

# Iceland

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RISK & COMPLIANCE REPORT

DATE: January 2017

<b>Executive Summary - Iceland</b>	
<b>Sanctions:</b>	None
<b>FAFT list of AML Deficient Countries</b>	No
<b>Medium Risk Areas:</b>	<p>Non - Compliance with FATF 40 + 9 Recommendations</p> <p>Corruption Index (Transparency International &amp; W.G.I.)</p> <p>World Governance Indicators (Average Score)</p> <p>Failed States Index (Political Issues)(Average Score)</p>
<p><b>Major Investment Areas:</b></p> <p><b>Agriculture - products:</b></p> <p>potatoes, green vegetables; mutton, chicken, pork, beef, dairy products; fish</p> <p><b>Industries:</b></p> <p>fish processing; aluminum smelting, ferrosilicon production; geothermal power, hydropower, tourism</p> <p><b>Exports - commodities:</b></p> <p>fish and fish products 40%, aluminum, animal products, ferrosilicon, diatomite</p> <p><b>Exports - partners:</b></p> <p>Netherlands 30.1%, Germany 12.9%, UK 9.8%, Norway 5%, US 4.5%, France 4.4% (2012)</p> <p><b>Imports - commodities:</b></p> <p>machinery and equipment, petroleum products, foodstuffs, textiles</p> <p><b>Imports - partners:</b></p> <p>Norway 16.6%, US 10.1%, Germany 9.2%, China 7.1%, Brazil 6.6%, Netherlands 5.7%, Denmark 5.6%, UK 4.7% (2012)</p>	
<p><b>Investment Restrictions:</b></p> <p>The government has stated its desire to attract foreign direct investment (FDI) in certain sectors and has pledged to draft new policies to facilitate such investment.</p>	

Foreign ownership of businesses is generally unrestricted, but limited in the fishing, energy and aviation sectors.

Icelandic law also restricts the ability of non EEA-citizens to own land, but this may be waived by the Ministry of Interior

Foreign investors are permitted to participate in the privatization of government-owned businesses, subject to restrictions imposed by the government

## Contents

<b>Section 1 - Background</b> .....	<b>4</b>
<b>Section 2 - Anti – Money Laundering / Terrorist Financing</b> .....	<b>5</b>
FATF status .....	5
Compliance with FATF Recommendations .....	5
Key Findings from latest Mutual Evaluation Report (2006): .....	5
US Department of State Money Laundering assessment (INCSR) .....	6
Reports .....	9
International Sanctions .....	11
Bribery & Corruption .....	12
Corruption and Government Transparency - Report by US State Department .....	12
<b>Section 3 - Economy</b> .....	<b>13</b>
Banking .....	14
Stock Exchange .....	14
<b>Section 4 - Investment Climate</b> .....	<b>15</b>
<b>Section 5 - Government</b> .....	<b>29</b>
<b>Section 6 - Tax</b> .....	<b>30</b>
<b>Methodology and Sources</b> .....	<b>33</b>

## Section 1 - Background

Settled by Norwegian and Celtic (Scottish and Irish) immigrants during the late 9th and 10th centuries A.D., Iceland boasts the world's oldest functioning legislative assembly, the Althing, established in 930. Independent for over 300 years, Iceland was subsequently ruled by Norway and Denmark. Fallout from the Askja volcano of 1875 devastated the Icelandic economy and caused widespread famine. Over the next quarter century, 20% of the island's population emigrated, mostly to Canada and the US. Denmark granted limited home rule in 1874 and complete independence in 1944. The second half of the 20th century saw substantial economic growth driven primarily by the fishing industry. The economy diversified greatly after the country joined the European Economic Area in 1994, but Iceland was especially hard hit by the global financial crisis in the years following 2008. Literacy, longevity, and social cohesion are first rate by world standards.



## Section 2 - Anti – Money Laundering / Terrorist Financing

### FATF status

Iceland is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

### Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Iceland was undertaken by the Financial Action Task Force (FATF) in 2006. According to that Evaluation, Iceland was deemed Compliant for 8 and Largely Compliant for 14 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for all 6 of the Core Recommendations.

### Key Findings from latest Mutual Evaluation Report (2006):

Overall, Iceland has a sound legal framework in place to combat money laundering, although the available penalties and the number of convictions are low.

Iceland legislation on combating terrorist financing is generally comprehensive; however, its effectiveness has not yet been tested. Iceland should also strengthen its system for freezing suspected terrorist financing-related assets.

The Icelandic FIU is part of the Economic Crime Unit of the National Commissioner of Icelandic Police and is responsible for the receipt, analysis and dissemination of STRs. At the time of the on-site visit, there were concerns about the structure, resources, and results of the FIU, although Iceland is now addressing these issues and improvement is expected.

Preventative measures for financial institutions and designated non-financial businesses and provisions have recently been strengthened through new legislation, although some deficiencies remain. Iceland should move to put these obligations into effective practice and address the remaining deficiencies.

Iceland has a strong system for domestic co-operation, which is strengthened by informal networks of communication within the country's small government.

Iceland has a generally comprehensive framework for providing international co-operation.

Iceland was deemed a 'Monitored' Jurisdiction by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

**Perceived Risks:**

Iceland is not considered a regional financial center. Criminal proceeds tend to derive from domestic organizations with some linkages to foreign groups. Money laundering in Iceland is related primarily to tax evasion, narcotics trafficking, fraud and other economic crimes, and underground casinos. Over the years, very few cases have been registered as pure money laundering cases, mainly due to the unavailability of statistical data. Financial crimes concerning market manipulation have been prosecuted, but the scale of money laundering involved in such activities is not clear. The Economic Crime Unit, which transferred from the National Commissioner of the Icelandic Police (NCIP) and merged with the Office of the Special Prosecutor (OSP) in 2012, continues to investigate criminal actions in connection with the 2008 collapse of Iceland's financial system.

