail stores often open at 11 am and close by 6 pm.

Public Holiday's in Iceland 2009:

The following days are public holidays in Iceland. Most shops and businesses are closed in these days, but some food stores remain open as well as most restaurants keep open.

New Year's Day: January 1

Maundy Thursday: April 9

Good Friday: April 10

Easter Sunday: April 12

Easter Monday: April 13

First day of summer: April 23

Labor Day: May 1

Ascension Day: May 21

Whit Sunday: June 1

Whit Monday: June 2

Independence day: June 17

Summer Bank Holiday: August 3

Christmas Eve: December 24, public holiday from noon

Christmas Day: December 25

Boxing Day: December 26

New Year's Eve: December 31, public holiday from noon.

Temporary Entry of Materials and Personal Belongings

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There are no restrictions on entry or exit of personal computers or laptops, software, or encrypted data. Commercial samples and exhibit items may be subject to customs duty. Samples may be imported into Iceland duty-free if they are of little or no commercial value, or have been made unfit for use. Otherwise samples will be subject to duty. Samples carried by a commercial traveler, as well as pattern books or cards, must be declared upon arrival in the country.

Goods can be completely exempt from customs duty and/or VAT when they are imported into Iceland temporarily, to be re-exported unmodified. Goods that fall into this

category include materials for trade shows and exhibitions, some professional equipment, special tools used for assembling goods to be exported, replacement machinery or equipment during warranty repairs, samples, works of art to be exhibited, some medical, surgical and laboratory and scientific equipment used in hospitals, other medical institutions and for teaching and research purposes.

Iceland honors the ATA Carnet, an international customs document designed to simplify customs procedures for business and professional people taking commercial samples, advertising materials or film, or medical or professional equipment into specified countries for a short period.

About 65 countries participate in the carnet system.

Information on the ATA Carnet can be obtained from U.S. Council for International Business.

Web Resources

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State Department Visa Website:

<http://travel.state.gov/visa/index.html>

United States Visas.gov:

www.unitedstatesvisas.gov

US Embassy in Iceland:

<http://iceland.usembassy.gov/>

The Icelandic Embassy in the U.S:

<http://www.iceland.org/us>

The Icelandic Directorate of Immigration:

<http://www.utl.is>

Visit Reykjavik:

www.tourist.reykjavik.is

Icelandic Tourist Board:

www.icetourist.is

Iceland Naturally:

www.icelandnaturally.com

Icelandair:

www.icelandair.com

Iceland Express

www.icelandexpress.is

Flybus:

www.flybus.is

Icelandic Tourist Board:

www.ferdamalastofa.is

Siminn:

www.siminn.is

Vodafone:

www.vodafone.is

Nova:

www.nova.is

Tal:

www.tal.is

All contact information for Icelandic government institutions, other institutions and associations mentioned in this chapter can be found in chapter 9.

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Chapter 9: Contacts, Market Research, and Trade Events

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Contacts

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The telephone country code for Iceland is +354. There are no city codes. All numbers are 7-digit.

The US Embassy in Iceland Economic/Commercial Section Laufasvegur 21 IS-101

Reykjavik Tel: (354) 562-9100 Fax: (354) 562-9139 Web site:

<http://iceland.usembassy.gov/>

Email: ReykjavikEconomic@state.gov

The US Embassy in Denmark Foreign Agricultural Service Dag Hammarskjolds Allé

24 DK-2100 Copenhagen O. Denmark Tel: (45) 35-261081 Fax: (45) 35-430278 Web site: www.usembassy.dk

E-mail: agccopenhagen@fas.usda.gov

U.S. Department of Commerce Nordic Area Specialist Washington, D.C. 20230 Tel:

(202) 482-4414 Fax: (202) 482-2897 Web site: www.commerce.gov

Contacts in the U.S. - Icelandic government:

