

U.S. Country Commercial Guides



Iceland
2019

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Doing Business in Iceland

Market Overview

Iceland is a stable democracy with an active consumer economy. The pillars of the Icelandic economy are aluminum smelting, fishing, and tourism. Iceland's main material exports are aluminum products and fish products, and main service exports are tourism related services. In 2018, tourism accounted for 39% of total exports of goods and services, while marine products were 18% of total exports, aluminium products another 17%. Main material imports to Iceland in 2018 were industrial supplies 29%, capital goods (except for transport) 21%, transport equipment 15%, fuels and lubricants 15%, consumer goods 12%, and food and beverages 8%.

The United States is Iceland's largest trading partner by country, both in terms of exports and imports (2018). European Union Member States remain Iceland's most important trading partners collectively, with exports from Iceland to the EU accounting for 71.8% of total exports, and around two thirds of all imports coming from the EU. The booming tourism industry is a major contributor to the fact that the U.S. is now Iceland's largest trading partner by country, as the vast majority of tourists now come from the U.S., and tourism is considered export of services.

Iceland is an island nation about the size of the state of Kentucky. It is 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 the 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 United States, on behalf of NATO, bears primary responsibility for the defense of Iceland under the terms of a 1951 bilateral defense agreement. The United States maintained a Naval Air Station in Iceland until September 2006 when the base was closed. Although Iceland had applied to join the EU in 2009, in May 2015, a new Icelandic government decided to halt the accession negotiations.

With a population of 350,000, the domestic market is small. Icelanders, however, are generally well-educated, with sophisticated tastes, and accepting of American consumer goods. Almost all Icelanders speak English, and there is virtually 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 telecommunications technology.

The economic environment of Iceland has been characterized by low inflation and healthy economic growth since 2012, reaching its peak of 6.6% in 2016. In 2019, with the recent struggles of the predominant tourism industry, including the bankruptcy of Wow airlines, an anchor carrier for Keflavik airport, GDP is forecasted by the Central Bank of Iceland to contract by 5% between years and be -0,4% for the year 2019. GDP amounted to approximately USD 23, 9 billion in 2017.

Iceland has recently experienced a very low unemployment rate at around 2.3%, however this is expected to rise in the aftermath of the Wow bankruptcy. Iceland is a member of the European Economic Area (EEA), which allows for the open immigration of residents from other EEA countries. In 2018, around 18% of the workforce in Iceland were foreign citizens.

Until recently, U.S. investment in Iceland has mostly centered in the aluminum sector, with Alcoa and Century Aluminum operating plants in Iceland. However, U.S. portfolio investments in Iceland have been steadily increasing in recent years, with investments in diverse sectors including hotel chains, consumer goods, and retail. Several U.S. brands and franchises have entered the Icelandic market in recent year including Costco, Hard Rock Cafe, KFC/Taco Bell, and Levi's. U.S.-based Carpenter & Company is currently constructing the first 5-star hotel in Reykjavik, which will be operated by Marriott.

Iceland's convenient location between the United States and Europe, a large number of American tourists demanding U.S. products, Iceland's high levels of education and English proficiency, and general interest in U.S. products make Iceland a promising market for U.S. companies.

Iceland's economy entered a period of uncertainty with the sudden collapse of Icelandic airline WOW Air in March 2019, which carried approximately 33% of Iceland's passengers. While the full effects on Iceland's important tourism sector are still unknown, it is likely that tourism will drop, leading to a contraction of the Icelandic economy. But Iceland's recent lifting of all capital controls put in place in the aftermath of the 2008 financial crisis will facilitate currency flows in and out of the country and should help provide a cushion.

Aside from tourism, Iceland's data center and technology sectors have been some of the fastest growing sectors of the Icelandic economy. Iceland has a small but vibrant tech scene creating innovative solutions in gaming, biotech, fintech, tourism, and the fishing industry. Iceland also boasts relatively inexpensive renewable energy, making it an increasingly attractive location for data centers, with most of these facilities focusing on cryptocurrency activities.

Market Challenges

The main barriers to trade and market entries are:

- Increasing adoption of EU product standards and regulations, such as food product labeling.
- High tariffs on most agricultural products from outside the EU.
- Restrictions on import of some products, such as raw meat, due to phyto-sanitary regulations.
- Difficulty in obtaining financing for joint ventures.

Capital controls that had been in affect since the economic collapse in 2008 were lifted on March 1, 2018

Market Opportunities

Some of the attractive sectors in Iceland include

- [Energy intensive sectors](#): The majority of current U.S. investment in Iceland is in the aluminum sector. Opposition towards heavy industry has increased, however, both within the government and in the general public.
- Tourism: The industry is among the fastest growing in Iceland. Air travel is increasing and coordinated national efforts have helped to attract visitors throughout all seasons of the year.
- [The film industry](#): Iceland offers special tax incentives to attract film production.
- Consumer products: Iceland is dependent on imported goods. Potential growth areas for exports to Iceland include electricity generating equipment, organic foods, fresh produce, wine and beer, computer equipment and software, high-tech fishing equipment, aircraft, and furniture.
- [Data processing and storage](#): Iceland's first large-scale data center opened in February 2012 and a few new have opened since then.

Market Entry Strategy

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 the market is small, it is very common that Icelandic companies act as agents for foreign exporters, handling importation, distribution and marketing.

Political Environment

For background information on the political and economic environment of the country, see the [U.S. Department website](#).

Selling US Products & Services

Using an Agent to Sell US Products and Services

Importing and distribution of consumer and industrial goods in Iceland is generally handled by Icelandic wholesalers or agents, who often also handle the marketing of products, or by regional sales offices elsewhere in Europe. Retailers in Iceland 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's Economic and Commercial Section can provide lists of importers and sellers of particular products.

Iceland has adopted EU Directive 86/653/EEC which establishes certain minimum standards of protection for self-employed commercial agents who sell or purchase goods on behalf of their principals. In essence, the Directive establishes the rights and obligations of the principal and its agents; the agent's remuneration; and the conclusion and termination of an agency contract, including the notice to be given and indemnity or compensation to be paid to the agent. U.S. companies should be particularly aware that the Directive states that parties may not derogate certain requirements. Accordingly, the inclusion of a clause specifying an alternate body of law to be applied in the event of a dispute will likely be ruled invalid by European courts.

[Key link](#)

Iceland has adopted EU Directive 2000/35/EC that covers all commercial transactions, whether in the public or private sector, primarily dealing with the consequences of late payment. Transactions with consumers, however, do not fall within the scope of this directive. In sum, the directive entitles a seller who does not receive payment for goods/services within one month of the payment deadline to collect interest and to receive compensation for recovery costs. The seller may also retain the title to goods until payment is completed.

[Key Link](#)

Establishing an Office

The most common enterprises in Iceland are limited liability companies, either public or private. Branches of foreign limited liability companies can also be established. For an outline of the procedure see Invest in Iceland Agency's publication "Doing Business in Iceland". It is available at <http://www.invest.is/doing-business/>.

