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PROMOTE ICELAND



ÚTANRÍKISRÁÐUNEYTIÐ

MARKET SNAPSHOT

TRADE REPRESENTATIVES AT THE EMBASSIES OF ICELAND

REYKJAVÍK HILTON NORDICA

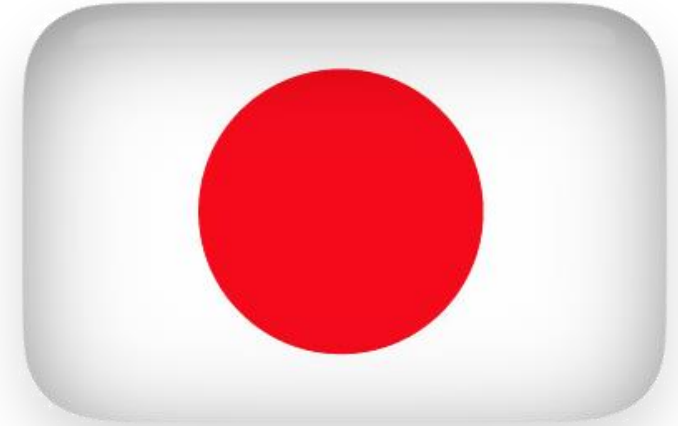
27th September 2017



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MARKET SNAPSHOT - JAPAN

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Embassy of Iceland, Tokyo, Japan
September 2017

- Population: 126 million (2016)
 - Aging population
- Low GDP growth since early 2000s
- Expected growth in communications, health goods and medical service spending.
- Expected growth in disposable income.

- Exports to Japan
 - Seafood products
 - Eiderdown
 - Ferro-silicon
- Low tariffs and minimal barriers to trade
 - Good balance of trade
- Language is an issue



- Tokyo Olympics 2020
- Nordic cooperation
- Strong bilateral chambers of commerce



- Tourism
- Value added food products
- High tech and innovation
- Design and fashion

- Agreements on the horizon
 - Double tax agreement
 - Working holiday agreement
 - Free Trade/Economic Partnership?
 - Science, Technology and Innovation?

- Japan External Trade Organization
 - <https://www.jetro.go.jp/en/>



- Business Development Center Tokyo
 - Other regional centers





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MARKET SNAPSHOT - DENMARK

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Embassy of Iceland, Copenhagen, Denmark

September 2017

- **Population:**
5.7 million 2017 - est. 6 million in 2030
Immigrants ca. 14%
Fertility rate 1.7
Unemployment rate 6%
- **Real GDP growth (last 10 yrs):**
Stable but relatively low growth (just under European average over the last 10 years)
Expected to be 2.1% in 2017
- **Major industries:**
Manufacturing, Service and Agriculture
- **Imports:** Machinery, foods, oil and medicinal products
Largest import partners are Germany (21%) and Sweden (12%)

- **Major trends:**
 - A slow upward trend on all fronts
 - Rise in housing prices
 - Rise in private consumption
 - Rise in Export (8,5) in spite of Brexit worries
- **Opportunities:**
 - Ease of doing business in Denmark
 - Flexible labor regulations
 - Good infrastructure in IT and transport
- **Challenges:**
 - High wages per hour in the manufacturing sector
 - Potential labor shortage in several sectors
- **Upcoming country milestones:**
 - Aging populations strains welfare system and labor market
 - Green focus / agenda of the current government



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MARKET SNAPSHOT - *FINLAND*

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September 2017

- **Population;** Finland's total population was 5.5 million in 2016, The rate of population ageing is among the most rapid in Europe. People over 65 represented 20.5% of total population in 2016
- **Real GDP growth** (last 10 yrs):
GDP 2016 210 billion € the annual changes in Volume 0.3% Real GDP is expected to grow by about 1.6% per year in the medium term. Domestic demand should be the main driver, supported by investments in new technology.
- **Major industries:** Main industrial products: Paper and board, electronics and metal products. Forests are still Finland's most crucial raw material resource, although the engineering and high technology industries, led by Nokia, have long been the leading branches of manufacturing.
- **Imports:** Crude Petroleum (\$4.05B), Cars (\$2.5B), Refined Petroleum (\$2.44B), Packaged Medicaments (\$1.57B) and Computers (\$1.34B).

