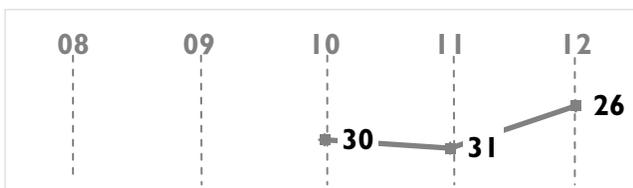


ICELAND

OVERALL PERFORMANCE



CHALLENGES IN 2012

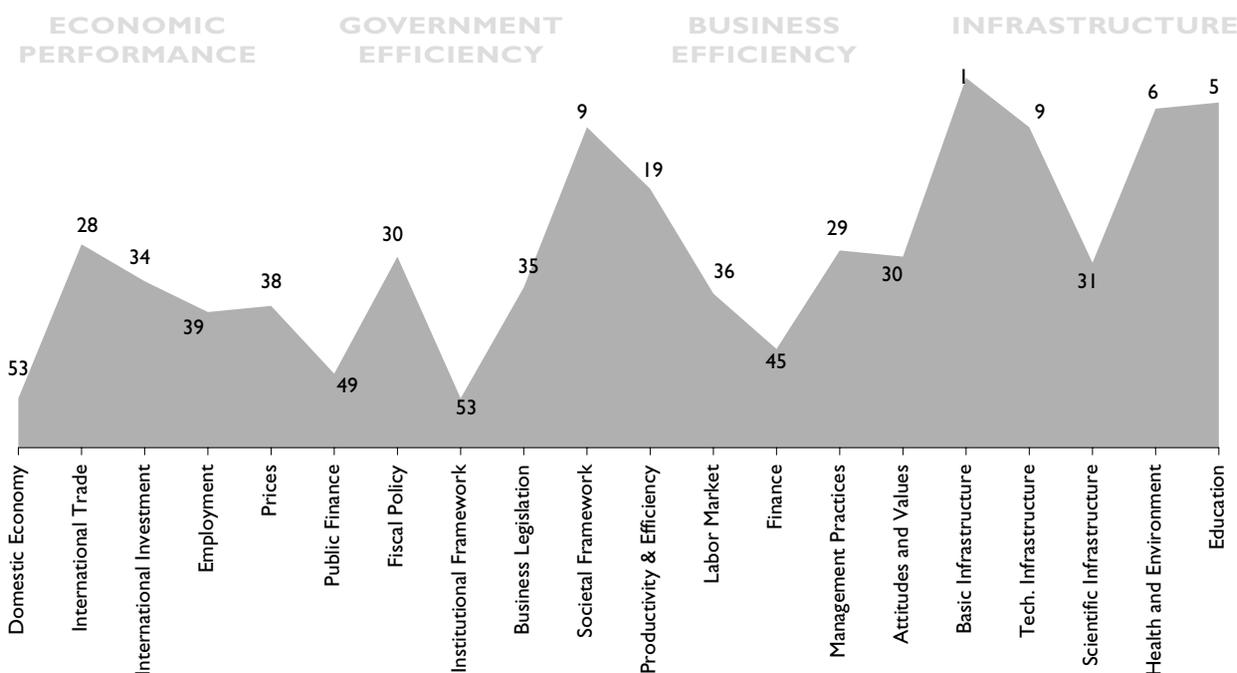
- Reform monetary policy to lower and stabilize inflation.
- Create favorable conditions to attract foreign investment.
- Lift capital controls as soon as possible.
- Restructure debts of households and firms.
- Lower unemployment by job creation.

Provided by :
Icelandic Chamber of Commerce

BASIC FACTS

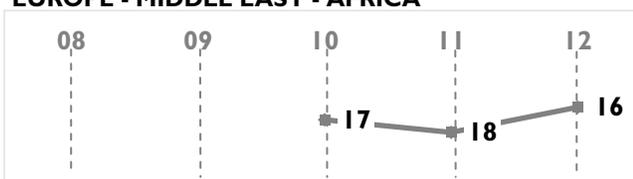
		Rank
Capital	Reykjavik	
Land area (km ² '000)	103.0 (2010)	-
Exchange rate (per \$)	116.10 (2011)	-
Population (millions)	0.32 (2011)	59
GDP (\$ billions)	14.0 (2011)	59
GDP (PPP) per capita (\$)	36,291 (2011)	20
Real GDP growth (%)	3.1 (2011)	28
Consumer Price Inflation (%)	4.0 (2011)	36
Unemployment rate (%)	7.1 (2011)	28
Labor force (millions)	0.18 (2011)	59
Current Account Balance (%)	-7.0 (2011)	57
Direct Investment		
Stocks Inward (\$ billions)	11.8 (2010)	59
Flows Inward (% of GDP)	7.2 (2011)	6

