

Iceland:

The Arctic's Connection and Service Hub



Icelandic-Arctic

Chamber of Commerce

The Icelandic-Arctic Business Fact Sheet

Commercial activities in the Arctic will multiply in the near future

This is how Iceland can participate in that development

Sectors

- Aviation/cargo
- Logistics/transport
- Helicopter operations
- Fiber optic cable system

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- Construction
 - Fisheries
 - Engineering
 - Tourism
 - Oil exploration and production
 - Financial Services
 - Research and CSR

Key enablers

- Iceland's strategic location to the East and West and wholly within the Arctic
- Decades of experience in natural resource sectors and related services
- Solid infrastructures, e.g. energy, data centers, ice-free harbors all year round and solid fiber optic cable system
- International regulatory framework, e.g. double-taxation agreements, free-trade agreements and connections to the EU internal market through EEA
- Vast Arctic know-how and information databases through established Arctic research institutions in Iceland
- Representatives in all key Arctic political arenas

1 Connections

2 Services

Iceland's competitiveness rests on each link of the arctic cluster
The cluster has grown organically and is composed of various entities



*This is not an exhaustive list, please send us more suggestions.
**Click the logos to access respective websites.

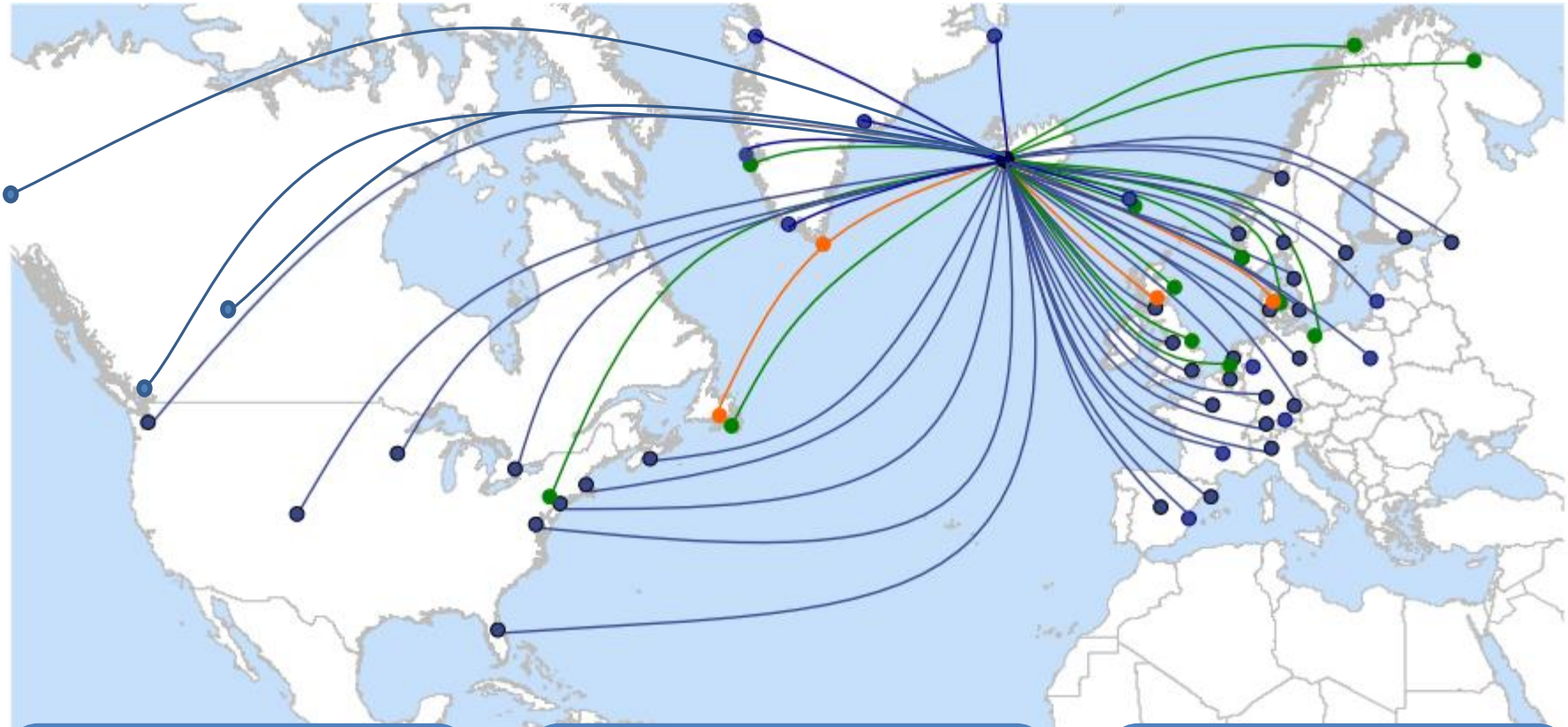
Arctic activities can be found across Iceland's business community