DO FINANCIAL INSTITUTIONS ENGAGE IN CURRENCY TRANSACTIONS RELATED TO INTERNATIONAL NARCOTICS TRAFFICKING THAT INCLUDE SIGNIFICANT AMOUNTS OF US CURRENCY; CURRENCY DERIVED FROM ILLEGAL SALES IN THE U.S.; OR ILLEGAL DRUG SALES THAT OTHERWISE SIGNIFICANTLY AFFECT THE U.S.: NO

CRIMINALIZATION OF MONEY LAUNDERING:

"All serious crimes" approach or "list" approach to predicate crimes: All serious crimes  
Are legal persons covered: criminally: YES civilly: NO

KNOW-YOUR-CUSTOMER (KYC) RULES:

Enhanced due diligence procedures for PEPs: Foreign: YES Domestic: NO  
KYC covered entities: Banks; currency exchanges; attorneys; trust, safekeeping, and company service providers; life insurance companies and pension funds; insurance brokers and intermediaries; securities brokers; and dealers of vessels or high-value items

REPORTING REQUIREMENTS:

Number of STRs received and time frame: 316: January 1 - November 11, 2015  
Number of CTRs received and time frame: Not available  
STR covered entities: Banks; currency exchanges; attorneys; trust, safekeeping, and company service providers; life insurance companies and pension funds; insurance brokers and intermediaries; securities brokers; and dealers of vessels or high-value items

MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:

Prosecutions: Not available  
Convictions: Not available

RECORDS EXCHANGE MECHANISM:

With U.S.: MLAT: NO Other mechanism: YES  
With other governments/jurisdictions: YES

Iceland is a member of the FATF.

#### **ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:**

The Government of Iceland has improved its AML/CFT regime through the implementation and enforcement of existing laws. Iceland does have a legal framework that allows authorities to freeze terrorist assets in a timely manner; however, all orders to freeze assets must have prior judicial approval. The country does not have asset sharing capabilities.

The NCIP's Financial Intelligence Unit (FIU), which oversees AML/CFT matters, merged with the Office of the Special Prosecutor (OSP) in 2015 under law 47/2015. It will again undergo changes when the OSP, which was initially founded to investigate the banking crisis in 2008, shuts down on December 31, 2015, in accordance with new legislation. The projects of the OSP will be transferred to a newly established Office of the District Prosecutor, which will open on January 1, 2016. The person in charge of the OSP will also be in charge of the new office. The District Prosecutor's office will take over responsibility for the investigations and prosecution of economic crimes currently under the OSP, as well as excess cases from the Directorate of Tax Investigations and the FIU. The 2016 budget bill has allocated 774 million ISK (approximately \$6 million) to set up the District Prosecutor's office.

The FIU participates in the interagency committee on measures against money laundering. The FIU reports that until July 15, 2015, the FIU was not actively functioning, primarily due to the shortage of staff, expertise, and lack of funding. In addition, a lack of special infrastructure prevented it from registering and analyzing suspicious transaction reports (STRs). Additional staff members have been hired and a decision was made to register all money laundering allegations or tips into a special intelligence database that is connected to an analytical software program. The FIU continues to work with commercial banks, life insurance companies, and securities brokers to educate staff on AML matters. According to the FIU, even though considerable progress has been made in this area and most reporting parties now understand their obligations, non-financial institutions appear to lag in meeting the reporting requirements. The FIU has not conducted specific typology analyses on STRs.

The investigative police and prosecutors lack sufficient expertise in money laundering. In 2015, the Icelandic Police Academy implemented a course intended to improve enforcement of AML laws. The course will be taught for detective inspectors and prosecutors of money laundering and its predicate offenses.

Under Icelandic law, real estate agents and auditors are not subject to supervision by a public authority. The Government of Iceland should appoint supervisory authorities to effectively monitor these service providers, and they should be required to file STRs. The FIU should continue educating reporting entities regarding measures against money laundering. The government should continue to enhance policies and procedures and implement a domestic mechanism to allow designation of terrorists at a national level, as well as to give effect to designations and asset freeze requests from other countries.

### **Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):**

According to the US State Department, Iceland does not conform with regard to the following government legislation: -

**Arrangements for Asset Sharing** - By law, regulation or bilateral agreement, the jurisdiction permits sharing of seized assets with third party jurisdictions that assisted in the conduct of the underlying investigation.

### **EU White list of Equivalent Jurisdictions**

Iceland is on the EU White list of Equivalent Jurisdictions

### **World Governance indicators**

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

### **Failed States Index**

[To view Failed States Index Ctrl + Click here](#)

### **Offshore Financial Centre**

Iceland is not considered to be an Offshore Financial Centre

### US State Dept Narcotics Report

No report available

### US State Dept Trafficking in Persons Report 2014 (introduction):

Iceland is classified a Tier 1 country - is a country whose government fully complies with the Trafficking Victims Protection Act's (TVPA) minimum standards.

Iceland is a destination and transit country for women subjected to sex trafficking from Eastern Europe, the Baltics, Nigeria, and China. Some men and women are subjected to forced labor in massage parlors, restaurants, and as au pairs in private houses through threats and withholding of documents. Women are subjected to sex trafficking in nightclubs, bars, and "champagne" clubs. Women from Nigeria, who were coerced into prostitution in other European countries through threats of voodoo curses, sought asylum in Iceland. Authorities suspect the involvement of foreign organized crime groups in sex trafficking. Women are subjected to domestic servitude and sex trafficking through forced marriage in which the trafficker withholds earnings and maintains control over their wives' food and health care. Traffickers often threaten victims with deportation. Traffickers reportedly exploit the visa-free regime in the Schengen Zone to bring victims to Iceland for up to three months and then move them out of the country before the point at which they would need to register with local authorities.

The Government of Iceland fully complies with the minimum standards for the elimination of trafficking. The government created and filled a dedicated position to coordinate national anti-trafficking efforts among various agencies. Investigations increased, although the government did not prosecute or convict any trafficking offenders. The government identified more victims than in the previous reporting period. It did not launch any awareness activities to educate the public on how to identify and report possible cases of trafficking.

### US State Dept Terrorism Report

The Government of Iceland stated in its most recent terrorist threat assessment, conducted by the National Police Commissioner in 2008, that the likelihood of terrorist activities occurring in Iceland is low. In the same assessment, however, the government concluded that the potential consequences of such activities were severe enough to merit a high level of vigilance. The government, therefore, continued its efforts to strengthen domestic border security and counterterrorism capabilities during the year. Notably, the Government of Iceland passed legislation in December that clarified the legal definition of terrorism and strengthened penalties against money launderers.