COMPETITIVENESS LANDSCAPE

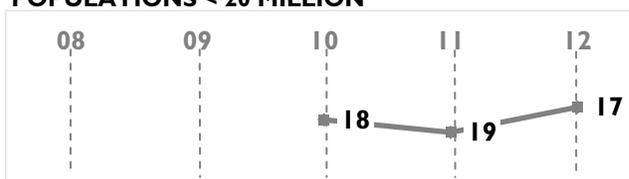


PEER GROUP RANKINGS

EUROPE - MIDDLE EAST - AFRICA



POPULATIONS < 20 MILLION



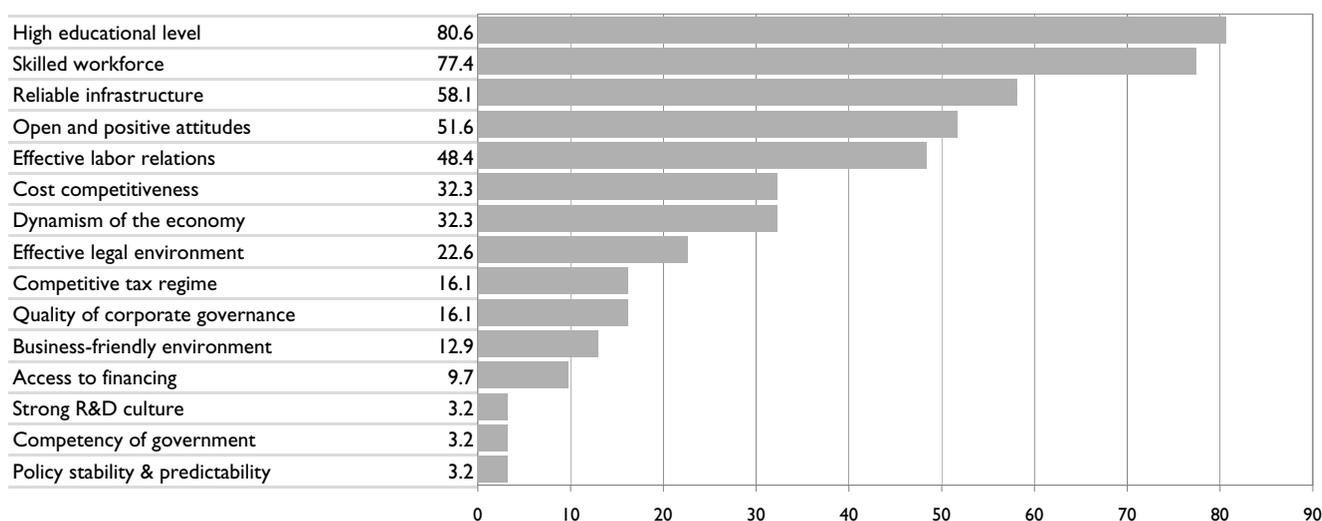
COMPETITIVENESS EVOLUTION

The criteria below highlight the 15 biggest Improvements and the 15 biggest Declines in the overall performance of the economy. They are determined by the largest percentage changes in the value of each criterion from one year to the next.