Embassy of Iceland 1156 15th Street N.W., Suite 1200

Washington D.C. 20005-1704 Tel: (202) 265-6653 Fax: (202)265-6656 Web site:

www.iceland.org/us

E-mail: icemb.wash@utn.stjr.is

Icelandic Overseas Business Service Consulate General of Iceland 800 3rd

Avenue, 36th Floor New York, NY 10022 Tel: (212) 593-2700 Fax: (212) 593-6269 Web site: www.iceland.org/us/nyc

E-mail: icecon.ny@utn.stjr.is

U.S. Council for Intl. Business

1212 Avenue of the Americas

New York, NY 10036

Tel: (212) 354-4480

Fax: (212) 575-0327

Website: www.atacarnet.com

Contacts in Iceland:

- Icelandic Government Agencies
- Trade Associations
- Banks/Financial Institutions
- Other Association
- Media
- Tourism

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Icelandic Government Agencies

Ministry for Foreign Affairs Rauðararstigur 25 IS-150 Reykjavík Tel: (354) 560-9900

Fax: (354) 562-2373/2386 Web site: www.mfa.is

E-mail: postur@utn.stjr.is

Ministry of Industry Arnarhvoll IS-150 Reykjavik Tel: (354) 545-8500 Fax: (354) 562-1289 Web site: <http://eng.idnadarraduneyti.is>

E-mail: postur@ivr.stjr.is

Ministry of Business Affairs Arnarhvoll IS-150 Reykjavik Tel: (354) 560-9070 Fax: (354) 562-1289 Web site: <http://eng.vidskiptaraduneyti.is/>

E-mail: postur@ivr.stjr.is

Ministry of Fisheries & Agriculture Skulagata 4 - 150 Reykjavik - Iceland Tel: (354) 545 8300 Fax: (354) 552 1160 Web site: <http://eng.sjavarutvegsraduneyti.is>

E-mail: postur@slr.stjr.is

Statistics Iceland

Borgartun 21a

IS-150 Reykjavik

Tel: (354) 528-1000

Fax: (354) 528-1099

Web site: www.statice.is

E-mail: information@statice.is

The Icelandic Food and Veterinary Authority – MAST

Austurvegur 64

IS-800 Selfoss

Tel: (354) 530-4800

Fax: (354) 530 4801

Web site: www.mast.is

E-mail: mast@mast.is

State Procurement Agency (Ríkiskaup) Borgartuni 7 P.O. Box 5100 IS-125 Reykjavik

Tel: (354)-530-1400 Fax: (354)-530-1414

E-mail: rikiskaup@rikiskaup.is

Website: www.rikiskaup.is (website only in Icelandic)

3/6/2009

Directorate of Customs (Tollstjóraembætti) Tollhusid, Tryggvagata 19 IS-101

Reykjavík Tel: (354) 560-0300 Fax: (354) 562-5826 Web site:

http://www.tollur.is/default.asp?cat_id=66

E-mail: tollstjori@tollur.is

Environment and Food Agency (Umhverfisstofnun) Sudurlandsbraut 24 IS-108

Reykjavík Tel: (354) 591-2000 Fax: (354) 591-2020 Web site: www.ust.is e-mail:

ust@ust.is

The Icelandic Patent Office (Einkaleyfastofan, ELS) Skulagotu 63 IS-150 Reykjavík

Tel: (354) 580-9400 Fax: (354) 580-9401 Web site: www.einkaleyfastofan.is

E-mail: postur@einkaleyfastofan.is

The Icelandic Consumer Agency (Neytendastofa) Borgartun 21 IS-105 Reykjavík Tel:

(354) 510-1100

02/15/2008

Fax: (354) 510-1101 Web site: www.neytendastofa.is

E-mail: postur@neytendastofa.is

Landsvirkjun (national energy utility company)

Haaleitisbraut 68

IS-103 Reykjavík Tel: (354) 515-9000 Fax: (354) 515-9007 Web site: www.lv.is

E-mail: landsvirkjun@lv.is

Reykjavik Energy (Orkuveita Reykjavíkur)

Baejarhalsi 1

IS-110 Reykjavík Tel: (354) 516-6000 Fax: (354) 516-6709 Web site: www.or.is

E-mail: or@or.is

The New Business Venture Fund (Nýsköpunarsjóður)