The National Police Commissioner has primary responsibility for counterterrorism efforts in the country. The Viking Squad, Iceland's counterterrorism unit, is considered the first line of defense in Iceland's efforts against terrorism. The paramilitary unit is comprised of

approximately 40-50 members who are trained in active counterterrorism response by U.S. and other European police and military counterterrorism units. The National Security Unit, which also falls under the jurisdiction of the National Police Commissioner, gathers intelligence, drafts threat assessments, and exchanges information with foreign counterparts with the aim to prevent or reduce the likelihood of terrorism.

The Icelandic Coast Guard (ICG) is responsible for Iceland's coastal defense and monitors the ocean around Iceland, both within and outside of territorial waters. The ICG served as the Chair of the North Atlantic Coast Guard Forum in 2009 and hosted the organization's annual conference in September. Also in September, the ICG hosted Northern Challenge 2009, a NATO- supported exercise focusing on explosive ordnance disposal and counterterrorism scenarios. The explosive ordnance team was called upon in December when a Lufthansa flight heading to Detroit made an emergency landing in Iceland after the aircraft was found to be carrying luggage for a passenger who had not boarded the plane. The explosive ordnance team found nothing suspicious and the flight was released in short order. The EOD team has served in international peacekeeping missions in Iraq and Afghanistan.

The Icelandic government supported multilateral counterterrorism efforts. Iceland continued its deployment of personnel at Kabul International Airport and International Security Assistance Force (ISAF) Headquarters in Afghanistan in support of NATO operations.

## International Sanctions

None applicable

## Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	78
World Governance Indicator – Control of Corruption	96

## Corruption and Government Transparency - Report by US State Department

Isolated cases of corruption occur but are not an obstacle to foreign investment. In 2013, Iceland tied for 12th place out of 175 countries in Transparency International's Corruption Perceptions Index Ranking.

### Section 3 - Economy

Iceland's Scandinavian-type social-market economy combines a capitalist structure and free-market principles with an extensive welfare system. Prior to the 2008 crisis, Iceland had achieved high growth, low unemployment, and a remarkably even distribution of income. The economy depends heavily on the fishing industry, which provides 40% of export earnings, more than 12% of GDP, and employs nearly 5% of the work force. It remains sensitive to declining fish stocks as well as to fluctuations in world prices for its main exports: fish and fish products, aluminum, and ferrosilicon. Iceland's economy has been diversifying into manufacturing and service industries in the last decade, particularly within the fields of software production, biotechnology, and tourism. In fall 2013, the Icelandic government approved a joint application by Icelandic, Chinese and Norwegian energy firms to conduct oil exploration off Iceland's northeast coast. Abundant geothermal and hydropower sources have attracted substantial foreign investment in the aluminum sector, boosted economic growth, and sparked some interest from high-tech firms looking to establish data centers using cheap green energy, although the financial crisis has put several investment projects on hold. Much of Iceland's economic growth in recent years came as the result of a boom in domestic demand following the rapid expansion of the country's financial sector. Domestic banks expanded aggressively in foreign markets, and consumers and businesses borrowed heavily in foreign currencies, following the privatization of the banking sector in the early 2000s. Worsening global financial conditions throughout 2008 resulted in a sharp depreciation of the krona vis-a-vis other major currencies. The foreign exposure of Icelandic banks, whose loans and other assets totaled more than 10 times the country's GDP, became unsustainable. Iceland's three largest banks collapsed in late 2008. The country secured over \$10 billion in loans from the IMF and other countries to stabilize its currency and financial sector, and to back government guarantees for foreign deposits in Icelandic banks. GDP fell 6.8% in 2009, and unemployment peaked at 9.4% in February 2009. Since the collapse of Iceland's financial sector, government economic priorities have included: stabilizing the krona, implementing capital controls, reducing Iceland's high budget deficit, containing inflation, addressing high household debt, restructuring the financial sector, and diversifying the economy. Three new banks were established to take over the domestic assets of the collapsed banks. Two of them have foreign majority ownership, while the State holds a majority of the shares of the third. Iceland began making payments to the UK, the Netherlands, and other claimants in late 2011 following Iceland's Supreme Court ruling that upheld 2008 emergency legislation that gives priority to depositors for compensation from failed Icelandic banks. Iceland owes British and Dutch authorities approximately \$5.5 billion for compensating British and Dutch citizens who lost deposits in Icesave when parent bank Landsbanki failed in 2008. Iceland began accession negotiations with the EU in July 2010, but decided in mid-2013 to suspend negotiations with the EU because of concern about losing control over fishing resources and worries over the ongoing Eurozone crisis.

#### **Agriculture - products:**

potatoes, green vegetables; mutton, chicken, pork, beef, dairy products; fish

**Industries:**

fish processing; aluminum smelting, ferrosilicon production; geothermal power, hydropower, tourism

**Exports - commodities:**

fish and fish products 40%, aluminum, animal products, ferrosilicon, diatomite

**Exports - partners:**

Netherlands 30.1%, Germany 12.9%, UK 9.8%, Norway 5%, US 4.5%, France 4.4% (2012)

**Imports - commodities:**

machinery and equipment, petroleum products, foodstuffs, textiles

**Imports - partners:**

Norway 16.6%, US 10.1%, Germany 9.2%, China 7.1%, Brazil 6.6%, Netherlands 5.7%, Denmark 5.6%, UK 4.7% (2012)

**Banking**

The Icelandic State took control of the three largest Icelandic banks following the financial collapse in October 2008. Most of the domestic assets of these banks were moved to new entities established for this purpose. A deal was negotiated with the creditors of two of the old banks whereby they acquired majority ownership in the new banks as compensation for transferred assets; creditors of the third bank acquired a minority stake in its new bank. As of publication, the receivership committees of the old banks, on behalf of its creditors, control their stakes in the new banks while the recently established State Bank Shares Management Company controls the state's shares. The banks are run as profit-seeking companies and it is the policy of the government to ensure fair competition. A number of smaller banks and financial institutions are also active on the market.