Franchising

Icelanders are open to American franchises. U.S. fast food franchises in Iceland include KFC, Taco Bell, Subway, Pizza Hut, Dominos, Quiznos, and Dunkin Donuts, among others. Non-food U.S. franchises include Avis, Hertz, Enterprise and RE/MAX. Other U.S. companies that have franchise-like relationships in Iceland include PricewaterhouseCoopers, Deloitte, Microsoft, and KPMG.

Direct Marketing

Direct marketing is practiced in Iceland but not to the same extent as in the United States. Methods include delivering leaflets to homes, television infomercials and telemarketing. The best source of contact information for telemarketers is the Icelandic phonebook. It can be found online at <http://en.ja.is/hradleit/>. Entries are listed by first name. The EU's Directive on distance selling to consumers (97/7/EC and amendments) has been implemented in Iceland. It sets out a number of obligations for companies doing business at a distance with consumers. Direct marketers must provide clear information on their identity as well as that of their supplier, full details on prices including delivery costs, and the period for which an offer remains valid before a contract is concluded.

According to Icelandic law, generally, consumers do not have legal right to return goods, unless the goods are faulty. However, the Ministry of Finance and Economic Affairs, issued in 2000 non-binding instructions on consumer rights which state that consumers should have 14 days to return non-faulty goods. If goods are purchased online, the consumer has legal rights to return the items within 14 days of purchase regardless if the product is faulty or not. Goods need to be in original condition and packaging. For more information see the Consumer Agency website <http://www.neytendastofa.is/fyrirtaeki/orettmaetir-vidskiptahaettir/skilarettur/>.

Financial services are the subject of EU Directive 2002/65/EC. This legislation is designed to ensure that consumers are appropriately protected in respect to financial transactions taking place where the consumer and the provider are not face-to-face. In addition to prohibiting certain abusive marketing practices, the directive establishes criteria for presenting contract information. Given the special nature of financial markets, specifics are also laid out for withdrawal of a

Key Link: <http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32002L0065>.

Joint Ventures/Licensing

The 1993 competition laws were reviewed and amended in 2001 and in 2005 to address joint ventures and the obligation to report on mergers. Iceland has adopted EU regulation (EC) No. 139/2004 on control of concentrations between undertakings. Joint ventures are subject to merger control.

Selling to the Government

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 a certain price limit must be tendered for competitive bidding through EU procedures. Accordingly, qualifying Icelandic tenders are posted in English on the EU's [Tenders Electronic Daily \(TED\) webpage](#) and are also accessible via the [U.S. Mission to the EU's website](#). 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 on State tenders can be obtained from [Iceland's State Procurement Office website](#), but it is not always available in English. Many governments finance public works projects through borrowing from the Multilateral Development Banks. Please refer to the "Project Financing" section in "Trade and Project Financing" for more information.

Distribution & Sales Channels

The majority of Icelanders live in the capital city of Reykjavik and the suburbs surrounding it, extending out to the International Airport on the Reykjanes Peninsula. There are other populated coastal towns such as Akureyri, which is located in the North of Iceland. There are no population centers in the center of the country. Distribution is concentrated around the capital, but cargo to other areas can be transported by air, ship or truck. There are no railroads in Iceland. The biggest port in Iceland for cargo is Sundahofn in Reykjavik where Eimskip, the largest cargo shipping company in Iceland, has their HQ and shipping docks. From the docks to the final destination products are either handled through the mail for individuals or wholesalers and their distribution channel.

Express Delivery

UPS, FedEx and DHL have representation in Iceland. For further information please see their websites:

UPS: www.express.is/

FedEx: <http://icetransport.is/about/english/>

DHL: <https://www.dhl.is/en.html>

Selling Factors & Techniques

Iceland is a member of the EEA which connects it to the EU internal market. Labelling requirement is subject to EU rules and regulations. This goes for agricultural products as well. All electronics must have the CE marking. For more information see [Iceland's Electricity Safety webpage](#).

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 and 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. Most communities outside the Reykjavík area are small, and the country can be considered a single market area.

eCommerce

Overview

Iceland follows European e-commerce regulations. E-commerce consists of online banking and shopping, including sales of airline tickets, hotel lodging and events tickets. An Icelandic online service company coordinates delivery and shipping of U.S. products to Iceland www.shopusa.is.

Icelanders have very high internet usage (96.5%). Internet shopping is growing in Iceland, with just over 67.3% of internet users doing at least some of their shopping online in 2014, up from 55.8% in 2013 (there are no recent statistics available).

A new tax for electronic media was implemented in 2011. Vendors must register with the Icelandic tax authorities if they sell more than \$8,000 worth of products per year to Icelandic customers.

Current Market Trends

Icelanders are increasingly using the internet to shop, as products are generally expensive in Iceland. Icelanders purchase clothing online, as well as baby and children's products (clothing, strollers and car seats), home décor and larger items including bicycles. With better and faster shipping services, and reduced tariffs, Icelanders are increasingly purchasing larger items from abroad online.

Domestic eCommerce (B2C)

Local service providers are also increasingly offering their products online, namely Icelandic clothing brands (<https://igloindi.com>, <https://www.lindesign.is/>), online stores offering home décor and Icelandic and Nordic design (<https://www.epal.is/>, <http://esjadekor.is/>, <http://hrim.is/>, <http://www.modern.is/>, <http://snuran.is>, and stores carrying clothes and products for babies and children, often high-end products (<http://www.fifa.is/>, <http://www.iamhappy.is/>, <http://www.paejurogpollar.is/>, <http://petit.is/>, www.sirkusshop.is/, www.tinytresor.com/). Online ecommerce platform Hopkaup.is offers a range of products, including childrens' toys, gadgets, tours, books, and group offers on services such as massages (<https://www.hopkaup.is/>). Icelanders can buy food products and meals online (<https://eldumrett.is/>), as well as fast food (www.dominos.is/, <http://pizzan.is/>). As consumer products are generally expensive in Iceland, buying and selling used items from children's clothing and toys, to camping trailers and cars is quite popular, both on facebook and on websites (<https://bland.is/>). Please note that this list of websites is not exhaustive, but it gives an indication of the ecommerce market in Iceland.

Cross-Border eCommerce

Ecommerce platforms like AliExpress are very popular, as well as European and American online retailers, especially those who offer free or low-cost delivery to Iceland. Tariffs on many imported goods have been reduced or eliminated, but customers have to pay VAT upon the arrival of goods to Iceland. Icelanders purchase clothing online, as well as baby and children products (clothing, strollers and car seats), home décor and larger items including bicycles.

B2B eCommerce

B2B ecommerce is growing in Iceland as companies are increasingly offering their services online. The high-tech and IT industries are flourishing in Iceland. IT companies generally offer their services online to other companies, such as software solutions for businesses. Two of the largest companies in Iceland that provide IT solutions and services for businesses are Advania (<https://advania.com/>) and Origo(<http://www.origo.is/>). Microsoft is also present in Iceland (<https://support.microsoft.com/is-is>).

eCommerce Services

As noted above, the high-tech and IT industries are growing fast in Iceland. Several companies offer IT services in Iceland, such as Advania (<https://advania.com/>), Microsoft (<https://support.microsoft.com/is-is>), Origo (<http://www.origo.is/>), Several smaller Icelandic companies and startups offer unique software solutions, such as HR software, advertising solutions, online banking software, and online payment solutions. The following website provides a comprehensive list of IT startups in Iceland: <http://sprotar.is/leitarvel-sprotar/>. The data center industry is also growing in Iceland, as Iceland is a convenient location for data centers due to the cold climate, renewable energy, convenient location between Europe and the U.S., and safe environment.

eCommerce Intellectual Property Rights

Iceland adheres to key international agreements on property rights, for more information see the chapter on Intellectual Property Rights.