- **Major trends:** Finland enjoyed an economic boom throughout most of the past decade, feeble recovery in 2012-2015, slowed by Russian sanctions, weak productivity growth and population ageing.
- **Opportunities:** Transport and logistics, Marine industry, Energy, Cleantech, grocery retails, startups, Tourism, culinary and health sector
- **Threats:** Exports have suffered from the continued decline of the information and communications technology industry with Nokia's downward spiral
- **Upcoming country milestones:**
Finland celebration 100 years of independence throughout the year 2017
Presidential election in January 2018





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MARKET SNAPSHOT - NORWAY

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September 2017

- **Demographic:** Population of Norway is 5,2 million, annual pop. growth is relatively high (over 1%). Although Norway is aging, the aging population will be far smaller than in many other countries in Europe and the west because there is less negative fertility development and relatively high immigration. In 2016 there were around 850 thousand immigrants and Norwegian-born to immigrant parents in Norway, representing 16 per cent of the population. Nearly eight out of ten people live in urban areas. High level of equality, more women than men have higher education and women accounted for 47 per cent of the labour force. Low unemployment 4,3%,
- **GDP:** Norway has gradually become one of the richest countries in the world. In comparison with other European countries, Norway had a GDP per capita that was 78 per cent higher than the EU average in 2014.
- **Major industries:** Norway has three world-leading industries: oil and gas, maritime and the seafood sectors. Norway's oil and natural gas extraction sector accounts for nearly 60% of all exports. Fish farming has become a huge sector and the value of the industry now far exceeds the traditional fisheries.
- **Imports:** Norway main imports are: machinery and transport equipment (40% of total imports), divers manufactured articles (16%), food and live animals (7%), crude materials except fuels (6%) and mineral fuels, lubricants and related materials (5%). Main import partners are Sweden (12% of total imports), Germany (11%), China (10%), the UK and the US (6% each). Export of goods from Iceland to Norway in 2016 was almost 23 billions ISK (72% marine products) and imports from Norway to Iceland 61 bill (44% oil/fuels).

- **Major trends:** The Norwegian economy has shaken off the effects of the oil crash. The households are more optimistic than they have been for a long time and consumption growth is thereby increasing. Norwegian companies are generally looking more optimistically to the future in 2017 both in relation to investments and in increased employment. The economy is being stimulated by lowering interest rates, investment in innovation within the maritime industry and increasing use of the oil fund to finance investment in public sector, energy, infrastructure and construction.
- **Threats:** Risk of severe drop in house prices. Dependence on the oil fund.
- **Upcoming country milestones:** A new government this fall after septembers elections where the governing conservative parties won a narrow majority. The green shift / green competitiveness. Reorganizing the oil sector. Increased government consumption (e.g. political and/or commercial developments)

- **The governments focus:** The budget for 2017 included among other a continued and strengthened investments in industry clusters, entrepreneurship and risk loans through the channels of Innovation Norway....and also:
 - Increasing competitiveness through increased funding in research and innovation
 - Simplify bureaucracy, having less regulation and lower taxes
 - Focus on education and R&D
 - Investments to modernize the countries infrastructure
 - Improvement for elderly and in the health system through welfare reforms
- **Examples of opportunities for Icelandic companies:**
 - sustainable marine innovation / equipments for the fisheries
 - tech startup (digitization of private and public sector)
 - green shipping





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MARKET SNAPSHOT - GERMANY

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Embassy of Iceland in Berlin, Germany

September 2017

- **Population / Demographic: 82.3 million**

- Rapidly aging population: <20: 18%, 20-64: 61%, >65: 21%
- Almost 2 million more inhabitants in 2 years, mostly young people.
- New record high with a migrant background: 8.5% increase in 2016: 18.6 million with a migrant background, (1.5 mn Turkey, followed by Poland, Syria, Italy, Romania). More than 1 mn refugees in past two years. Almost 1 mn recipients of benefits for asylum seekers

- **Real GDP growth**

German GDP growth is modest though stable and even accelerating. It is domestic driven. Business climate is extremely optimistic.