**Stock Exchange**

The OMX Nordic Exchange operates the market for securities in Iceland and trades various products. Activity has been limited since the crash, but the infrastructure is in place. In 2010 99% of all volume on the OMX exchange in Iceland was in bonds. Daily turnover was around \$100 million in bonds and \$1 million in equities. The Central Bank frequently issues and auctions ISK-denominated government bonds and welcomes foreign participation.

### Executive Summary

Iceland is a fast-moving and dynamic marketplace whose scale and transparency make it an ideal test market for new products and services. The Icelandic economy is largely based on three pillars: fisheries, aluminum production and tourism. Although fish has been central to Iceland's trade for centuries, significant U.S. and other foreign investments in aluminum production rank among the largest foreign direct investments in the country. In the aftermath of the country's economic collapse and subsequent devaluation of the krona in 2008, Iceland has sustained double digit growth in tourism for the past three years. In 2013, 780,000 tourists from all over the world flocked to Iceland -- well more than twice the country's population. Its new status as a must-see tourism destination for adventurous travelers from North America, Europe and Asia make it an increasingly interesting market for U.S. retailers and consumer products. Six years after the collapse, the country achieved 3.3 percent annual growth in its Gross Domestic Product (GDP) in 2013.

### 1. Openness To, and Restrictions Upon, Foreign Investment

#### *Attitude Toward FDI*

There is broad recognition within the Icelandic government that foreign investment would contribute to the country's economic revival after its financial collapse in 2008. Iceland's growing tourism sector is expected to supply ample investment opportunities, but much work remains to identify investment-ready projects. Meanwhile, IT startups seeking investment are burgeoning and foreign investors have expressed growing interest in Iceland's retail sector. As part of its investment promotion strategy, the state operates the "Invest in Iceland Agency," which facilitates foreign investment and provides information to potential investors.

The government has stated its desire to attract foreign direct investment (FDI) in certain sectors and has pledged to draft new policies to facilitate such investment. Draft legislation that would address incentives for foreign investors is pending with parliament. The capital controls are a significant hindrance in the eyes of many foreign investors since there is not a clear timetable for their elimination. Although the capital controls do not apply to new investments, they may block investors who invested prior to their implementation from exiting from certain investments, and they create uncertainty around new investments.

There is significant debate regarding the appropriate types and level of FDI in Iceland, particularly within the energy sector and with regard to job creation and the environmental impact associated with certain projects. The majority of past foreign investment has been in energy-intensive industries, such as aluminum smelting, that take advantage of the country's abundant renewable energy resources. The current administration has signed both investment agreements and power purchase agreements for a silicon metal factory in Bakki and an investment agreement for an algae factory in Sudurnes, the region of the country with the highest unemployment. The current government has also started to address zoning issues that may open new areas for further expansion of electricity production in Iceland.

#### *Laws/Regulations of FDI*

Icelandic laws regulating and protecting foreign investments are consistent with Organization for Economic Cooperation and Development (OECD) and European Union (EU) standards. As Iceland is a member of the European Economic Area (EEA), most EU commercial legislation and directives are in 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 limited in the fishing, energy and aviation sectors.

***Limits on Foreign Control***

Only entities with at least 51 percent Icelandic ownership can hold fishing rights. Non-EEA residents cannot hold hydro- and geothermal power harnessing rights; cannot manufacture or distribute energy; and cannot own more than 49 percent of aviation companies. However, there are precedents of such restrictions being circumvented by non-EEA companies that establish holding companies somewhere within the EEA. Icelandic law also restricts the ability of non EEA-citizens to own land, but this may be waived by the Ministry of Interior. Currently only 1.33 percent of total registered land in Iceland is owned either fully or partially by foreigners. The managers and the majority of the board of directors in an Icelandic enterprise must be domiciled in Iceland or another EEA member state, though exemptions from this provision can be granted.

***Competition Law***

Icelandic courts uphold the sanctity of contracts as a matter of course. Depending on the turnover of the companies in question, the Icelandic Competition Authority shall be notified of mergers and acquisitions. The Authority may annul mergers or set conditions with the objective of preventing harmful oligopolies and the restriction of competition.

***Screening of FDI***

There is no automatic screening of foreign 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 (TIFA) was signed in January 2009.

***Investment Trends***

The Icelandic Krona (ISK), which depreciated 60 percent against the dollar during the 2008 economic crisis, has been relatively stable since 2009. Capital controls remain in effect for all but new investments, though the current government is exploring its options for eventually lifting the restrictions.

	Year	Rank	Score
<b>TI Corruption Index</b>	2013	12	78

<b>Heritage Economic Freedom</b>	2014	23	72.4
<b>World Bank Doing Business</b>	2013	14	N/A

## **2. Conversion and Transfer Policies**

### ***Foreign Exchange***

The Central Bank of Iceland imposed capital controls in October 2008 to prevent a massive capital outflow by foreign investors with stakes in the Icelandic economy after the collapse of the financial sector. The capital controls are intended to be a temporary measure. 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." Transactions involving imports and exports of goods and services, travel, interest payments, contractual installment payments and salaries are still permitted.

The Central Bank first published its Capital Controls Liberalization Strategy in 2009 and later updated it in 2011. The strategy stated that the controls will be lifted in stages. The first step, permitting the inflow of foreign currency for new investments and the outflow of capital derived from such investments, was implemented in November 2009. For the outflow of this foreign currency to be allowed, the new investments must be registered with the Central Bank. The Central Bank has also held auctions to buy offshore krona for currency in conjunction with an auction that is held to buy foreign currency in exchange for krona. These auctions have been settling close to the offshore rate for the krona.

A parliamentary committee reviewing the capital controls proposed that their elimination should not be tied to a specific date but rather to certain financial goals to prevent jeopardizing the financial stability of the Icelandic monetary system. There is still no timeline for lifting the capital controls but both the Central Bank and the Finance Ministry are looking at scenarios that would not jeopardize the balance of payments for Iceland when the capital controls will be lifted.

## **3. Expropriation and Compensation**

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.

As far as the U.S. Embassy is aware, the Icelandic government has never expropriated a foreign investment. However, private investors described some actions of the Icelandic government before and during the financial crisis in October 2008 related to the takeover of three major banks as an expropriation of sorts.