Did you know that:

- Bremenports GmbH & Co., in collaboration with EFLA engineering, are looking into **building a deep sea port in Finna fjord** for transshipment crossing and further port development projects are on-going e.g. in Dysnes, Siglufjordur and Reydarfjordur.
- Arctic Services Ltd. In Akureyri have operated for a few years now along with many service companies to **enhance Arctic activities** in the North of Iceland.
- **China National Offshore Oil Corporation (CNOOC)** has partnered up with Eykon Energy on oil exploration in the Dreki Area, where 2 exploration licenses have been granted.
- Oil exploration licensees estimate a **2,5 bn ISK investment** over the next 12 months.
- Arctic Reykjanes Ltd. is a company established to facilitate a **Service & Support Hub** and international Training Center at Keflavik Airport. Many companies from the Reykjanes peninsula form a cluster for the project with the Employers Organization in Reykjanes.
- **Ultra high performance ropes** for oil exploration and production are produced by Hampidjan in Iceland.
- Icelandair is the **only international airline with destinations Member States of the Arctic Council** and Air Greenland is working closely with Nordurflug on off-shore helicopter projects in Greenland.
- Iceland's biggest logistics companies, Eimskip and Samskip, **reach 40 countries in Europe, Asia, Australia and the US.**
- Opening of the **Central Arctic Sea-route**, placing Iceland in the middle, will shorten the voyages from Asia to Europe and North America by almost 40 percent.
- Icelandic air traffic control area, managed by ISAVIA, is 5,4 million square kilometers which makes **it one of the largest in the world** and annually over 100 thousand planes fly over the area.
- **Over 3 million passengers** passed Keflavik Airport in 2013 in 22 thousand planes and approx. 40 thousand tons of cargo passed through Iceland in approx. 22 thousand trips.
- ISAVIA and the Icelandic Coast Guard participate in a **number of international projects**, such as Arctic Zephyr 2014, Dynamic Mercy and SAREX 12 & 13.
- Iceland is the **first European country to sign a Free Trade Agreement with China.**

i. Connecting the Arctic

- Flights
- Fiber optic connectors
- Sailing



Flights:

- 31 thousand flights
- 2,4 million passengers
- 40 thousand tons of goods

Fiber optic connectors:

- FARICE to the UK and DANICE to Denmark
- Greenland Connect to Canada
- 95% of homes with broadband

Sailing:

- 40 container ships
- Weekly to Europe
- Bi-weekly to the US

AVIATION

There are extensive flight operators in the Icelandic Oceanic area with more than 108 thousand flights in the airspace, both East and West bound, and Iceland is home to the only international airline in the world with destinations in all member states of the Arctic Council

The significance of the route network servicing the Arctic cannot be understated in the future development of the Arctic. Iceland's unique location between Europe and North America is a key catalyst for specialization in the area and free movement of capital and goods and of course continued increase in tourism.

Icelandair is the only international airline in the world with destinations in all member states of the Arctic Council. Its hub and spoke network connects 25 cities in Europe with 10 gateways in the US and 3 in Canada through Icelandair's hub in Iceland.

In addition, with a regional network connecting six destinations in Greenland and one destination in the Faroe Islands, Iceland becomes the natural hub for the Faroe Islands and Greenland to many markets in the US and Europe.



LOGISTICS

With the gradual opening of the Arctic sea route and Icelandic international logistics companies, Iceland is in a key position to service transportation of goods in the Arctic area.

As in aviation, Iceland's unique location between Europe and North America is a key enabler for cost efficient, sustainable and environmentally friendly freight forward around the world.