IMPROVEMENTS		WCY 2011	WCY 2012	DECLINES		WCY 2011	WCY 2012
1.3.05	Direct investment flows inward (\$bn)	0.26	1.01	2.1.09	Public finances (Survey)	5.16	2.73
1.3.06	Direct investment flows inward (%)	2.05	7.20	4.4.12	Energy intensity	4,015	5,879
1.1.14	Real GDP growth	-4.0	3.1	4.2.22	High-tech exports (%)	31.45	20.87
1.1.15	Real GDP growth per capita	-3.72	1.77	1.2.24	Exchange rates (Survey)	4.18	2.79
1.3.02	Direct investment flows abroad (%)	-19.77	-0.86	4.4.01	Total health expenditure (%)	11.7	8.2
1.3.01	Direct investment flows abroad (\$bn)	-2.48	-0.12	2.3.05	Central bank policy (Survey)	3.87	2.85
3.3.10	Stock market capitalization (%)	9.33	15.90	2.4.07	Investment incentives (Survey)	2.42	1.88
2.1.02	Government budget surplus/deficit (%)	-10.08	-4.39	3.3.17	Corporate debt (Survey)	2.80	2.18
2.3.06	Foreign currency reserves (\$bn)	5.80	8.58	2.3.02	Cost of capital (Survey)	2.89	2.27
2.2.12	Real personal taxes (Survey)	2.49	3.63	3.3.16	Venture capital (Survey)	3.00	2.38
2.2.07	Effective personal income tax rate	31.56	19.97	2.4.02	Customs' authorities (Survey)	7.00	5.81
1.3.07	Direct investment stocks inward (\$bn)	8.63	11.77	2.4.13	Ease of doing business (Survey)	5.47	4.69
3.3.08	Stock markets (Survey)	1.56	2.12	4.1.24	Electricity costs for industrial clients	0.026	0.029
2.4.10	State ownership of enterprises (Survey)	3.38	4.50	3.4.01	Adaptability of companies (Survey)	6.67	5.82
1.3.08	Direct investment stocks inward (%)	71.36	93.79	4.5.12	Science in schools (Survey)	6.13	5.38

KEY ATTRACTIVENESS INDICATORS

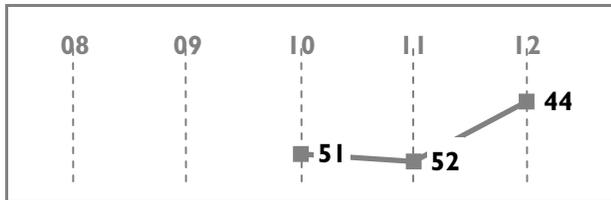
From a list of 15 indicators, respondents of the Executive Opinion Survey were asked to select 5 that they perceived as the key attractiveness factors of their economy. The chart shows the percentage of responses per indicator from the highest number of responses to the lowest.



ICELAND



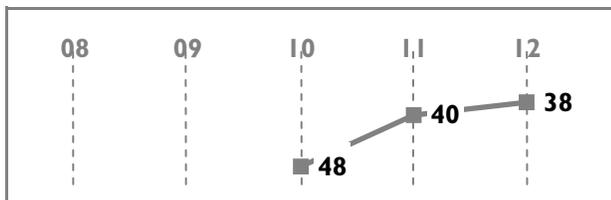
ECONOMIC PERFORMANCE



Sub-Factor Rankings :	2011	2012
Domestic Economy	59	53
International Trade	37	28
International Investment	43	34
Employment	39	39
Prices	44	38



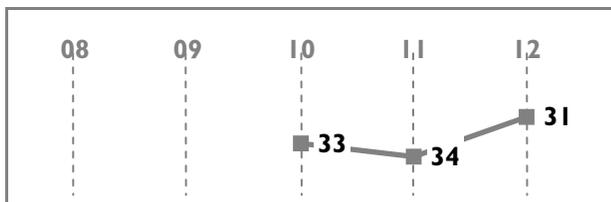
GOVERNMENT EFFICIENCY



Sub-Factor Rankings :	2011	2012
Public Finance	48	49
Fiscal Policy	38	30
Institutional Framework	54	53
Business Legislation	31	35
Societal Framework	10	9



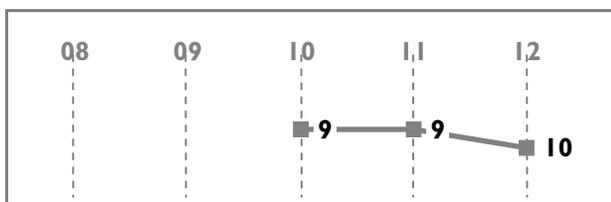
BUSINESS EFFICIENCY



Sub-Factor Rankings :	2011	2012
Productivity & Efficiency	45	19
Labor Market	24	36
Finance	49	45
Management Practices	26	29
Attitudes and Values	24	30