## **4. Dispute Settlement**

### ***Legal System***

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 generally 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 public and private cases. The Landsdómur is a special high court or impeachment court established in 1905 with the mandate to handle cases where members of the Cabinet of Iceland are suspected of criminal behavior. The Landsdómur has 15 members — five supreme court justices, a district court president, a constitutional law professor and eight people chosen by parliament every six years. In 2011, the court assembled for the first time to prosecute the former Prime Minister for alleged gross misconduct in the events leading up to the 2008 Icelandic financial crisis.

### ***Investment Disputes***

Economic Surveillance Authorities under the EFTA agreement have ruled that the emergency laws put in place when the Icelandic banking sector crashed were legal. At this writing, the Embassy is unaware of any other cases of major investment disputes involving foreign investors in Iceland.

### ***International Arbitration***

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

Iceland has been a member of the International Center for Settlement of Investment Disputes (ICSID) since 1966.

## **5. Performance Requirements and Incentives**

Broadly speaking, Iceland currently does not offer direct subsidies for business investment. Its primary incentives are in providing for a favorable environment for businesses, including relatively low corporate tax rates and low energy prices. However, due to the State's fiscal gap following the financial crash, the government has raised taxes to generate revenue. Past investment agreements have been made on a case-by-case basis and have included, among other incentives, some tax exemptions. In 2010, the government created a standardized investment agreement to serve as a template for all future agreements. Local communities may offer certain additional incentives.

As a member of the EEA, Iceland has access to various EU funding programs, including the Seventh Framework Program. Icelandic entities, including companies established in Iceland,

can obtain funding from the Program for joint research and development ventures with entities from other EEA countries.

Film and TV production in Iceland are subsidized by the Icelandic state in the form of a rebate of a portion of production costs through 2016. A branch or a representative office must be established in Iceland 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 for costs incurred over the 2007-2016 period is 20 percent. The program does not provide a rebate for the production of commercials or music videos. More information is available at [www.filminiceland.com](http://www.filminiceland.com).

## **6. Right to Private Ownership and Establishment**

Foreign entities are free to establish and own any type of business enterprise and engage in all forms of legal remunerative activity other than in fishing, energy, and aviation. Companies established in the EEA, however, are not subject to these limitations in the energy and aviation industries. 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 Interior.

Icelandic law treats public and private 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 obtain an identity number (kennitala) before establishing a bank account.

## **7. Protection of Property Rights**

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).

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

### ***Intellectual Property Rights***

The Icelandic Patent Office -- a governmental 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.

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.

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/>.

Embassy point of contact: Olafur Sigurgeirsson Reykjavikeconomic@state.gov  
Local lawyers list: [http://iceland.usembassy.gov/attorney\\_list.html](http://iceland.usembassy.gov/attorney_list.html)

## **8. Transparency of the Regulatory System**

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). In response to the financial crisis of 2008, the government is working to increase its regulatory role in the financial sector.

The Competition Authority is responsible for the enforcement of anti-monopoly regulations and the 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 economic 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.

The Icelandic parliament (Althing) 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.

## **9. Efficient Capital Markets and Portfolio Investment**

All companies have access to regular commercial banking services in Iceland, even if it is likely that financing for large-scale investment projects will largely need to come from abroad. The ISK strengthened by 9.8% in 2013, mostly due to strong inflow of capital related to increased tourism and a low level of big payments in foreign currency by the government and private companies to creditors.

Iceland has been running a positive trade surplus that has helped in stabilizing the ISK. There is ample demand for foreign currency, but selling large amounts of ISK in a single transaction might be difficult. The Central Bank has often intervened itself in the market since the collapse by buying ISK, and those permitted to sell ISK under the capital controls have been able to do so.

The combined assets of Iceland's three largest banks amount to roughly 1.69 times Iceland's GDP in 2012. There are also a number of other smaller financial institutions active in Iceland, notably MP Bank, which acquired a commercial banking license in 2008 and has assets valued at 69 billion ISK (\$610 million). MP Bank is the only Icelandic private bank that has not been recapitalized by the Icelandic state after the economic crash of 2008. MP Bank is in a strong position after outside investors bought the bank in spring 2011. Current capital ratio is 14 percent which is below the suggested Financial Supervisory Authority's (FME) 16% capital adequacy requirement but above the 8 percent mandated capital requirement. The three large banks in Iceland met this requirement by June 2012. At the end of the second quarter 2013, nonperforming loans in the Icelandic banking system were 5.1 percent. Iceland's large financial institutions were leveraged at 4.5 times assets at the end of the second quarter 2013, a low ratio compared to international banks.

The estates of the former banks are still under Chapter 11 procedure. The Central Bank of Iceland must approve the composition agreements resulting from that process before the creditors can take full possession of the estates. Press stories have generated some discussion regarding disbursements of the proceeds and subsequent transfer of the funds to non-Icelandic investors. Iceland's disposition of these estates will have significant impact on how foreign investors regard its investment climate.

The OMX Nordic Exchange operates the market for securities in Iceland and trades various products. Activity has been limited since the crash, but the infrastructure is in place. In 2013, 86 percent of all volume on the OMX exchange in Iceland was in bonds. Daily turnover was around \$64 million in bonds and \$9 million in equities. The Central Bank frequently issues and auctions ISK-denominated government bonds and welcomes foreign participation.

## **10. Competition from State-Owned Enterprises**

Private enterprises are generally allowed to compete with public enterprises under the same terms and conditions in all sectors except energy manufacturing and distribution. State-owned enterprises (SOEs) are most active in the banking, energy, health and alcohol sectors. In some cases, politicians are on the boards of SOEs.

In the midst of the banking crisis, the state, through the Financial Supervisory Authority (FME), took over Iceland's three largest commercial banks in October 2008 and subsequently took over several savings banks to allow for uninterrupted banking services in the country. As of January 2011, creditors of two of the three largest banks acquired a majority of shares in the newly established commercial banks. The state has a considerable stake in many companies through its shares in the banks; however, it is the policy of the government not to interfere with internal or day-to-day decisions of these companies.

In 2009, the state established the Bank Shares Management Company to manage the state-owned shares in financial companies. The Minister of Finance appoints the three board

members, who appoint a committee that determines the state representatives on the boards of financial companies.