Icelandic logistics companies are based on decades of experience in providing North Atlantic integrated logistics along with fully fledged transport services by frequent sailings to and from both the East and the West. In addition the companies provide agency- and cargo services, management and information flow, along with other transport related solutions.

The two biggest, Samskip and Eimskip, operate on an international scale with a large network of offices in over 40 countries in Europe (North and South), Asia, Australia and the US, providing transport by land, air and sea. In addition, Icelandair Cargo is a leading air cargo carrier with around 40 destinations in N-America and Europe and offers frequent connections to all the member states of the Arctic Council.



HELICOPTER SERVICES

Established helicopter operators with experience of operating in demanding conditions and whom can provide the whole range of necessary services

Icelandic helicopter operators operate in demanding sectors including heliskiing, film production, aerial work, tourism and private rental. Due to their experience, and Iceland's strategic location, helicopter operators have e.g. carried out work in Greenland in the mineral field. Hence, these operators have experience of operating in harsh conditions, both overseas and at home.

Helicopter operations are in most cases the key to any successful mineral and other offshore projects. These projects seek to reduce risk and therefore a contract partner is needed who can provide superior service and has all the internal support functions to act in time of emergency.

To be able to be that partner, one helicopter operator in Iceland, Nordurflug Ltd., has joined forces with AirGreenland to service all aspects of helicopter operations including pilots, technicians, logistic functions etc.



FIBER OPTIC CABLE SYSTEM

Iceland is connected both to the East and West with three fiber submarine cables which meet demands of national carriers and international customers



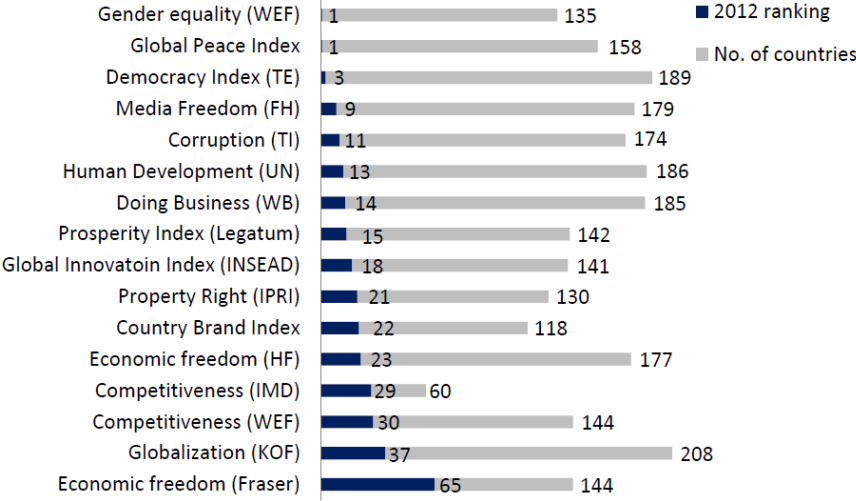
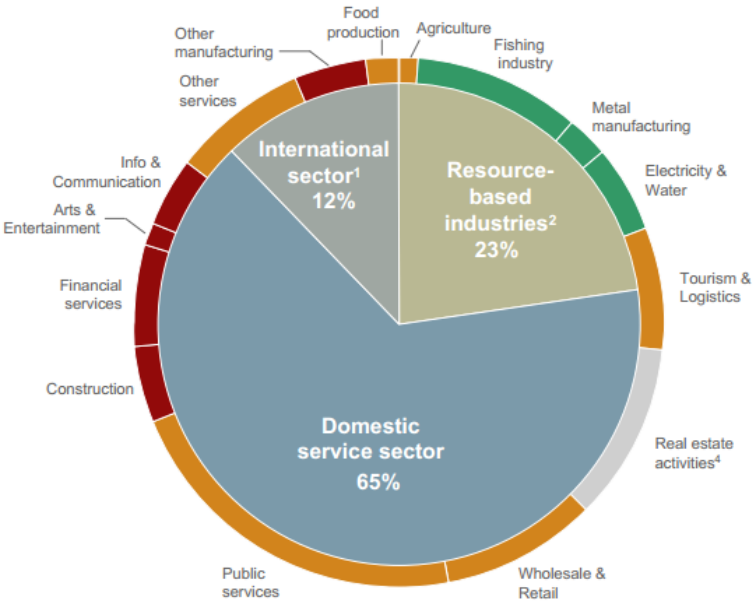
Iceland's fiber cable system consists of three cables, FARICE to the UK, DANICE to Denmark and Greenland Connect which connects Canada, Greenland and Iceland. The fourth cable, Emerald Express, which is underway, connects Iceland to North America and Northern Europe.