Borgartun 35

IS-105 Reykjavík

Tel: (354) 510-1800

Fax: (354) 510-1809

Web site: www.nsa.is

E-mail: nsa@nsa.is

Kadeco

PO-Box 420

IS-232 Reykjanesbaer

Tel: (354) 425-2100

3/6/2009

Fax: (354) 425-2101

Web site: www.kadeco.is

E-mail: info@kadeco.is

Trade Associations

Iceland Chamber of Commerce (Verslunarráð Íslands) Commerce House Kringlan 7

IS-103 Reykjavík Tel: (354) 510-7100 Fax: (354) 568-6564 Web site:

<http://www.chamber.is/default.asp?webID=5>

E-mail: mottaka@chamber.is

Icelandic-American Chamber of Commerce Commerce House Kringlan 7 IS-103

Reykjavík Tel: (354) 510-7100 Fax: (354) 568-6564 Web site:

<http://verslunarrad.is/page.asp?id=594>

E-mail: mottaka@chamber.is

Contact: Ms. Erla Yr Kristjansdottir

The Federation of Icelandic Trade (FIS) House of Commerce Kringlan 7 IS-103

Reykjavík Tel: (354) 588-8910 Fax: (354) 568-8441 Web site: www.fis.is

E-mail: fis@fis.is

The Federation of Icelandic Industries (Samtök Iðnaðarins)

Borgartuni 35

IS-105 Reykjavík

Tel: (354) 591-0100

Fax: (354) 591-0101

Web site: www.si.is

E-mail: mottaka@si.is

The Trade Council of Iceland (Utflutningsráð Íslands) Borgartúni 35 IS-105 Reykjavík

Tel: (354) 511-4000 Fax: (354) 511-4040 Web site: www.icetrade.is

E-mail: icetrade@icetrade.is

SVTH – Federation of Trade & Services (Samtök verslunar og þjónustu) and The

Icelandic Franchise Association Borgartuni 35 IS-105 Reykjavík Tel: (354) 511-3000

Fax: (354) 511-3001 Web site: www.svth.is

E-mail: svth@svth.is

Invest in Iceland Agency Borgartuni 35 IS-105 Reykjavík Tel: (354) 511-3000 Fax:

(354) 511-3001 Web site: www.invest.is

E-mail: info@invest.is

Banks/Financial Institutions

The Central Bank of Iceland (Sedlabanki Íslands) Kalkofnsvegi 1 IS-150 Reykjavík Tel: (354) 444-6000 Fax: (354) 569-9605 Web site: www.sedlabanki.is
E-mail: sedlabanki@sedlabanki.is

Kaupthing Bank Borgartun 19 (Head Office) IS-125 Reykjavík Tel: (354) 444-6000 Web site: www.kaupthing.is
E-mail: info@kaupthing.is

Íslandsbanki Kirkjusandi (Head Office) IS-155 Reykjavík Tel: (354) 440-4000 Fax: (354) 440-4001
Web site: www.islandsbanki.is
E-mail: islandsbanki@islandsbanki.is

Landsbanki Íslands Austurstraeti 11 (Head Office) IS-155 Reykjavík Tel: (354) 560-6000 Fax: (354) 562-3209 Web site: www.landsbanki.is
E-mail: info@landsbanki.is

SPRON (The Reykjavík & Vicinity Savings Bank) Ármúla 13a (Head Office) IS-155 Reykjavík Tel: (354) 550-1200 Fax: (354) 550-1401 Web site: www.spron.is
E-mail: spron@spron.is

Iceland Stock Exchange (Kauphöll Íslands)
Laugavegi 182
IS-105 Reykjavík
Tel: (354) 525-2800
Fax: (354) 525-2888
Web site: www.icex.is
E-mail: icex@icex.is

Icelandic Financial Services Association (SFF)
Borgartuni 35
IS-105 Reykjavík
Tel: (354) 591-0400
Fax: (354) 591-0419
Web site: www.sff.is
E-mail: sff@sff.is