While most energy producers are either owned by the state or municipalities, there is free competition in the energy market. In 2008, one of the major energy companies was split into two companies: one that produces energy and another that distributes it. Subsequently, a foreign company bought approximately 95 percent of the energy-producing company through its EEA subsidiary, but subsequently sold a portion of its shares and now owns 66.6 percent. In June 2012, the company received an offer to buy out its stake, but negotiations are still ongoing.

The universal healthcare system is mainly state-operated, though the Embassy is aware of plans to build private health tourism facilities in Iceland. Few legal restrictions exist; however, private clinics need an agreement with the Icelandic state, a foreign state or an insurance company regarding payment for services.

The State Alcohol and Tobacco Company of Iceland (ÁTVR), has exclusive rights for the retail sale of all alcoholic beverages. Importers and wholesale companies are privately run.

### **11. Corporate Social Responsibility**

In general, there is an awareness of corporate social responsibility among both producers and consumers. Promote Iceland has signed the United Nations' Global Compact and pledges to promote discussion of the subject. In the aftermath of the financial collapse, Iceland's main banks have adopted social charters. Reykjavik University has created a Center for Corporate Social Responsibility. Iceland's Ministry of Foreign Affairs participates in the Nordic Business Outreach effort to direct private sector resources for development purposes.

### **12. Political Violence**

Iceland experienced political protests stemming from the October 2008 financial crisis. Public protests spurred the government to dissolve and a new coalition was formed prior to early elections in spring 2009. In early 2014, frustration among voters who are dissatisfied with the current government's reluctance to hold a referendum on EU accession led to the most notable protests since the financial collapse. Although sizable, these protests did not lead to any violence. There have been limited cases of politically motivated vandalism of foreign holdings in recent years, directed primarily at the aluminum industry.

### **13. Corruption**

Isolated cases of corruption occur but are not an obstacle to foreign investment. In 2013, Iceland tied for 12th place out of 175 countries in Transparency International's Corruption Perceptions Index Ranking.

### **14. Bilateral Investment Agreements**

According to the UNCTAD Website, Iceland has bilateral treaties in force (as of June 1, 2013) with Chile, China, Egypt, India, Latvia, Lebanon, Lithuania, Mexico and Vietnam.

[http://unctad.org/Sections/dite\\_pcbb/docs/bits\\_iceland.pdf](http://unctad.org/Sections/dite_pcbb/docs/bits_iceland.pdf)

The United States has neither a bilateral investment treaty (BIT) nor a Free Trade Agreement with Iceland. Discussions are ongoing to complete a Social Security Totalization Agreement, which would eliminate the need for some dual citizens to pay into both countries' social security programs. There is a U.S.-Iceland bilateral taxation treaty and a Trade and Investment Framework Agreement (TIFA).

### **15. OPIC and Other Investment Insurance Programs**

Political risk insurance and project financing have traditionally been available on the local and international markets. As a result of the financial crisis in fall 2008 and the current restructuring of the banking sector, however, project financing may be temporarily limited. Iceland is a member of the Multilateral Investment Guarantee Agency.

### **16. Labor**

The labor force in Iceland consists of just over 185,000 people aged 16 and older and is highly skilled. Until the economic crisis in October 2008, demand for labor exceeded supply. Foreign labor moved to Iceland to fill the majority of unskilled service jobs and semi-skilled construction jobs as the EEA-agreement allows for the free movement of labor within the area. Layoffs followed in the wake of the economic crisis, particularly in the financial and construction sectors. Unemployment rose quickly and peaked at 9.1 percent in April 2009. As of March 2014, unemployment was 6.1 percent.

The labor market is highly unionized with 80-85 percent of employees belonging to unions. 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 government has imposed mandatory mediation when strikes have threatened key sectors in the economy such as the fishing industry.

The basic legal work week is 40 hours over 5 days, but some professions have 37.5 – 39.5 hours per week, mainly office clerks and sales assistants. Most employees are paid for overtime, or alternatively allowed time off in lieu of paid compensation. Typical shift-work rates are an extra 40 percent on top of the daytime rate and an extra 45 percent if total work hours exceed the definition of full-time employment. On public holidays there is an extra 40 percent on the daytime rate. 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 eight hours.

Iceland has ratified approximately 20 International Labor Organization (ILO) conventions, including those that protect basic workers' rights.

### **17. Foreign Trade Zones/Free Trade Zones**

Under the EEA agreement, free ports or foreign trade zones are not allowed in Iceland.

### **18. Foreign Direct Investment Statistics**

The following tables reflect data available as of December 2012. Information in this chapter was obtained from the Central Bank of Iceland. The Central Bank of Iceland does not

provide information on specific investments, but the majority of U.S. investment in Iceland is in the aluminum sector.

The Central Bank confirms that the United States is by far the leading foreign director investor in Iceland. However, its data cannot be traced back to the original source of investment, and a significant amount of investment flows come to Iceland via other countries. A large part of the FDI stocks from Belgium/Luxembourg and the Netherlands also may be held by Icelanders residing in these countries.

The total 2013 FDI flows to Iceland amount to 7.16 percent of GDP, which was flat in comparison over 2012 levels.

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

			2010	2011	2012
U.S.			215	357	386
Belgium/Luxembourg			9,538	9,759	7,136
Netherlands			1110	1,082	981
Norway			229	203	217
Switzerland			183	397	560
Denmark			214	237	420
Sweden			151	105	136
U.K.			8	50	159
Total			11,766	12,656	10,386

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

			2010	2011	2012
Holding companies			4,610	5,086	2,087
Financial activities			15	8	183
Trade and Repairs			201	176	87
Tele-communication			-0,212	42	1

Electricity/water			148	100	179
Transport and Storage			120	134	128
<b>Total</b>			<b>11,766</b>	<b>12,656</b>	<b>10,386</b>

**FDI flows to Iceland by country (in millions of USD):**

			<b>2010</b>	<b>2011</b>	<b>2012</b>
U.S.			-10,7	68	-1
Belgium/Luxembourg			283,7	757	551
Netherlands			-37,8	-33	-51
Norway			15,2	-10	-11
Switzerland			5	238	160
Sweden			157	-57	-23
Denmark			2,4	21	28
U.K.			0.782	21	83
<b>Total</b>			<b>505</b>	<b>1,046</b>	<b>996</b>