GDP growth price adjusted amounting to 1.7 - 1.9. in recent years
2016: 1.9% growth, per capita 38.114 Euros, at current prices 3,144.1 bn

- **Major Industries:**

Industry: 26% (Automotive, Energy, Manufacturing), Construction: 5%
Services: 69% Agriculture/Fisheries: 1%

- **Imports**

2016: 956 bn Euros (finished products 697bn, semi-finished 62bn, raw materials 62bn, food industries 81bn)

Trade with Iceland: Germany has been among the TOP 5 single trading partner for years, and one of the key markets for the Icelandic tourism industries. In 2016, Germany accounted for 6.9 % share of total exports of Iceland, and 10.7 % of all imports to Iceland came from Germany.

- **Major trends**

Threats:

Turbulent and heated times. Political and economic risks and uncertainties, among others protectionism, political insecurity, low interest rate environment, debt overhang in China. Brexit and the EU.

Net investments and labour productivity still too low, production level already above potential, decline of net exports expected, higher volatilities and bubbles at finance markets

OPPS: . Excellent image of Iceland. Skills and know how. Niche markets

Iceland culinary destination: high savings, health awareness, authentic products, pure nature, strong slow food movement and organic food

Tourism. Cruise shipping, MICE, incentives, gourmet tourism, spa and wellbeing, digital detox, yoga and life balance

Renewable energies and know how: Germany world leader in developing renewable energies. Close coop on geothermal research. Huge investments in new high transmission lines. Demand for energy efficiency and related smart solution. Germany is a gateway to international geothermal projects, including funding.

Innovation: Health goods and medical services will be the fastest growing category in the next 15 years. Demand for **clean tech solutions growing.** Huge investments in **logistics;** national infrastructure plan with 265 bn Euros til 2030. Pressure on the automotive and other key industries ref. environmental friendly solutions, light materials.

Priority sectors of funding programmes: digitalisation, environment and renewable energies, Clean tech and health sector.

Germany is biggest market for **culture** in Europe. Berlin a European hub for start ups and the creative scene.

- **Upcoming country milestones**
- Elections on 24 September did change the political landscape.
 - The next years will be decisive for Germany: ensure competitiveness, its role as a leading export nation and a major political force in Europe: Major challenges:
 - 1. Digital Transformation and Industry 4.0
 - 2. Higher budgets for R&D and education
 - 3. Infrastructure | Transport | Energy Safety | Climate Change Policies
 - 4. Migration and Integration.





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MARKET SNAPSHOT - INDIA

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27 September 2017

KEY INDICATORS

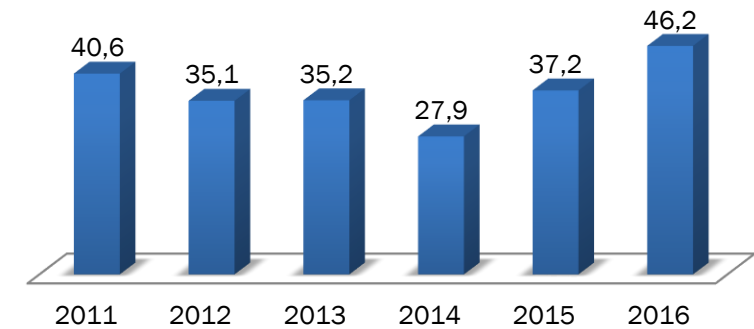
- ◆ Population: 1.28 Billion
- ◆ Labour force: 513.7 Million
- ◆ Unemployment rate: 5%
- ◆ Inflation rate: 4.9%

- ◆ GDP: US\$ 2.3 Trillion (2016)
- ◆ GDP (PPP): US\$ 8.7 Trillion (2016)
- ◆ GDP Per Capita(PPP): US\$ 6,600 (2016)