INFRASTRUCTURE



Sub-Factor Rankings :	2011	2012
Basic Infrastructure	1	1
Technological Infrastructure	10	9
Scientific Infrastructure	32	31
Health and Environment	3	6
Education	2	5

ICELAND

STRENGTHS**Economic Performance**

1.2.22 Terms of trade index	1
1.2.23 Tourism receipts (%)	5
1.3.06 Direct investment flows inward (%)	6
1.2.13 Exports of commercial services (%)	6
1.3.04 Direct investment stocks abroad (%)	8
1.3.08 Direct investment stocks inward (%)	8
1.4.02 Employment (%)	9
1.3.14 Relocation threats of R&D facilities (S)	12
1.3.13 Relocation threats of production (S)	13
1.4.07 Long-term unemployment	17

Government Efficiency

2.4.20 Redundancy costs	1
2.1.11 Pension funding (S)	2
2.4.17 Labor regulations (S)	2
2.5.03 Ageing of society (S)	4
2.2.10 Employee's social security contribution rate	5
2.4.15 Start-up days	7
2.5.09 Equal opportunity (S)	11
2.4.14 Creation of firms (S)	12
2.3.13 Bribing and corruption (S)	14
2.2.11 Employer's social security contribution rate	15

Business Efficiency

3.5.04 Flexibility and adaptability (S)	5
3.2.12 Labor force (%)	8
3.2.15 Female labor force (%)	9
3.3.13 Stock market index (%)	10
3.2.17 Skilled labor (S)	10
3.2.04 Remuneration of management (\$)	11
3.3.01 Banking sector assets (%)	12
3.5.07 Corporate values (S)	13
3.2.07 Labor relations (S)	13
3.4.07 Entrepreneurship (S)	13

Infrastructure

4.3.07 Total R&D personnel nationwide per capita	1
4.5.01 Total public expenditure on education (%)	1
4.1.19 Future energy supply (S)	1
4.4.19 Renewable technologies (S)	1
4.4.24 Pollution problems (S)	1
4.2.10 Internet users	1
4.1.18 Energy infrastructure (S)	1
4.4.26 Climate change (S)	1
4.2.07 Connectivity (S)	1
4.1.04 Access to water (S)	1

WEAKNESSES**Economic Performance**

1.2.08 Exports of goods (\$bn)	59
1.3.07 Direct investment stocks inward (\$bn)	59
1.2.12 Exports of commercial services (\$bn)	58
1.2.02 Current account balance (%)	57
1.3.02 Direct investment flows abroad (%)	57
1.3.01 Direct investment flows abroad (\$bn)	55
1.2.24 Exchange rates (S)	54
1.3.05 Direct investment flows inward (\$bn)	52
1.1.13 Diversification of the economy (S)	51
1.3.03 Direct investment stocks abroad (\$bn)	47

Government Efficiency

2.4.06 Capital markets (S)	59
2.4.05 Foreign investors (S)	59
2.4.07 Investment incentives (S)	58
2.1.04 Total general government debt (%)	57
2.3.05 Central bank policy (S)	57
2.3.02 Cost of capital (S)	57
2.5.04 Risk of political instability (S)	54
2.2.09 Consumption tax rate	53
2.3.11 Transparency (S)	53
2.3.06 Foreign currency reserves (\$bn)	52

Business Efficiency

3.3.17 Corporate debt (S)	58
3.2.06 Working hours	57
3.3.08 Stock markets (S)	57
3.3.16 Venture capital (S)	56
3.3.10 Stock market capitalization (%)	53
3.3.05 Banking and financial services (S)	53
3.5.02 Image abroad (S)	49
3.3.15 Credit (S)	49
3.2.21 Foreign high-skilled people (S)	47
3.3.06 Finance and banking regulation (S)	46

Infrastructure

4.2.01 Investment in telecommunications (%)	43
4.2.04 Mobile telephone subscribers	39
4.2.19 Funding for technological development (S)	38
4.1.10 Dependency ratio	33
4.3.19 Researchers and scientists (S)	31