**FDI flows to Iceland by industry (in millions of USD):**

			<b>2010</b>	<b>2011</b>	<b>2012</b>
Holding companies			188,5	469	565
Metal and mech. production			75,4	167	-9
Financial activities			1,2	-1	17
Trade and Repairs			1,6	0,8	42
Tele-communication			-0,82	-80	-1
Food Production			0	37	66

Transport and Storage			13,1	12	-19
<b>Total</b>			505	1,046	996

**Icelandic FDI stocks abroad by country (in millions of USD):**

			<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>U.S.</b>			1,253	1,303	2,915
<b>Netherlands</b>			2,270	1,684	3,275
<b>U.K.</b>			2,471	3,748	2,101
<b>Denmark</b>			533	494	399
<b>Sweden</b>			413	497	632
<b>Norway</b>			170	266	320
<b>Canada</b>			157	163	130
<b>Belgium/Luxembourg</b>			2,135	2,470	1,256
<b>Total</b>			11,137	11,520	12,328

**Icelandic FDI stocks abroad by industry (in millions of USD):**

			<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Financial activities</b>			2,281	2,259	505
<b>Petro, rubber and chemical</b>			842	828	3,252
<b>Trade and repair</b>			1,621	2,543	760
<b>Food production</b>			877	296	94
<b>Transportation and Storage</b>			273	176	300
<b>Prosthetic aids</b>			859	853	730
<b>Real Estate</b>			153	230	107

Scientific activities			56	76	291
Holding companies			3,519	3,927	5,441
Total			11,137	11,520	12,328

Icelandic FDI flows to abroad by country (in millions of USD):

			2010	2011	2012
U.S.			367	11	220
Netherlands			154	-165	16
U.K.			244	88	-2,099
Denmark			855	17	24
Sweden			35	26	-4
Norway			54	61	226
Canada			4,8	12	2
Belgium/Luxembourg			792	108	-1,371
Total			-2,673	17	-3,114

Icelandic FDI flows to abroad by industry (in millions of USD):

			2010	2011	2012
Financial activities			749	40	-1,407
Petro, rubber and chemical			267	92	2,399
Trade and repair			30	-220	4,074
Food production			136	-31	34
Transportation and storage			135	18	21

<b>Prosthetic aids</b>			193	52	22
<b>Real estate companies</b>			108	122	3
<b>Scientific activities</b>			39	25	4
<b>Holding companies</b>			1,273	31	-120
<b>Total</b>			2,416	2,673	-3,114

## Section 5 - Government

### Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

### Legal system:

civil law system influenced by the Danish model

### International organization participation:

Arctic Council, Australia Group, BIS, CBSS, CD, CE, EAPC, EBRD, EFTA, EU (candidate country), FAO, FATF, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IFAD, IFC, IFRC, IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IPU, ISO, ITSO, ITU, ITUC (NGOs), MIGA, NATO, NC, NEA, NIB, NSG, OAS (observer), OECD, OPCW, OSCE, PCA, Schengen Convention, UN, UNCTAD, UNESCO, UPU, WCO, WHO, WIPO, WMO, WTO

## Section 6 - Tax

### Exchange control

Foreign exchange transactions have been subject to capital controls ever since the banking system collapsed in the autumn of 2008.

### Treaty and non-treaty withholding tax rates

Iceland has signed **83 agreements** (35 DTC and 48 TIEA agreements) providing for the exchange of information.