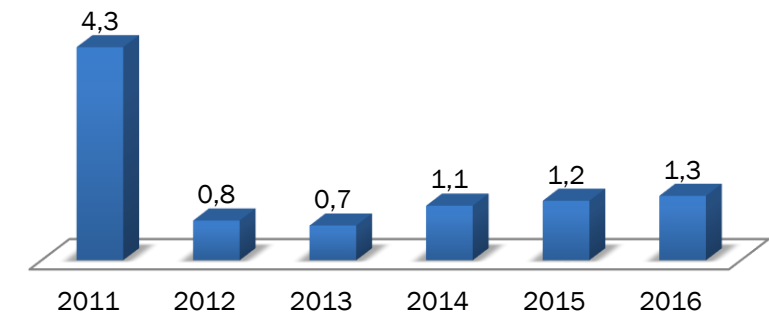


BILATERAL TRADE

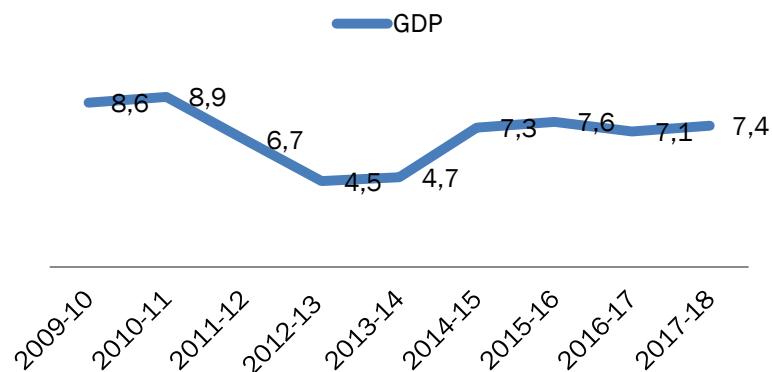
Export to Iceland 2011-16 (US\$ Millions)



Imports from Iceland 2011-16 (US\$ Millions)



GDP Growth Rate 2009-18



Why India?

- World's fastest growing major economy
- Political Stability & Pro-reform Govt
- Goods & Services Tax (GST)
- A billion mobile phones connection
- A competitive labour market
- India-EFTA Free Trade Agreement

Constraints!!

- Red tapism
- High tariff & non-tariff barriers
- Poor infrastructure facilities
- Rigid labour laws

Sectors of interest!!

- High-Tech: Medical devices/Food processing technology/Biotech products
- Tourism & Filming Location
- Renewable energy



New Government initiatives:

Smart Cities Mission

- To make Indian cities more citizen friendly and sustainable using smart solutions

Make in India

- To make India into a global manufacturing hub by facilitating investment, fostering innovation, enhancing skill development, protecting intellectual property & building best in class manufacturing infrastructure

Digital India

- To transform the entire ecosystem of public services through the use of information technology

175 GW of Renewable Energy by 2022

- The largest renewable capacity expansion program in the world.

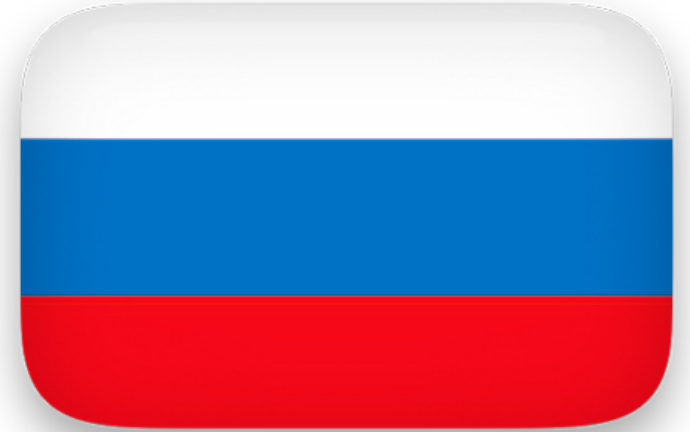




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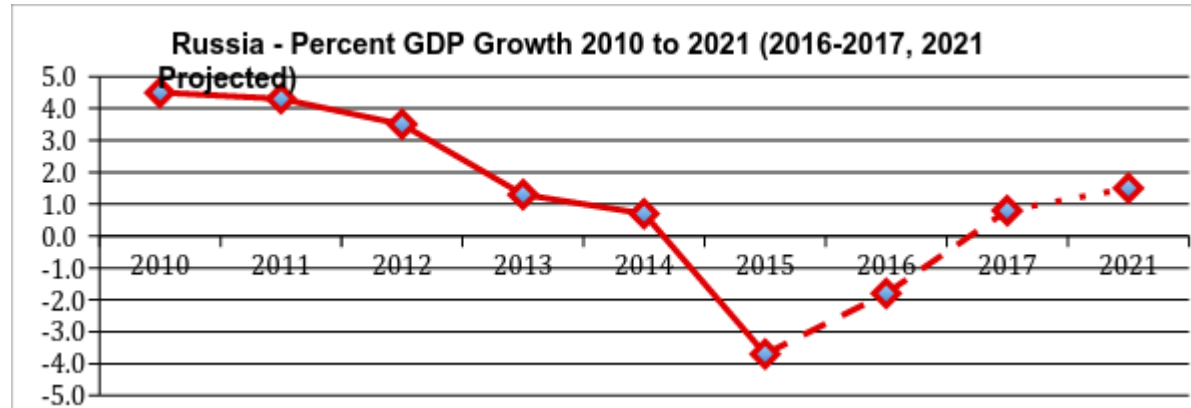
MARKET SNAPSHOT - *RUSSIA*

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Embassy of Iceland, Moscow, Russia

September 2017

- Real GDP growth 2010-2017.