This fiber cable system enables Iceland to meet high standards of national carriers and international entities, such as data center customers, content providers, telecom operators, cloud service providers, corporate clients and governments.

High performance fiber cable system and established data centers combined with Iceland's abundance of renewable energy, the most internet freedom in the world and Iceland being the third most active information society in the world puts Iceland in a unique position to service the data needs of companies all over the world with operations in the Arctic.



ii. Servicing the Arctic



Source: Left - McKinsey & Company (% of GVA 2009) / Right: the institutes websites

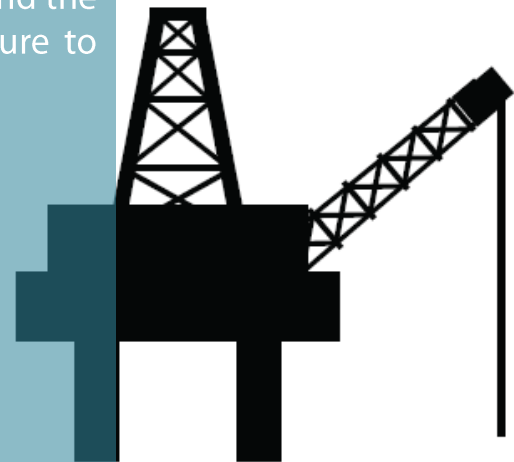
OIL EXPLORATION AND PRODUCTION

Opportunity to participate in a new industry, possibly the most important one in Iceland

Due to Iceland's strategic location near the Dreki Area, East Greenland and the North Jan Mayen Ridge it is feasible to build up required infrastructure to support oil and gas activities in Iceland, including:

- Supply bases
- Supply vessels
- Engineering
- Shipyard services
- Contractors
- Geophysical services
- Helicopter services
- Travel and lodging
- Health, safety, environmental services
- R&D

Two exploration licenses have been awarded in Iceland, with the third pending. Several large structures have been found in the Dreki Area. That combined with local companies, e.g. Eykon Energy, with unique geological knowledge and experience and strong international partners illustrates Iceland's high potential in the oil field.



ENGINEERING

Decades of experience in providing comprehensive engineering-, management- and EPCM services in Arctic conditions

The high level of education, well-trained population and its unique location make Iceland the ideal service hub for the Arctic region. The engineering sector offers a full range of services with expertise across all the major engineering disciplines, including:

- EPCM/project management
- Construction management
- Process engineering
- HSE and fire safety
- Work camps and utilities
- Bridge and harbor engineering
- Environmental impact assessment (EIA)
- Environmental research and monitoring
- Planning, permitting and preliminary studies
- Design of structures and equipment

Projects include: hydroelectric plants, geothermal plants, oil terminals, harbors, airports, bridges, roads, underground gas pipelines, wastewater engineering, power transmission and distribution, and services to power intensive industries.



TOURISM

One of the three major export industries in Iceland, hosting and servicing tourists from all over the world

In 2012 the number of tourists was more than double the population of Iceland, or 673 thousand. Records were broken in every month of 2012 and in the first six months of 2013 the number of tourist increased over 25% compared to the first six months of 2012.

The annual increase of tourists has been 7.3% since 2000 and estimates suggest that the total number of tourists will reach between 1.5-2 million in the near future. In paralell the share of tourism in Iceland's GDP has increased over the last year to around 6%.

The tourism industry has utilised the commercial oportunitites which lie in Iceland's harsh nature. The industry therefore offers a wide range of services, from high-quality accomodation at hotels or conference halls in the capital to nature expeditions all over Iceland's 103 thousand square kilometers. Combined with a vast international and regional aviation network the industry is highly competitive to service Arctic tourists.



Construction

Leading in turnkey solutions because of the industry's strong mix of human resources, knowledge, long experience and quality control



The Icelandic contractors industry provides good and reliable services and one step solutions. It places the needs of the client and the project first.