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Andorra	TIEA	24 Feb 2010	14 Feb 2011	Yes	Yes	
Anguilla	TIEA	14 Dec 2009	not yet in force	Yes	Yes	
Antigua and Barbuda	TIEA	19 May 2010	not yet in force	Yes	Yes	
Aruba	TIEA	10 Sep 2009	1 Jan 2012	Yes	Yes	
Bahamas, The	TIEA	10 Mar 2010	15 Oct 2012	Yes	Yes	
Bahrain	TIEA	14 Oct 2011	15 Aug 2012	Yes	Yes	
Barbados	DTC	3 Nov 2011	14 Feb 2012	Yes	Yes	
Belgium	DTC	23 May 2000	19 Jun 2003	Yes	No	
Belgium	DTC Protocol	15 Sep 2009	not yet in force	Yes	Yes	
Belize	TIEA	15 Sep 2010	3 Nov 2012	Yes	Yes	
Bermuda	TIEA	16 Apr 2009	2 Apr 2011	Yes	Yes	
Botswana	TIEA	20 Feb 2013	not yet in force	Unreviewed	Yes	
Brunei Darussalam	TIEA	27 Jun 2012	not yet in force	No	Yes	
Canada	DTC	19 Jun 1997	30 Jan 1998	Yes	No	
Cayman Islands	TIEA	1 Apr 2009	30 May 2010	Yes	Yes	
China	DTC	3 Jun 1996	5 Feb 1997	Yes	No	
Cook Islands	TIEA	16 Dec 2009	25 Jun 2012	Yes	Yes	
Costa Rica	TIEA	29 Jun 2011	not yet in force	Yes	Yes	
Croatia	DTC	6 Jul 2010	15 Dec 2011	Unreviewed	Yes	
Curaçao	TIEA	10 Sep 2009	1 Jan 2012	Yes	Yes	
Czech Republic	DTC	18 Jan 2000	28 Dec 2000	Yes	No	
Denmark	TIEA	7 Dec 1989	9 May 1991	Yes	No	
Dominica	TIEA	19 May 2010	7 Nov 2011	No	Yes	
Estonia	DTC	16 Jun 1994	10 Nov 1995	Yes	No	
Faroe Islands	TIEA	7 Dec 1989	9 May 1991	Unreviewed	No	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Finland	TIEA	7 Dec 1989	8 May 1991	Yes	No	
France	DTC	29 Aug 1990	1 Jun 1992	Yes	No	
Germany	DTC	18 Mar 1971	2 Nov 1973	Yes	No	
Gibraltar	TIEA	16 Dec 2009	18 Apr 2012	Yes	Yes	
Greece	DTC	7 Jul 2006	7 Aug 2008	Yes	No	
Greenland	TIEA	7 Dec 1989	9 May 1991	Unreviewed	No	
Grenada	TIEA	19 May 2010	not yet in force	Yes	Yes	
Guatemala	TIEA	15 May 2012	not yet in force	No	Yes	
Guernsey	TIEA	28 Oct 2008	26 Nov 2009	Yes	Yes	
Hungary	DTC	23 Nov 2005	7 Feb 2006	Yes	No	
India	DTC	23 Nov 2007	21 Dec 2007	Yes	No	
Ireland	DTC	17 Dec 2003	17 Dec 2004	Yes	No	
Isle of Man	TIEA	30 Oct 2007	28 Dec 2008	Yes	Yes	
Italy	DTC	10 Sep 2002	14 Oct 2008	Yes	No	
Jamaica	TIEA	4 Dec 2012	not yet in force	Yes	Yes	
Jersey	TIEA	28 Oct 2008	3 Dec 2009	Yes	Yes	
Korea, Republic of	DTC	15 May 2008	23 Oct 2008	Yes	No	
Latvia	DTC	19 Oct 1994	1 Jan 1996	Unreviewed	No	
Liberia	TIEA	10 Nov 2010	30 Dec 2012	Yes	Yes	
Liechtenstein	TIEA	17 Dec 2010	31 Mar 2012	Yes	Yes	
Lithuania	DTC	13 Jun 1998	1 Jan 2000	Yes	No	
Luxembourg	DTC	4 Oct 1999	19 Sep 2001	Yes	Yes	
Macao, China	TIEA	29 Apr 2011	20 Jan 2012	Yes	Yes	
Malta	DTC	8 Apr 2013	not yet in force	Yes	Yes	
Malta	DTC	23 Sep 2004	19 Apr 2006	Yes	No	
Marshall Islands	TIEA	28 Sep 2010	not yet in force	Yes	Yes	
Mauritius	TIEA	1 Dec 2011	not yet in force	Yes	Yes	
Mexico	DTC	11 Mar 2008	10 Dec 2008	Yes	Yes	
Monaco	TIEA	23 Jun 2010	23 Feb 2011	Yes	Yes	
Montserrat	TIEA	22 Nov 2010	26 Nov 2012	Yes	Yes	
Netherlands	DTC	25 Sep 1997	27 Dec 1998	Yes	No	
Niue	TIEA	16 Oct 2013	not yet in force	Unreviewed	Yes	
Norway	DTC	7 Dec 1989	9 May 1991	Yes	No	
Panama	TIEA	12 Nov 2012	not yet in force	Yes	Yes	
Poland	DTC	19 Jun 1998	1 Jan 2000	Yes	Yes	
Portugal	DTC	8 Feb 1999	4 Nov 2002	Yes	No	
Portugal	DTC Protocol	16 May 2012	not yet in force	Yes	Yes	
Qatar	TIEA	6 Sep 2013	not yet in force	Unreviewed	Yes	
Romania	DTC	19 Sep 2007	1 Jan 2009	Unreviewed	No	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Russian Federation	DTC	26 Nov 1999	1 Jan 2004	Yes	No	
Saint Kitts and Nevis	TIEA	24 Mar 2010	not yet in force	Yes	Yes	
Saint Lucia	TIEA	19 May 2010	2 Nov 2012	Yes	Yes	
Saint Vincent and the Grenadines	TIEA	24 Mar 2010	not yet in force	Yes	Yes	
Samoa	TIEA	16 Dec 2009	23 May 2012	Yes	Yes	
San Marino	TIEA	12 Jan 2010	3 Nov 2011	Yes	Yes	
Seychelles	TIEA	30 Mar 2011	not yet in force	Yes	Yes	
Sint Maarten	TIEA	10 Sep 2009	1 Jan 2012	Yes	Yes	
Slovakia	DTC	15 Apr 2002	19 Jun 2003	Yes	No	
Slovenia	DTC	4 May 2011	11 Sep 2012	Yes	Yes	
Spain	DTC	22 Jan 2002	2 Aug 2002	Yes	No	
Sweden	TIEA	7 Dec 1989	9 May 1991	Yes	No	
Switzerland	DTC	3 Jun 1988	20 Jun 1989	No	No	
Turks and Caicos Islands	TIEA	16 Dec 2009	22 Apr 2012	Yes	Yes	
Ukraine	DTC	8 Nov 2006	9 Oct 2008	Unreviewed	No	
United Kingdom	DTC	30 Sep 1991	1 Jan 1992	Yes	No	
United States	DTC	23 Oct 2007	15 Dec 2008	Yes	Yes	
Uruguay	TIEA	14 Dec 2011	14 Nov 2012	Yes	Yes	
Vanuatu	TIEA	13 Oct 2010	not yet in force	No	Yes	
Viet nam	DTC	5 Apr 2002	1 Jan 2009	Unreviewed	No	
Virgin Islands, British	TIEA	18 May 2009	20 Jul 2011	Yes	Yes	

## Methodology and Sources

### Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

### Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
<a href="#">FATF List of Countries identified with strategic AML deficiencies</a>	Not Listed	AML Deficient but Committed	High Risk
<a href="#">Compliance with FATF 40 + 9 recommendations</a>	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
<a href="#">US Dept of State Money Laundering assessment (INCSR)</a>	Monitored	Concern	Primary Concern
<a href="#">INCSR - Weakness in Government Legislation</a>	<2	2-4	5-20
<a href="#">US Sec of State supporter of / Safe Haven for International Terrorism</a>	No	Safe Haven for Terrorism	State Supporter of Terrorism
<a href="#">EU White list equivalent jurisdictions</a>	Yes		No
<a href="#">International Sanctions UN Sanctions / US Sanctions / EU Sanctions</a>	None	Arab League / Other	UN , EU or US
<a href="#">Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network</a>	>69%	35 – 69%	<35%
<a href="#">World government Indicators (Average)</a>	>69%	35 – 69%	<35%
<a href="#">Failed States Index (Average)</a>	>69%	35 – 69%	<35%
<a href="#">Offshore Finance Centre</a>	No		Yes

### **Section 3 - Economy**

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

### **Section 4 - Foreign Investment**

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

### **Section 5 - Government**

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

### **Section 6 - Tax**

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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