- Macroeconomic forecast for Russia is positive
- The economy is picking up after two years of recession
- Predicted growth of 1.3% in 2017

Other economic indicators

- *Private consumption* - contracted by 5.1% in 2016 consumer confidence improved in 2017 with 1.5% predicted growth
- *Inflation rate* – successfully reduced from 15.5% in 2015 to 7.1% in 2016
- *Unemployment* – is going slowly down 5.5% in 2016
- *Foreign trade* – export fell 17.4% in 2016, growth expected in 2017

Population / Demographic:

Year	Population	% Male	% Female	Growth Rate	World Rank
2017	143,375,00	46.466%	53.534%	-0.08%	9
2015	143,456,91	46.456%	53.544%	-0.01%	9
2010	143,158,09	46.376%	53.624%	0.04%	9

Russia is one of the few countries with a negative growth rate, and its 2016 population is estimated at 143.4 million, a decline from an estimated population of 146.3 million in 2015. [It's currently the 9th most populous country on earth,](#) despite being the largest by area.



Strength

- ❖ Market size and Potential of the market
 - ❖ well developed ICT sector
- ❖ Second highest employment rate in the Eastern Europe

Weakness

- ❖ Dependence on oil prices
- ❖ Limited economic diversification;
 - ❖ Bureaucracy and corruption
- ❖ Low economic freedom and regulatory barriers to business

Opportunities

- ❖ Adapted to new market conditions and recovering;
 - ❖ New business opportunities;
 - ❖ Positive market dynamics;
- ❖ Stock market could see further rise in coming year;

Threats

- ❖ Sanctions and retaliation
- ❖ High interest rates and limited access to bank loans;
 - ❖ Terror threats;

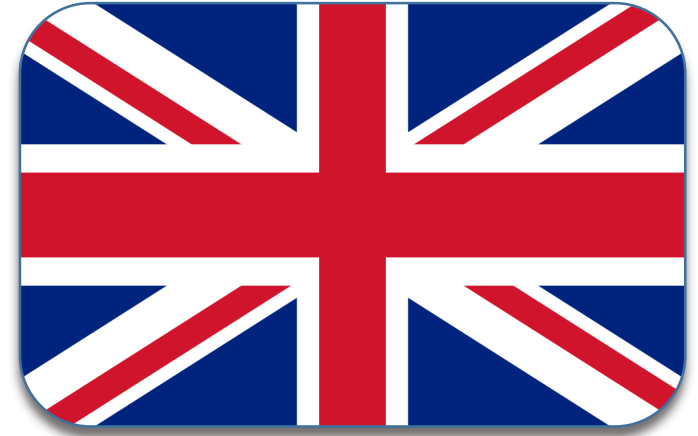
- The results of the referendum on the withdrawal of the UK from the EU
- And the election of Donald Trump as the president of the USA have had minimum impact on economic performance
- Practically no changes affecting economy following Russias's accession to the WTO
- Sanctions against Russia and Russian sanctions against the EU and US and
- Oil prices are main factors of negative affect