Popular eCommerce Sites

It is quite popular to both purchase and sell used goods, including clothing, strollers, bicycles, toys, trailers, tires and cars, in Iceland. There are several facebook groups devoted to this, often for specific goods like children's clothing, or spare parts for cars. The most popular facebook group is "Brask og brall" (www.facebook.com/groups/braskogbrall.is/) which has over 100,000 members, or about a third of the Icelandic population. The most popular website to sell and buy used goods is Bland (<https://bland.is/>), where smaller businesses and individuals also advertise their products and services.

Foreign ecommerce platforms are rapidly growing in popularity in Iceland, namely AliExpress (www.aliexpress.com/), which offers low-cost Chinese-made products. Icelanders are also increasingly purchasing goods from American and European retailers, mostly clothing, baby and children's products, as well as equipment and larger items like bicycles and bicycle products. Many Icelanders use the services of ShopUSA, which is an Icelandic online service company that coordinates delivery and shipping of U.S. products to Iceland (www.shopusa.is).

Online Payment

Online retailers offer secure online payment. VISA cards and Master cards are accepted in most, if not all places in Iceland. Apps that facilitate online payment are widely used amongst younger people, including AUR (<https://aur.is/>), Kass (www.kass.is/), and Netgiro (www.netgiro.is/).

Mobile eCommerce

As noted above, younger people widely use mobile apps such as AUR (<https://aur.is/>), Kass (www.kass.is/), and Netgiro (www.netgiro.is/).

Digital Marketing

Digital marketing is widely used in Iceland. Many smaller companies only advertise on social media, mostly facebook, and many use social media influencers to market their products. Larger and more established companies use digital marketing in combination with conventional marketing.

Major Buying Holidays

December is the major shopping season in Iceland, starting three to four weeks before the Christmas holiday.

Social Media

As stated above, many Icelandic retailers and service providers use social media to advertise their products. Internet usage is widespread in Iceland, with facebook being the most popular form of social media. Snap chat and instagram are also popular. Many smaller companies only advertise on social media, mostly facebook, and many use social media influencers to market their products. Larger and more established companies use digital marketing in combination with conventional marketing.

Trade Promotion & Advertising

All major types of advertising media are available in Iceland. The principal television channels in Iceland are Ruv (www.ruv.is) and Stod 2 (www.stod2.is). There are also numerous private radio stations, in addition to the Government-owned Radio and TV stations, which also host advertising. CNN, Fox News, Sky News, BBC News, Al Jazeera and other international channels are available via a widely-subscribed cable system. For a list of advertising agencies contact the Society of Icelandic Advertising Agencies www.sia.is.

Newspaper readership in Iceland is very high. There are two principal newspapers: Morgunblaðið, a subscription publication, and Fréttablaðið, which is distributed free of charge to households in the capital area. Four additional newspapers are: DV, which is a tabloid-style paper currently publishing three times a week; Stundin, a bi-weekly paper; and Viðskiptablaðið, a weekly business journal published on Thursdays. All the newspapers have online editions, and there is an online investigative news outlet called Kjarninn. The Public Relations firm KOM issues a paid subscription news summary in English twice weekly.

Key web links:

- DV: <http://www.dv.is/>
- Frettabladid: www.visir.is
- Kjarninn: www.kjarninn.is
- Morgunbladid: www.mbl.is
- Ruv: www.ruv.is
- Stundin: www.stundin.is
- Vidskiptabladid: www.vb.i

Pricing

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% Value Added Tax (VAT) for most items (it is 11% for food, books, magazines and a few other items).

U.S. wholesale retailer Costco opened its first store in Iceland in May, 2017, and offers prices that are considerably lower than other retailers in Iceland offer. Retailers have responded to Costco's pricing and

immense, immediate popularity by lowering prices. Strong recent appreciation of the Icelandic krona has also lead to many retailers lowering prices and food products, electronics, cars, and more goods.

Sales Service/Customer Support

A common service/support method is a response to customers' questions and follow up to requests. E-mails and phone calls are the usual form of communication. Some services are offered overnight and all year round.

Protecting Intellectual Property

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 follows 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).

As a member of the EEA, Iceland 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 reliable system which records such security interests.

The Icelandic Patent Office, a government agency under supervision of the Ministry of Education, Science and Culture, 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 Trade-Related Aspects of Intellectual Property Rights (TRIPS) requirements. Iceland does not maintain a database on the number of and seizures of counterfeit goods, but there is a website <http://www.falsanir.is> where rights holders, customs officials, and other stakeholders can report suspected goods. It is illegal to resell counterfeit goods, but not illegal for individuals to buy and import them for their own consumption. There has, however, been a recent crackdown on counterfeit goods in public offices.

Illegal downloading and distribution of films and TV shows is common in Iceland, but few have been prosecuted so far. It is becoming increasingly popular in Iceland to purchase counterfeit consumer goods on Chinese websites, such as AliExpress.com, but again, prosecutions are rare. Customs seize counterfeit products if found and contact the owner of the intellectual property who then decides whether to press charges against the importer or not. If the owner of the intellectual property does not want to take legal actions, customs clear the items and send them to the importer.

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

Iceland is not listed in the USTR's 2018 Special 301 Report, nor is it listed in the notorious market report.

Iceland is a member of the European Patent Organization, the World Intellectual Property Organization (WIPO), and a party to most WIPO-administered agreements. For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

In any foreign market companies should consider several general principles for effective protection of their intellectual property. For background, please link to our article on [Protecting Intellectual Property](#) and [Stopfakes.gov](#) for more resources.

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

Director
Einkaleyfastofan - Icelandic Patent Office
Engjateigi 3,
150 Reykjavík
Iceland
Tel: +354 580-9400
Website: www.els.is
E-mail: postur@els.is

Copyright and related rights should be addressed to:

Secretary General
Ministry of Education, Science and Culture
Sölvhólgötu 4
150 Reykjavík
Iceland
Tel: +354 545-9500
Website: <https://eng.menntamalaraduneyti.is/>
E-Mail: postur@mrn.stjr.is

Due Diligence

The U.S. Foreign and Commercial Service in Oslo, in cooperation with the U.S. Embassy in Reykjavík, offers the International Company Profile program which provides background reports on potential agents, distributors and 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.

For further information please contact the Reykjavik Economic Section, (reykjavikeconomic@state.gov).

Local Professional Services

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 see the [U.S. Embassy in Iceland's Attorney Information webpage](#) for more information. Inquiries may also be directed to the [Icelandic Bar Association's website](#).