The Financial Supervisory Authority, Iceland (Fjármálaeftirlitið)
Sudurlandsbraut 32
IS-108 Reykjavík
Tel: (354) 525-2700

Fax: (354) 525-2727

Web site: www.fme.is

E-mail: fme@fme.is

Icelandic Securities Depository (Verðbréfaskráning Íslands)

Laugavegi 182, 5th floor

IS-105 Reykjavík

Tel: (354) 540-5500

Fax: (354) 540-5519

Web site: www.vbsi.is

E-mail: hjalp@vbsi.is

Other Association

The Icelandic Bar Association (Lögmannafélag Íslands)

Alftamyri 9

IS-108 Reykjavík

Tel: 354-568-5620

Fax: 354-568-7057

Web site: www.lmfi.is

E-mail: lmfi@lmfi.is

Icelandic Advertising Association (SÍA)

Sidumula1

IS-108 Reykjavík

Tel: (354) 562-9588

Fax: (354) 562-9585

Web site: www.sia.is

E-mail: sia@sia.is

The Icelandic Aquaculture Association (Landssamband Fiskeldisstöðva)

Borgartuni 35

IS-105 Reykjavík

Tel: (354) 591-0360

Fax: (354) 591-0358

Web site: www.lfh.is

E-mail: lfh@lfh.is

Federation of Icelandic Fish-Processing Plants (Samtök Fiskvinnslustöðva)

Borgartuni 35

IS-105 Reykjavík

Tel: (354) 591-0350

Fax: (354) 591-0358

Web site: www.sf.is (website only in Icelandic)

E-mail: sf@sf.is

Icelandic American Business Forum

www.iceabf.com

Email: members@iceabf.com

Media

Morgunbladid

Hadegismoar 2

IS-110 Reykjavík

Tel: (354) 569-1100

Fax: (354) 569-1181

Web site: www.mbl.is

E-mail: morgunbladid@mbl.is

Frettabladid

Skaftahlið 24

IS-105 Reykjavík

Tel: (354) 550-5000

Fax: (354) 550-5727

Web site: www.frettabladid.is

E-mail: skrifstofa@frettabladid.is

DV

Skaftahlið 24

IS-105 Reykjavík

Tel: (354) 512-7000

Vidskiptabladid

Myrargotu 2-8

IS-101 Reykjavík

Tel: (354) 511-6622

Fax: (354) 569-6692

Web site: www.vb.is

E-mail: mottaka@vb.is

Tourism

Icelandic Tourist Board (Ferðamálastofa)

Laekjargata 3

IS-101 Reykjavik

Tel: (354) 535-5500

Fax: (354) 535-5501

Web site: www.ferdamalastofa.is

E-mail: upplysingar@icetourist.is

Icelandair (headoffice)

Reykjavikurflugvelli

IS-101 Reykjavik

Tel: (354) 505-0300/505 0700

Fax: (354) 588 8820

Web site: www.icelandair.is

E-mail: sales@icelandair.is

Iceland Express

Grímsbae

Efstalandi 26

IS-108 Reykjavík

Tel: (354) 550-0600

Fax: (354) 550-0601

Web site: www.icelandexpress.is

icelandexpress@icelandexpress.is

SAS Scandinavian Airline Systems

Laugavegi 170

IS-105 Reykjavík

Tel: (354) 588-3600

Web site: www.flysas.is

E-mail: bryndis.torfadottir@sas.dk

Visit Reykjavik

Adalstraeti 2

IS-101 Reykjavik

Tel: (354) 590-1500

Fax: (354) 590-1501

Web site: www.tourist.reykjavik.is

E-mail: info@visitreykjavik.is

FlyBus (Reykjavik Excursions)

Vatnsmyrarvegi 10

IS-101 Reykjavik

Tel: (354) 562-1011

Fax: (354) 564-4776

Web site: www.flybus.is

E-mail: main@re.is

Iceland Naturally

Web site: www.icelandnaturally.com

E-mail: info@icelandnaturally.com

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

www.buyusa.gov/iceland/en

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