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MARKET SNAPSHOT – *UK*

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September 2017



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MARKET SNAPSHOT - CHINA

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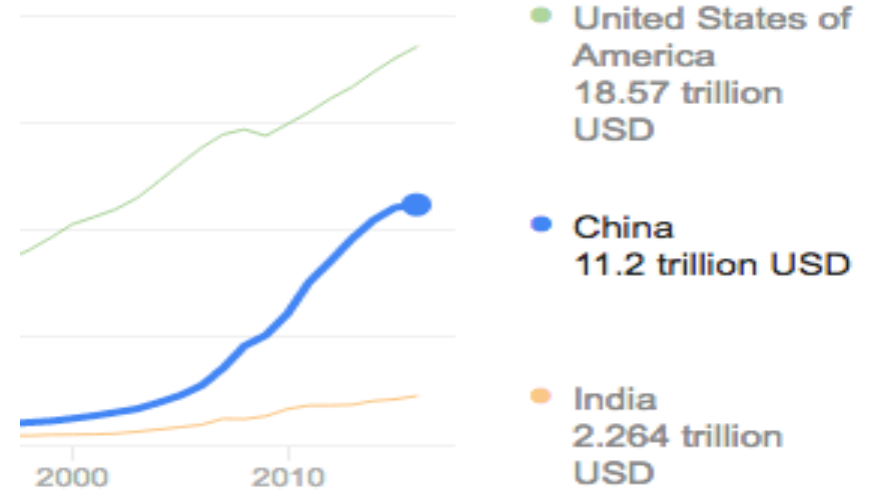
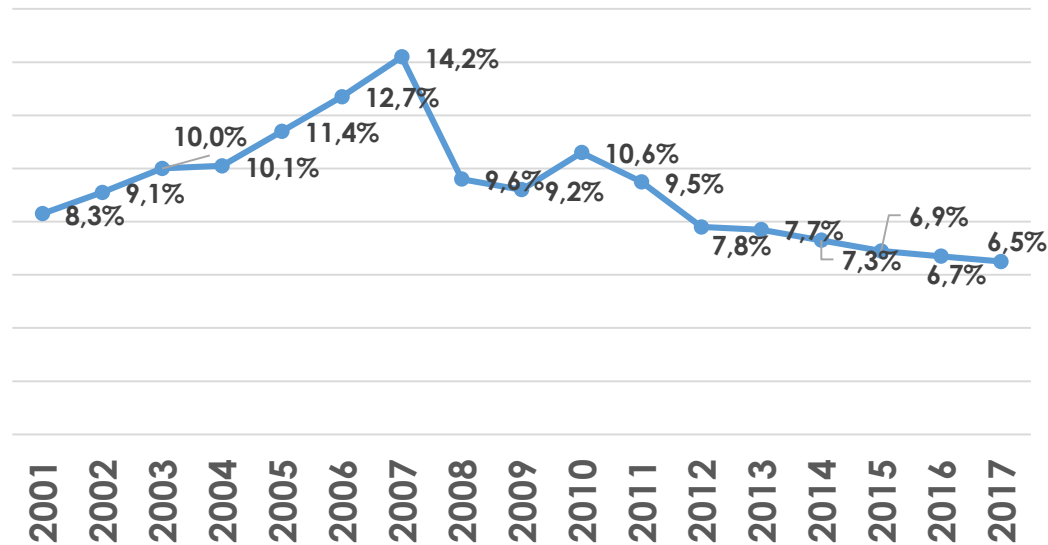
Embassy of Iceland, Beijing, China