Principal Business Associations

[American-Icelandic Chamber of Commerce](#)
[Iceland Association of Women Entrepreneurs](#)
[Iceland Chamber of Commerce](#)
[Business Iceland \(Confederation of Icelandic Employers\)](#)
[Federation of Icelandic Industries](#)
[Icelandic Federation of Trade and services](#)

[Icelandic Travel Industry Association](#)

[Invest in Iceland](#)

Limitations on Selling US Products and Services

There are no limits on selling U.S. products or services other than the requirement that all products must be compliant with EU regulations concerning labelling and carry CE markings. Imported agricultural products such as meat and dairy products are subject to quotas.

Web Resources

[U.S. Embassy Reykjavik Commercial Section](#)

Leading Sectors for US Exports & Investments

Agricultural Sector

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

In 2014, the value of imported food and drink products to Iceland was more than \$415 million. The majority was made up of packaged and processed food. As of January 1, 2012, Iceland implemented a new regulation on genetically modified organisms (GMOs) that requires any product which contains more than 0.9 percent materials produced from GMOs to be labeled and for manufacturers to maintain traceability records for five years.

(total market size = (total local production + imports) - exports)

Leading Sub-Sectors

Organic foods and produce.

Opportunities

Familiarity with and willingness to try American brands is high. Organic products and fresh produce are popular with Icelanders, who are increasingly seeking out such options and demanding more variety.

Web Resources

Icelandic Federation of Trade (<http://www.atvinnurekendur.is/english/>)

Icelandic Food and Veterinary Authority – MAST (www.mast.is)

Ministry of Industry and Innovation (eng.atvinnuvegaraduneyti.is/)

Major wholesalers of U.S. products:

Aðföng (www.adfong.is)

Costco (www.costco.is)

Innnes (www.innnes.is)

Íslensk Ameríska (ISAM) (www.isam.is)

Íslensk Dreifing (<http://www.islenskdreifing.is/>)

John Lindsay (www.lindsay.is)

Karl K. Karlsson (www.karlsson.is)

Olgerdin (www.olgerdin.is)

Alcoholic Beverages

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

There is a state monopoly on retail sale of alcoholic beverages. In addition to selling to the government owned retailer, Vinbudin (ÁTVR), wholesalers sell directly to bars, restaurants and hotels. In 2018 Vinbudin sold alcoholic beverages worth \$231 million. Of those sales, 79% was beer. Icelanders' drinking preferences have steadily changed in recent years from favoring hard liquor to a growing preference for wine and beer. Inexpensive boxed wines are particularly popular, but economic prosperity brings an increased interest in fine wines. Another source of increased demand is the boom in tourism that has been growing double digits over the past eight years.

The purchase price of alcohol includes government taxes. Law no. 96/1995 indicates that the tax is related to the percentage of alcohol in each liter. All importers of alcohol must pay this fee or tax on top of customs fees.

(total market size = (total local production + imports) - exports)

Leading Sub-Sectors

Wines, beers, and spirits.

Opportunities

American alcoholic beverages have lost market share in recent years; however, American wines remain popular in Iceland. American beers, particularly micro-brewery beers, are gaining in popularity.

Web Resources

Wine and beer importers:

HOB (www.hob.is)

Karl K. Karlsson (www.karlsson.is)

Mekka Wine and Spirits (www.mekka.is)

Ölgerðin Egill Skallagrímsson (<http://www.olgerdin.is/>)

RJC (www.rjc.is)

For a detailed list of wine and beer importers see Vinbudin's website (http://www.vinbudin.is/heim/um_atvr/tabid-2214.aspx)

Retailers:

Vinbúðin (ÁTVR) (www.vinbud.is)

Computer Equipment and Software

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

Iceland is among 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 2015, Iceland ranked number 19 of 143 economies in terms of network readiness. The Icelandic software market is sophisticated, with numerous startups and several established 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 enhance business processes. U.S. products are popular in Iceland. Information on investment opportunities in the IT industry in Iceland can be found at Invest in Iceland Agency (www.invest.is).

(total market size = (total local production + imports) - exports)

Leading Sub-Sectors

Manufactured hardware, solutions for information management, and applications for increased mobility, e-business, and information security.

Opportunities

Iceland's green energy resources and cool climate make it attractive for data storage and processing equipment. There are several data storage facilities in Iceland. Future connectivity capacity to North America will enhance data processing opportunities.

Web Resources

Advania (www.advania.is)

Apple (www.epli.is)

Invest in Iceland (www.invest.is)

Microsoft Iceland (<https://www.microsoft.com/is-is/>)

Origo (www.origo.is)

Opin Kerfi ehf./HP (www.ok.is)

WEF Global Information Technology Report

(<http://reports.weforum.org/global-information-technology-report-2015/>)

Consumer Goods and Entertainment

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

The majority of Icelandic households are dual-income, and there is demand for labor-saving devices and the latest gadgets. This market is likely to remain attractive on both a category and niche basis regardless of economic conditions.

(total market size = (total local production + imports) - exports)

Leading Sub-Sectors

Electrical appliances, computer software, computer hardware, gaming products, and music products.

Opportunities

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, such as breakfast cereals. The market for U.S. entertainment products remains bright, and exposure to American entertainment products appears to spur demand for other U.S. goods and services. American music and movies have always played a major role in Icelandic culture. Computer games from the United States likewise have a strong fan base in Iceland. Some companies, however, have limited their opportunity to reach the Icelandic market by failing to accept Icelandic credit cards and/or ship internationally.

Web Resources

Icelandic Trade Federation (<http://www.atvinnurekendur.is/english/>)

Energy

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

Almost all of Iceland's electricity is produced in hydro- and geothermal power plants. For more info see www.os.is. A few power plants and transmission lines are currently under construction, or in planning stages, to feed energy intensive industries. There are three main electricity producers: Landsvirkjun, which is state-owned; Reykjavík Energy, owned by three municipalities; and HS Energy, owned by local municipalities and private investors, some of whom are foreign. There is a nascent wind power sector and some interest in developing solar power, especially for off-grid uses. As Landsvirkjun and Reykjavík Energy are publicly owned, tendering is mandatory if the value of a contract exceeds a certain limit. The price limit depends on the nature of the purchase. Tenders can be found online in the European TED database (www.ted.europa.eu).

(total market size = (total local production + imports) - exports)

Leading Sub-Sectors

Turbines for hydro, geothermal and wind power plants; transformers; generators; and small scale, off grid solar solutions.

Opportunities

There are opportunities for U.S. companies to sell products to upgrade, maintain and repair power plants.

Web Resources

HS Energy (www.hs.is)

Landsvirkjun (www.lv.is)

Ministry of Industry and Innovation (<https://www.government.is/ministries/ministry-of-industries-and-innovation/>)

National Energy Authority (Orkustofnun) (www.os.is)

Reykjavík Energy (Orkuveita Reykjavíkur) (www.or.is)

Tenders Electronic Daily (TED) (www.ted.europa.eu/TED/main/HomePage.do)

Fishing Equipment

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

Fishing and fish processing are among the main pillars of the Icelandic economy, and the annual catch amounts to more than one million tons. Aquaculture is a growing industry in Iceland. Producers who want to introduce a product to the Icelandic market should consider finding a local agent or distributor.

(total market size = (total local production + imports) - exports)

Leading Sub-Sectors

Specialized and advanced processing equipment; fly and sport fishing equipment; technology related to fish farming.