Within the industry there is vast experience of projects in hazardous conditions and of partnerships with foreign entities on various types of contracts and constructions.

Contracts	Constructions
<ul style="list-style-type: none">• Turn Key contracts• IQ contracts• Partnering contracts• Facility Management	<ul style="list-style-type: none">• Tunnels• Harbors• Roads and infrastructure• Building construction• Industrial construction• Facility Maintenance



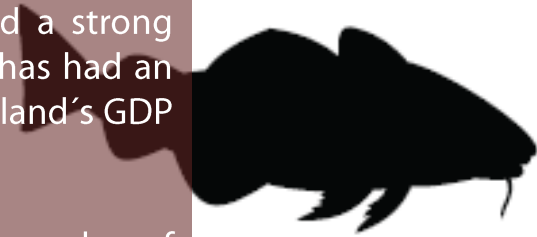
FISHERIES

A highly competitive industry in international perspective, both biologically and economically strong

Fisheries have been Iceland's fundamental industry over past decades and Iceland is one of the top 20 of the largest fishing nations in the world. Through the individual transferable quotas (ITQs) the industry has gained a strong economical foothold, both internally and externally. The industry has had an average of 21% EBITDA since 1992. It contributes about 11% to Iceland's GDP and is about 30% of Iceland's total exports.

Iceland has been active in the international fisheries arena, being a member of numerous conventions including protection of biodiversity and prevention of pollution. The industry itself has also taken the initiative to meet demands of seafood buyers for sustainable use of marine resources with the Iceland Responsible Fisheries program.

Because of these elements Icelandic fishing firms have build up vast international ties. This has been accompanied by the development of related manufacturing and service industries and therefore international know-how, which has in turn increased the value of Icelandic marine products. Taking all this into account the Icelandic fishing industry should be the partner of choice with regards to fisheries in the Arctic.



FINANCIAL SERVICES

Iceland's domestic financial institutions offer a wide range of financial services to companies of all sizes and sectors

Due to the demographics of Icelandic businesses, relatively small in size internationally and historically based on natural resources, the Icelandic financial institutions are familiar with the characteristics of what can be called the Arctic's business community.

The Icelandic financial institutions offer a wide range of solutions, including retail banking to households, SME's and corporate banking services to larger corporations, in addition to asset management & private banking. Examples of available products are listed below.



Long term Credit Facilities	Capital Markets Services	Short Term Credit Facilities
Term Debt Revolving Credit Facilities Project Finance Syndicated Loans / Club Deals Asset Based Lending	Equities Fixed Income FX Services Corporate Finance Corporate Advisory	Revolving Credit Facilities LC's / Guarantees



ARCTIC RESEARCH & CSR

With years of experience in Arctic research, universities and institutions in Iceland have created valuable knowledge

Numerous institutions in Iceland contribute to Arctic research and scientific cooperation in various fields. They include The Stefansson Arctic Institute, The Icelandic Meteorological office, the Marine Research Institute; the University of Akureyri Fisheries Science Center; the University of Akureyri Centre for Research and Development; the Icelandic Tourism Research Centre; the Polar Law Institute; two working groups of the Arctic Council which are located in Iceland, CAFF – The Conservation of Arctic Flora and Fauna and PAME – Protection of the Arctic Marine Environment; the University of Iceland Centre for Arctic Policy Studies; etc.

Icelandic universities have also been active in Arctic matters. The University of Akureyri is e.g. one of the founding members of the University of the Arctic. The University of Iceland, Agricultural University and Reykjavik University have also contributed to Arctic related research and cooperation.

In addition members of the Icelandic-Arctic Chamber of Commerce; the Arctic Services as well as the Icelandic Joint Committee on Arctic Affairs and the Icelandic Arctic Cooperation Network support the concept of Corporate Social Responsibility (CSR).



The IACC - Three overall goals



IACC Members

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 ARCTIC SERVICES

 **EIMSKIP**
Cool choice in logistics

 Hafnarfjarðarhöfn
Þjónustumiðstöð í Norður Atlantshafi

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samskip

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CONSULTING ENGINEERS

 HS ORKA HF

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SAMTÖK ATVINNUREKENDA Á REYKJANESI

 SECURITAS

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