September 2017

China – MAIN STATISTICS

- **Population / Demographic:**
1.38 / 7.5 billion
- **Real GDP growth 2016**

Annual GDP Growth



China's contribution

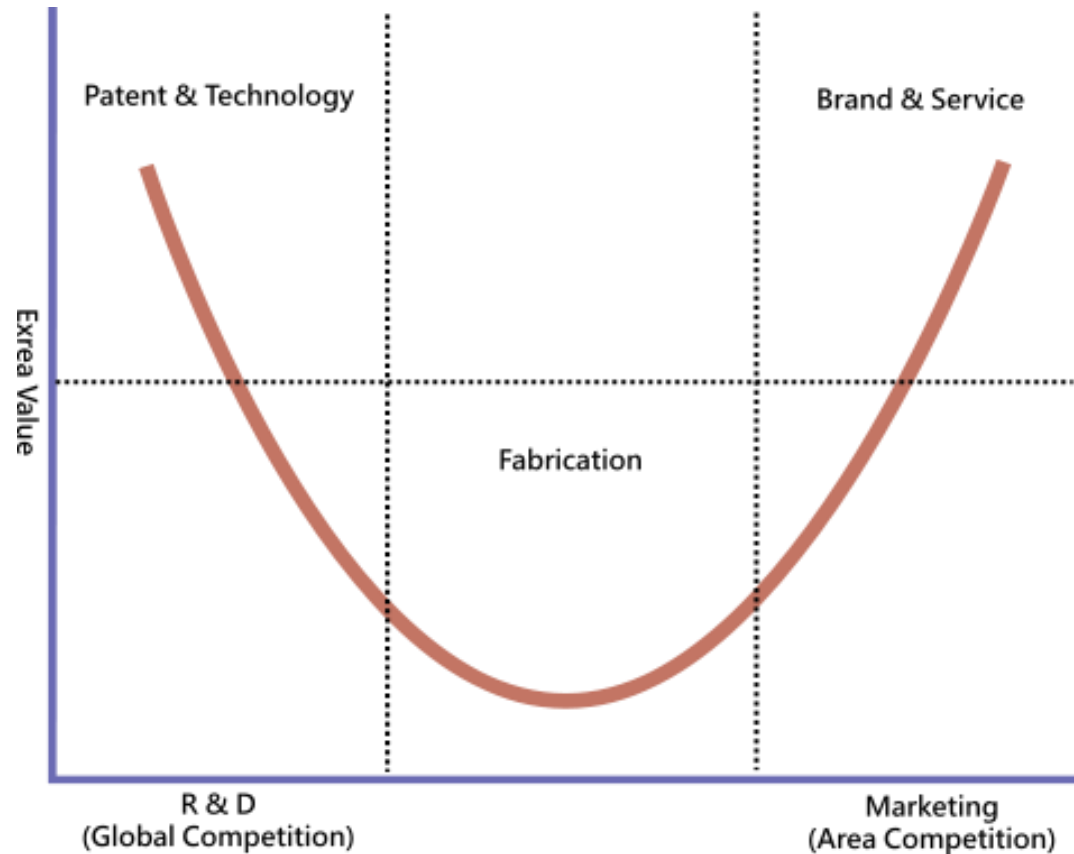


Sources: World Bank, World Development Indicators

China – MAIN STATISTICS cont.

Major industries: World Workshop

Imports:



New Strategic Industry

New Energy

New Materials

Bio-engineering

New-generation IT

Energy-saving & Environmental Protection

New-energy vehicles

Robot

Hi-tech manufacturing

Service

Consuming service

Production service

Commercial Service

Spiritual Service

Modern manufacturing

Aircraft

Hi-speed Train

Modern Shipbuilding

Nuclear Power Generation

Hi-voltage Transmission

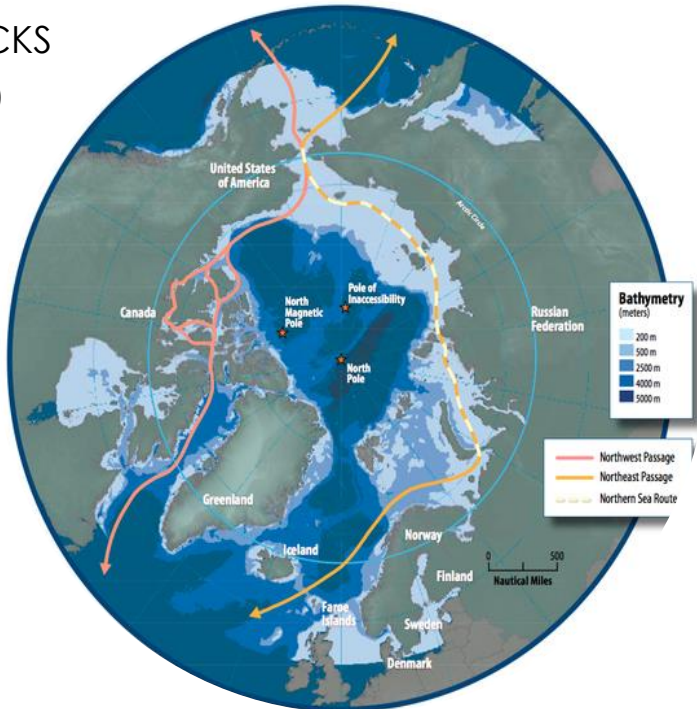
The market – current status

Major trends (OPPS & THREATS):

- China a biggest new market: 1.3 billion vs. 80 tourists in 2016
- Farmed land vs Fishing pond
- Anything NEW or UNIQUE

Upcoming country milestones: – Global Economic Powerhouse

- Belt & Road Initiative
- AIIB
- BRICKS
- G20



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TAKK FYRIR