Opportunities

There is market for specialized and advanced U.S. equipment. Fly fishing is very popular and has become a \$16 million industry in Iceland. The demand for fishing gear for fly fishing and sport fishing is growing steadily. As the aquaculture industry is growing rapidly, the demand for technology related to fish farming is also increasing.

Web Resources

Fisheries Iceland (www.sfs.is)

Icelandic Aquaculture Association (TIAA) (<http://www.lf.is/en/forsida-2/>)

Ministry of Industry and Innovation (eng.atvinnuvegaraduneyti.is/)

Franchising

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

Over the last decade, U.S. food franchises have flourished, with at least 13 U.S. franchises in Iceland today, most of them fast-food chains. In the clothing and apparel sector, European franchises are dominant, but U.S. brands in clothing and accessories are increasingly popular in Iceland.

(total market size = (total local production + imports) - exports)

Leading Sub-Sectors

Clothing and accessories; services; food franchises.

Opportunities

Growing tourism has increased interest in a range of franchises that support or cater to a tourist population.

Web Resources

Federation of Trade and Services (<http://svth.is/almennar-upplysingar-um-svth/about-svth/>)

The U.S. Embassy in Iceland (<https://is.usembassy.gov/>)

Medical Equipment

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

The health care system in Iceland is run by the state and is comparable in quality to those in other Nordic countries. Some privately-run clinics have been established, but healthcare privatization is a hotly debated and politically sensitive topic in Iceland.

(total market size = (total local production + imports) - exports)

Leading Sub-Sectors

Medical supplies to hospitals and clinics. Medical equipment.

Opportunities

Hospitals usually issue a single tender for their medical supplies each year, and the tender is advertised throughout the EEA market to attract more bidders. The best course of action is to work through a local supplier.

Web Resources

Ministry of Health (<https://www.government.is/ministries/ministry-of-health/>)

Ríkiskaup (www.rikiskaup.is)

Tenders Electronic Daily (TED) (www.ted.europa.eu/TED/main/HomePage.do)

Pharmaceuticals

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

The Icelandic OTC market in pharmaceuticals is dominated by two large pharmacy chains, but there are a few independent pharmacies in operation as well. Hospitals usually issue a tender for their pharmaceutical supplies on an annual basis. As Iceland is a member of the EEA agreement, similar regulations apply in Iceland as in the EU when it comes to drugs and drug safety.

(total market size = (total local production + imports) - exports)

Leading Sub-Sectors

General drugs as well as generic drugs, OTC pharmaceuticals and supplements such as vitamins.

Opportunities

Lack of OTC cold and flu medicine in Iceland is striking, with few products on the market compared with other western markets.

Web Resources

Ministry of Health (<https://www.government.is/ministries/ministry-of-health/>)

Ríkiskaup (www.rikiskaup.is)

Tenders Electronic Daily (TED) (www.ted.europa.eu/TED/main/HomePage.do)

Tourism

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

Parallel to the tourism industry, which grew by double digits between 2010 to 2017 a new consumer market has started to emerge, as the number of tourists in Iceland far exceeds the local population of 350,000, with Americans as the largest tourist population in Iceland, which generates more demand for U.S. products. However with the slowdown starting in 2018 the full effects on Iceland's important tourism sector are still unknown, it is likely that tourism will drop even more, leading to a contraction of the Icelandic economy.

(total market size = (total local production + imports) - exports)

Leading Sub-Sectors

Hotel construction.

Opportunities

Hotel construction, mainly in the southern part of Iceland outside of the capital area, and in the northern part of Iceland around Akureyri. There is also demand for other infrastructure in the tourism industry.

Web Resources

Icelandic Tourist Board (<https://www.ferdamalastofa.is/en/about-us/icelandic-tourist-board>)

Invest in Iceland (<https://www.invest.is/>)

Promote Iceland (<https://www.islandsstofa.is/en>)

Customs, Regulations & Standards

Trade Barriers

Tariffs on meat and dairy products can be considered prohibitive, and as a consequence, imported meat and dairy products account for a small part of domestic consumption. Beef imports have increased recently, however, as demand from tourists has outpaced domestic production.

Iceland maintains tariffs on certain categories of food products from the United States that are not applied to similar products from the EU. For further information, contact the Icelandic Environmental and Food Agency (Food Division) and the Icelandic Food and Veterinary Authority (MAST).

For more information and help with trade barrier, please contact:

International Trade Administration

Enforcement and Compliance

Phone: (202) 482-0063

Email: ECCcommunications@trade.gov

Import Tariff

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 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 marking to certify that a product has met EU consumer safety, health or environmental requirements, 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 has noticed an increase in these types of regulatory barriers as Icelandic regulations become more 'European.' Information about the CE mark is available from U.S. Department of Commerce Export Assistance Centers. Information is also available at the Icelandic Standards Office; the national standards body of Iceland (www.stadlar.is).

To sell products on the EU market as well as in Norway, Liechtenstein and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking 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. More information is in the "Product Certification" section, below.

To comply with GATT and WTO-agreements, the Minister of Fisheries and Agriculture issues quotas for import of various meat and dairy products every year, that are exempt from general tariffs. There is some flexibility in how the minister can impose tariffs on the products imported under the WTO-quota. For example, in 1995-2008, specific per-pound tariffs were issued that were considerably lower than the general tariffs. 2009 marked a change in policy, as the Minister issued ad valorem tariffs that were higher than the general quotas. Local importers challenged this, and it was later revoked after a local importer won a lawsuit against the Icelandic Government. Quotas for importation of 650 tons of meat and 100 tons of cheese from the EU are also issued every year. Because of high demand, the price of quotas determined at auctions has often exceeded half the general tariffs. On May 1, 2018, an agreement came into force between Iceland and the EU concerning reduced or eliminated tariffs, and increased tariff quotas on unprocessed agricultural products. As part of this

agreement, Iceland drops tariffs of more than 340 categories of unprocessed agricultural products, and reduces tariffs of more than 20 categories. This will leave U.S. agricultural products exported to Iceland up to 30% more expensive than products from the EU.

Iceland has eliminated tariffs on consumer goods including clothing and electronics, and on January 1, 2017, tariffs on dozens of agricultural products from the EU were eliminated or reduced. Automobiles are subject to duties based on carbon emissions, with zero emission cars being duty-free. 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%, with a reduced rate of 11% generally applying to heating costs, printed matter, restaurant meals, hotel stays, and most food.

The most up-to-date “Customs Tariffs”-handbook, listing tariffs on all products, is available at the Directorate of Customs’ website (www.tollur.is) under “Publications”. It is based on the Harmonized Commodity Description and Coding System (HS).

In addition to tariffs, excise duties are imposed on some products.

Import Requirements & Documentation

For import requirements for agricultural products, feed, plants, fishing equipment or riding equipment, please see the website of The Icelandic Food and Veterinary Authority (www.mast.is/english).

Labeling/Marking Requirements

Icelandic regulations on ingredients, additives and labeling generally follow EU directives. Since 2012, a regulation on Genetically Modified Organisms requires any product containing more than 0.9 percent materials produced from GMOs to be labeled and for manufacturers to maintain traceability records for five years.

