

## Introduction

Iceland is an island nation located in Northern Europe between the Greenland Sea and the Northern Atlantic Ocean. It is northwest of the United Kingdom and has a strategic location between Greenland and Europe. Iceland is volcanically and geologically active with hot springs, geysers, and icefields. The government system is a constitutional republic; the chief of state is the president, and the head of government is the prime minister. Iceland has a Scandinavian-type social-market economy that combines a capitalist structure and free-market principles with an extensive welfare system. Iceland is a member of the European Free Trade Association (EFTA).



**Location:** Northern Europe

**Capital City:** Reykjavik (GMT)

**Chief of State:** President Gudni Thorlacius Jóhannesson

**Head of Govt.:** Prime Minister Hella Tomasdóttir

**Currency:** Icelandic Krona (ISK)

**Major Languages:** Icelandic, English, Nordic languages, German

**Primary Religions:** Evangelical Lutheran Church of Iceland (official) 62.3%, Roman Catholic 4%, Independent Congregation of Reykjavik 2.7%, Independent Congregation of Hafnarfjörður 2%, pagan worship 1.4%, Icelandic Ethical Humanist Association 1.1%, other (includes Zuiist and Pentecostal) or unspecified 19%, none 7.6% (2021 est.)

**Calling Code:** 354

**Voltage:** 220

## Key Websites

Main Government Page: [government.is](http://government.is)

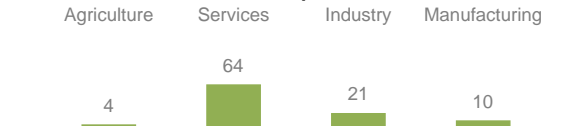
Commerce Ministry: [eng.atvinnuvegaraduneyti.is](http://eng.atvinnuvegaraduneyti.is)

Investment Promotion Agency: [invest.is](http://invest.is)

## Key Economic Facts

Income Level (by per capita GNI):	High Income
Level of Development:	Developed
GDP, PPP (current international \$):	\$26.38 billion (2022)
GDP growth (annual %):	6.44% (2022)
GDP per capita, PPP (current international \$):	\$69,081.26 (2022)
Manufacturing, value added (% of GDP):	10.45% (2022)
Current account balance (BoP, current US\$):	-\$0.45 billion (2022)
Inflation, consumer prices (annual %):	8.31% (2022)
Labor force, total:	234,499 (2022)
Unemployment, total (% of total labor force) (modeled ILO estimate):	3.81% (2022)
Imports of goods and services (current US\$):	\$13.10 billion (2022)
Exports of goods and services (current US\$):	\$12.89 billion (2022)

## GDP Composition %



*\*Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.*

## Rankings

Index	Rank
Corruption Perceptions Index	13 / 178
Global Competitiveness Index	26 / 141
Global Enabling Trade Index	19 / 136
Index of Economic Freedom	19 / 176
International Logistics Performance Index (LPI)	40 / 160
Inward FDI Potential Index	11 / 139
KOF Index of Globalization	50 / 185
Networked Readiness Index (NRI)	16 / 139

## Risk Assessment (Provided by Coface)

**Country rating: A3** - Changes in generally good but somewhat volatile political and economic environment can affect corporate payment behavior. A basically secure business environment can nonetheless give rise to occasional difficulties for companies. Corporate default probability is quite acceptable on average.

**Business Climate rating: A1** - The business environment is very good. Corporate financial information is available and reliable. Debt collection is efficient. Institutional quality is very good. Intercompany transactions run smoothly in environments rated A1.

### Strengths

- Very high standard of living and low inequality in society
- Abundant renewable energy (hydropower, 85% of all households are heated with geothermal energy, 100% of electricity consumption is produced by renewable energy)
- Flexible labor market with high openness to immigrating workers
- Not an EU-country, but highly integrated into the European Union via the Agreement on the European Economic Area and the Schengen Agreement, a NATO-member state

### Weaknesses

- Volcanic and seismic risks
- Small and very open economy: constrained monetary policy
- Concentration of production and exports (aluminium and marine products accounted for 76% of all goods exports in 2021)
- Volatile activity due to dependence on tourist inflows (23% of GDP in 2019 before the pandemic)
- Wage growth higher than productivity growth

## U.S. Embassy

U.S. Embassy Reykjavik  
Laufásvegur 21  
101 Reykjavik  
Tel: (354) 595 2200

<https://is.usembassy.gov>