Product labels must be in Icelandic, English, or another Nordic language other than Finnish. However, since nutritional labeling standards in the United States are different from those in the EU, importers are required to re-label products, increasing the shelf price. A retail-size food package must show the name of the manufacturer, packer or importer, commercial name of the product, net metric weight 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 from The Environment Agency of Iceland (www.ust.is) and The Icelandic Food and Veterinary Authority (www.mast.is).

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

Icelandic intellectual property laws are TRIPS-compliant. All applications for trademark, patent, or 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 if they are 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.

U.S. Export Controls

The United States imposes export controls to protect national security interests and promote foreign policy objectives. The United States also participates in various multilateral export control regimes to prevent the

proliferation of weapons of mass destruction and prevent destabilizing accumulations of conventional weapons and related material. The U.S. Department of Commerce's Bureau of Industry and Security (BIS) administers U.S. laws, regulations and policies governing the export and reexport of commodities, software, and technology (collectively "items") falling under the jurisdiction of the Export Administration Regulations (EAR). The primary goal of BIS is to advance national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership. BIS also enforces anti-boycott laws and coordinates with U.S. agencies and other countries on export control, nonproliferation and strategic trade issues.

BIS is responsible for implementing and enforcing the EAR, which regulate the export, reexport, and transfer (in-country) of items with commercial uses that can also be used in conventional arms, weapons of mass destruction, terrorist activities, or human rights abuses, and less sensitive military items.

BIS's Export Administration (EA) reviews license applications for exports, reexports, transfers and deemed exports (technology transfers to foreign nationals in the United States) subject to the EAR. Through its Office of Exporter Services, EA provides information on BIS programs, conducts seminars on complying with the EAR, and provides guidance on licensing requirements and procedures. EA's Office of Technology Evaluation (OTE) analyzes U.S. export data on items subject to the EAR, BIS license application data, and global trade information to assess data trends. [OTE's data portal](#) provides excerpts from statistical reports, along with data sets to enable the public to perform analyses of exports and licensing on its own.

U.S. exporters should consult the EAR for information on how export license requirements may apply to the sale of their items. If necessary, a commodity classification request may be submitted in order to obtain BIS assistance in determining how an item is controlled (*i.e.*, the item's classification) and the applicable licensing policy. Exporters may also request a written advisory opinion from BIS about application of the EAR to a specific situation. Information on commodity classifications, advisory opinions, and export licenses can be obtained through the BIS website at www.bis.doc.gov or by contacting the Office of Exporter Services at the following numbers: Washington, D.C. Tel: (202) 482-4811 Fax: (202) 482-3322 Western Regional Office Tel: (949) 660-0144 Fax: (949) 660-9347

Further information on export controls is available at: <http://www.bis.doc.gov/licensing/exportingbasics.htm>

BIS's Export Enforcement (EE) is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure. In accordance with the EAR, BIS officials conduct site visits, also known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR, to verify compliance.

An EUC is an on-site verification of a party to a transaction to determine whether it is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR.

Specifically, an EUC verifies the *bona fides* of recipient(s) of items subject to the EAR, to include: confirming their legitimacy and reliability relating to the end use and end user; monitoring their compliance with license conditions; and ensuring such items are used and/or re-exported or transferred (in-country) in accordance with the EAR.

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of “[red flags](#),” or warning signs, intended to discover possible violations of the EAR.

Also, BIS has “[Know Your Customer](#)” guidance.

BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two day seminars and focus on the basics of exporting as well as more advanced topics. Check a [current seminar schedule](#) for a list of upcoming seminars.

BIS also provides [online training](#).

The EAR does not regulate transactions involving all U.S. goods, services, and technologies. Other U.S. Government agencies regulate more specialized exports. For example, the U.S. Department of State’s Directorate of Defense Trade Controls has authority over defense articles and services. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The [EAR](#) is available on the BIS website and on the e-CFR ([Electronic Code of Federal Regulations](#)) website.

The Consolidated Screening List (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates a number of smaller lists of restricted parties that are maintained by a variety of U.S. Government agencies, including the Department of Commerce, as an aid to industry in conducting electronic screens of potential parties to regulated transactions. The CSL is available here: <http://apps.export.gov/csl-search> or <https://developer.trade.gov/consolidated-screening-list.html>.

Temporary Entry

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 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; and some medical, surgical and laboratory and scientific equipment used in hospitals, other medical institutions and for teaching and research purposes. The ATA carnet, which Iceland honors, 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](#) website.

Prohibited & Restricted Imports

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 for certain products, regulations or any other instructions by Icelandic authorities. Examples of such products include telephones and other telecommunication equipment, fishing equipment/gear and rider’s equipment, firearms, ammunition and other related equipment. To see import restrictions for used fishing gear and riding equipment, please visit www.mast.is/english.

Customs Regulations

U.S. exporters may request an advance ruling on customs classification from the Icelandic Directorate of Customs. The application should describe the product in complete 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 description. Importers can access the Icelandic Customs Tariff Manual in English on the Customs website (www.tollur.is).

Standards for Trade

Overview

Products tested and certified in the United States to American standards are likely to be retested and re-certified to EU requirements. Where products are not regulated by specific EU technical legislation, they remain subject to the EU's General Product Safety Directive as well as to any applicable national requirements.

European Union standards created under the New Approach are harmonized across the 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. For a list of New Approach legislation, go to <http://ec.europa.eu/growth/single-market/european-standards/harmonised-standards/>.

While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that regulations and technical standards might also act as barriers to trade if U.S. standards are different from those of the European Union.

Standards

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: Byggingarstaðlaráð (BSTR) in the building sector, Fagstaðlaráð í fiskimálum (FIF) in the fishing sector, Fagstaðlaráð í upplýsingatækni (FUT) in the information technology sector, and Rafstaðlaráð (RST) in the electro-technical sector. IST is a member of the European standards organizations European Committee for Standardization (CEN), European Committee for Electrotechnical Standardization (CENELEC) and the European Telecommunications Standards Institute (ETSI) and of the international standards organizations ISO and IEC. Their address is:

Icelandic Standards
Skúlatun 2
105 Reykjavík
Iceland
Tel: +354 520-7150
Fax: +354-520-7171
Web site: www.stadlar.is

Testing, inspection and certification

Conformity Assessment

Electrical equipment sold and used by the public (consumer electronics and household electrical appliances) must carry the CE mark to certify that the products have met EU consumer safety, health or environmental

requirements. The 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, or 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 if they were 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. Any product that contains more than 0.9 percent materials produced from genetically modified organisms must be labeled as such. More information can be obtained from the Environment Agency of Iceland (www.ust.is) and The Icelandic Food and Veterinary Authority (www.mast.is).

Product Certification

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 state 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

The Icelandic Consumer Agency is, among other things, the national accreditation organization under the auspices of the Icelandic Ministry of Justice. The Icelandic Consumer Agency 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. 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. It can be found at: (<https://www.nist.gov/>).

Notified bodies in Iceland can be found at: https://ec.europa.eu/commission/index_en.

Accreditation is handled at Member State level. "European Accreditation" is an organization representing nationally recognized accreditation bodies (www.european-accreditation.org). 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.

Publication of technical regulations

The Icelandic Patent office publishes a monthly gazette that covers filings of patents, trademarks and designs. The gazette is available via download at www.isac.is.

Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. Notify U.S. (www.nist.gov/notifyus) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country(ies) and industry sector(s) of interest, and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

Contact Information

Trade Agreements ISAC - Iceland Accreditation

ISAC, Einkaleyfastofan
Engjateigur 3
150 Reykjavík
Iceland
Tel: +354 580 9400
Fax: +354-580-9401
Web site: www.isac.is

Trade Agreements

The United States does not share either a bilateral investment treaty (BIT) or a free trade agreement (FTA) with Iceland, although the two parties signed a Trade and Investment Framework Agreement (TIFA) in January 2009. Iceland has signed BITs with Chile, China, Egypt, India, Latvia, Lithuania, Mexico and Vietnam. Iceland and China signed an FTA in 2013 that came into force the following year.

Iceland is a member of the European Free Trade Association (EFTA), and has therefore access to the Norwegian, Swiss, and Liechtenstein markets, as well as the EU market through the EEA Agreement. The 1994 EEA agreement unites the EFTA and EU member states into one single market with free movement of goods, capital, services and persons. The agreement further stipulates tariff free trade of industrial products that originate from countries that are part of the agreement, and reduced or eliminated tariffs, on processed agricultural products and seafood. Iceland has a bilateral agreement with the EU dating back to 1972 on reduced or eliminated tariffs on Icelandic seafood exported to the EU. On May 1, 2018, an agreement came into force between Iceland and the EU concerning reduced or eliminated tariffs, and increased tariff quotas on unprocessed agricultural products. As part of this agreement, Iceland drops tariffs of more than 340 categories of unprocessed agricultural products, and reduces tariffs of more than 20 categories. This will leave U.S. agricultural products exported to Iceland up to 30% more expensive than products from the EU.

Iceland is also bound by Free Trade Agreements (FTA) with the following countries through its membership in EFTA: Albania, Bosnia Herzegovina, Chile, Egypt, Georgia, Hong Kong, Israel, Jordan, Canada, Columbia, Lebanon, Macedonia, Morocco, Mexico, Costa Rica, Guatemala, Panama, Peru, State of Palestine, Singapore, Serbia, South Korea, Montenegro, South African Customs Union (SACU), Gulf Cooperation Council (GCC), Tunis, Turkey, and Ukraine.

Licensing Requirements for Professional Services

Iceland adheres to EU regulations on professional accreditation. Iceland adheres to EU regulations on professional accreditation. For further information please see the [European Union's Recognition of Professional Qualifications webpage](#).

Web Resources

[Directorate of Customs](#)

[Environment Agency of Iceland](#)

[Icelandic Consumer Agency](#)

[Icelandic Environmental and Food Agency \(Food Division\)](#)

[Icelandic Food and Veterinary Authority](#)

[Icelandic Patent Office](#)

[Icelandic Standards](#)

[Icelandic Medicines Agency](#)

[Ministry of Health](#)

[NANDO \(New Approach Notified and Designated Organisations\)](#)

[National Gazette](#)

[U.S. Council for International Business](#)

Investment Climate Statement

The U.S. Department of State's Investment Climate Statements, prepared annually by U.S. embassies and diplomatic missions abroad, provide country-specific information and assessments of the investment climate in foreign markets. Topics include: Market barriers, business risk, legal and regulatory system, dispute resolution, corruption, political violence, labor issues, and intellectual property rights. The statements are available in two ways. Visit the U.S. Department of State's [Investment Climate Statement](#) website.

Trade & Project Financing

Methods of Payment

Payment from Iceland to a foreign entity can be made without formality or delay through commercial and savings banks, though payments are in some cases channeled through the Central Bank. Most issues relating to cross-border payments following the October 2008 banking collapse have been resolved.

There are a number of debt collection agencies in Iceland. The Economic and Commercial section of the U.S. Embassy in Reykjavík (ReykjavikEconomic@state.gov) can provide a list of such agencies upon request.

All normal methods of payment are used, but the most common and preferred method of payment is on open account terms where the buyer pays for products after receiving them. Many wholesalers who have had a successful long-term business relationship with their vendors maintained an open account even after the crash. By November 2011, most of the largest international insurance companies have begun to service Icelandic firms again.

Creditinfo Island (www.creditinfo.is) provides credit reports on Icelandic companies, lists of defaulting debtors, and related information.

Three agencies assign the Republic of Iceland's 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 (www.fitchratings.com)

Moody's Investors Service (www.moodys.com)

Standard & Poor's (http://www.standardandpoors.com/en_US/web/guest/home)

Banking Systems

The Central Bank of Iceland was established in 1961 by an act of Parliament. The Central Bank of Iceland promotes price stability, maintains international reserves, and promotes efficient financial system, including cross-border and domestic payment systems. For more information see [the Central Bank of Iceland's website](#). There are three commercial banks in Iceland, Arion Bank, Islandsbanki and Landsbankinn, and one investment bank, Kvika.

All companies have access to regular commercial banking services in Iceland, although financing for large-scale investment projects usually comes from abroad. Pension funds are active in investing in and financing projects in Iceland.

The Central Bank of Iceland has often intervened in the market since the collapse by buying ISK, and as the capital controls have been fully lifted, all entities can sell their ISK assets by exchanging them for foreign currency on the onshore market.

Establishing a bank account in Iceland requires a local personal identification number known as a "kennitala." Foreign national should contact Registers Iceland for more information on how to register in Iceland <https://www.skra.is/english/individuals/>.

The Government of Iceland has not announced plans to allow the implementation of blockchain technologies in its banking transactions. There are several data centers in Iceland that house blockchain operations.

Foreign Exchange Controls

The 1996 Act on Investment by Non-residents in Business Enterprises states that "non-residents who invest in Icelandic enterprises shall have the right to convert into any currency, for which the Central Bank of Iceland

maintains a regular exchange rate, any dividends received or other profits and proceeds from sales of investments." In 2008, however, the Central Bank of Iceland temporarily imposed capital controls to prevent a massive capital outflow following the collapse of the financial sector; those restrictions were lifted in March 2018. Transactions involving imports and exports of goods and services, travel, interest payments, contractual installment payments and salaries were still permitted under the capital controls.

The Central Bank of Iceland publishes the official exchange rate on its website <https://www.cb.is/statistics/official-exchange-rate/>. "The exchange rate of the Icelandic króna is determined in the foreign exchange market, which is open between 9:15 hrs. and 16:00 hrs. on weekdays. Once a day, the Central Bank of Iceland fixes the official exchange rate of the króna against foreign currencies, for use as a reference in official agreements, court cases, and other contracts between parties that do not specify another reference exchange rate; cf. Article 19 of the Act on the Central Bank of Iceland, and fixes the official exchange rate index at the same time. This is done between 10:45 hrs. and 11:00 hrs. each morning that regulated foreign exchange markets are in operation. Under extraordinary circumstances, the Central Bank may temporarily suspend its quotation of the exchange rate of the króna."

The Annual Report on Exchange Arrangements and Exchange Restrictions 2016, published by the International Monetary Fund (IMF), describes exchange restrictions and multiple currency practices in Iceland in the following way: "The IMF staff report for the 2014 Article IV Consultation and Fifth Post-Program Monitoring Discussion with Iceland states that as of February 23, 2015, Iceland maintained exchange restrictions arising from limitations imposed on the conversion and transfer of (1) interest on bonds (whose transfer the foreign exchange rules apportion depending on the period of the holding); (2) the principal payments from holdings of amortizing bonds; and (3) payments on the indexation of principal from holdings of amortizing bonds. (Country Report No. 15/72)"

US Banks & Local Correspondent Banks

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

Project Financing

The Icelandic domestic banking system is limited in size. Therefore capital, at least for larger projects, usually comes from abroad. Until capital controls are fully lifted, obtaining financing may be more difficult than before the crisis.

There are a number of U.S. agencies that might finance certain projects in Iceland, or guarantee payments in trade with goods and services, such as the Export-Import Bank. See web resources below.

The European Investment Bank (EIB) finances private investments promoted by creditworthy counterparts established in EEA-countries. The European Investment Fund (EIF), established in 1994, is an agency headquartered in Brussels that provides financing for SMEs (small- and medium-sized enterprises). It does not lend money to SMEs directly; rather, it provides financing through private banks. Its main operations are in the areas of venture capital and guaranteeing loans. The EIF 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, Reykjavík 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.

The Icelandic government traditionally finances public sector projects although the European Investment Bank and Nordic Investment banks have played a role in financing various public projects.

Financing Web Resources

[Export-Import Bank of the United States - Country Limitation Schedule](#)

[Export-Import Bank of the United States](#)

[Overseas Private Investment Corporation \(OPIC\)](#)

[SBA's Office of International Trade](#)

[U.S. Trade and Development Agency](#)

[Trade Finance Guide: A Quick Reference for U.S. Exporters, from the International Trade Administration's](#)

[Industry & Analysis team](#)

[USDA Commodity Credit Corporation](#)

[U.S. Agency for International Development \(USAID\)](#)

Business Travel

Business Customs

Social and business etiquette in Iceland is similar to that in other western European countries, but there are some noticeable differences.

Since Iceland is a small community, access to key people is relatively easy, though it is advisable to schedule appointments in advance. Since even the largest Icelandic corporations are relatively small, you may find the decision-makers in your meeting. Business meetings are usually informal and relaxed, but good preparation is important. Business cards are exchanged upon introduction. Extended small talk is not necessary, and getting straight down to business is appreciated though Icelandic business people can appear willing to spend more time discussing a situation than Americans are used to.

Simultaneous 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 vocabulary, but contracts may need to be translated. Icelanders like to combine business with pleasure, so establishing a friendly and personal relationship is a good approach. 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 fairly cold winters, so 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, often foreign in origin. 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 patronymic upon marriage. First names are the names by which people are known, and are thus generally used. 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

Reykjavík 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. Reykjavík is safer than major cities in the United States 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 incidents. Emergency services, including fire, police and ambulance, are available by dialing 112. Emergency service operators speak English.

Iceland is home to active volcanoes. If a volcanic eruption occurs while you are in Iceland, you should closely follow any instructions from the local authorities. Be aware that airports in Iceland, including Keflavik International Airport, may need to close in the event of future eruptions. You can find updates on volcanic activity in Iceland through the Icelandic Office of Civil Defense.

[State Department Consular Information page](#) for Iceland.

Visa Requirements

U.S. travelers to Iceland must have a valid passport. Iceland is a party to the Schengen agreement. As such, U.S. citizens may enter Iceland for up to 90 days for tourist or business purposes without a visa. The passport should be valid for at least three months beyond the period of stay.

For further information concerning entry requirements for Iceland, travelers can contact The Icelandic Embassy in the U.S. or the Icelandic Directorate of Immigration.

Icelandic Embassy, c/o House of Sweden

2900 K Street N.W. #509

Washington DC 20007-1704

Tel: +1 (202) 265 6653.

Web site: <http://www.iceland.is/iceland-abroad/embassies>

Icelandic Directorate of Immigration

Skógarhlíð 6

105 Reykjavík

Iceland

Tel: +354 510-5400

Web site: <http://www.utl.is/>

E-mail: utl@utl.is

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

State Department Visa Website: <https://travel.state.gov/content/visas/en.html>

The Consular Section of the Reykjavík Embassy: <https://is.usembassy.gov/>

Currency

The local currency is the Icelandic Krona. It is advisable to exchange ISK back into other foreign currency before departure from Iceland as the ISK is not exchangeable outside Iceland.

Access to ATM is widely available.

VISA and Mastercard credit cards are widely accepted, but American Express is not accepted at all stores.

Telecommunications/Electronics

Telecommunication services are modern and readily available. High speed internet connections are available at all business hotels, and prepaid SIM-cards are also widely available. Both 3G and 4G are available and the local cellphone companies have roaming contracts with all the major international cellphone companies.

All electric appliances run at 220volts and sockets are European standard. Convertors for U.S. to European sockets are readily available at hardware stores in Iceland and are also sold at the duty free store upon arrival to Keflavik airport.

Transportation

Three airlines fly between Iceland and the United States. Icelandair (<https://www.icelandair.com/en-gb/>) destinations include Boston, Washington DC, Minneapolis, Denver, Seattle, Portland Oregon, Chicago, Anchorage, Orlando, New York, Philadelphia, and Tampa. Delta airlines (www.delta.com) flies to and from New York all year around and to Minneapolis during the summer. United Airlines (www.united.com) flies to and from New York.. Travelers can take Fly Bus (<https://www.re.is/flybus/>) or Airport Express (airportexpress.is/) from Keflavik Airport to their hotel destination. A return bus ticket costs about \$50 and takes about 50-75 minutes from the airport to your hotel. Private taxis are also available at the airport, but are significantly more expensive. 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. No tipping is required. Rental cars are available at the airport and in Reykjavik, but are expensive. Gasoline costs about \$7.00 per gallon.

Language

There is virtually 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

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 fairly moderate, maritime climate year round.

Icelandic medical care is of 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, though there may be a wait time to see certain specialists. Hospitals are well-equipped, and maternity hospitals and clinics are available. Most doctors and dentists speak English. Tourists should expect to pay for services provided at time of service. 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 United States. Tourists should bring a supply of any medicine that they know they will need. In case of medical emergency, dial 112.

Local Time, Business Hours and Holidays

Icelandic work schedules are similar to those in the United States 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.

Office hours: 9 am – 5 pm. Business hours for stores are from 10-18.

There are an increasing number of grocery and convenience stores that are open 24/7.

Temporary Entry of Materials or Personal Belongings

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. See more under Chapter 5, Customs Regulations.

Travel Related Web Resources

Airport Express (<https://airportexpress.is/>)

Delta Airlines (www.delta.com/)

Flybus (<https://www.re.is/flybus/>)

Iceland Naturally (www.icelandnaturally.com)

Icelandair (www.icelandair.com)

Icelandic Directorate of Immigration (www.utl.is)

Icelandic Embassy to the U.S (<http://www.iceland.is/iceland-abroad/>)

Icelandic Tourist Board (www.ferdamalastofa.is/)

State Department Visa Website (travel.state.gov/)

U.S. Embassy in Iceland (<https://is.usembassy.gov/>)

Visit Reykjavík (<http://www.visitreykjavik.is/>)