



ICELAND CHINA

FREE TRADE OPPORTUNITIES

Iceland was the first European nation to sign an extensive Free Trade Agreement with China. Combined with Iceland's membership of the common European Market, ideal location between North America and Europe and advanced business environment and infrastructure, this FTA opens new opportunities for investors seeking to export to the world's fastest growing market.

0% TARIFF **8,149 TARIFF NUMBERS**
TARIFFS RANGING FROM 1% **RANGING FROM**
TO 245% ARE ELIMINATED **0101-2100**
TO 9706-0000

RULES OF ORIGIN

To enjoy free trade according to the FTA, goods must fulfill at least one of the following rules;

- be wholly obtained or produced entirely in Iceland,
- be produced from Icelandic materials,
- change tariff classification due to local process or exceed minimum regional value content.

SPECIAL MEASURES TARIFFS

For a range of products, some special measures tariffs can apply, in addition to the general customs tariffs. This includes anti-dumping, anti-subsidy and safeguard measures. So for goods subject to special measure tariffs the benefit of producing in Iceland, is even larger than indicated by the general tariffs.

ICELAND – CHINA FREE TRADE OPPORTUNITIES

Market size: Population of 1.38 Bn (2017 est.) | GDP: 23.12 Tr (2017, PPP) | GDP Growth: 6.8% (2017 est.) | 5 of the world's 10 largest corporations are Chinese according to Forbes
Import usd: 1,73 Bn (2017 est.) | Exports usd: 2,16 Bn (2017 est.)

EXAMPLES OF PRODUCTS ENJOYING 0% TARIFFS TO CHINA

FRESH WATER AND FERMENTED BEVERAGES

Iceland is blessed with abundance of pure freshwater, accessible both directly at major sources or some of the world's most advanced district fresh water supply systems. Fresh water can be delivered directly to major harbour sites. Iceland's world renowned fresh water has also been the foundation for an advanced beverage industry, producing acclaimed beers, spirits and other fermented beverages. Fermented beverages such as ciders, enjoy a growing popularity in China and the 0% import tariff open new opportunities for products from Iceland.

YOUNG CONSUMERS SEEK SOPHISTICATED DRINKS

Young adults in larger Chinese cities are influenced by Western culture and brand awareness regarding drinks is increasing. The fast growing import offers huge potential for foreign producers of fermented beverages. In fresh water more niche and premium bottled water brands are expected to be introduced with a trend towards premiumisation. The focus has been shifting from bottled purified water to bottled natural mineral water.

Euromonitor reports 2014 and 2015

CHICKEN PRODUCTS

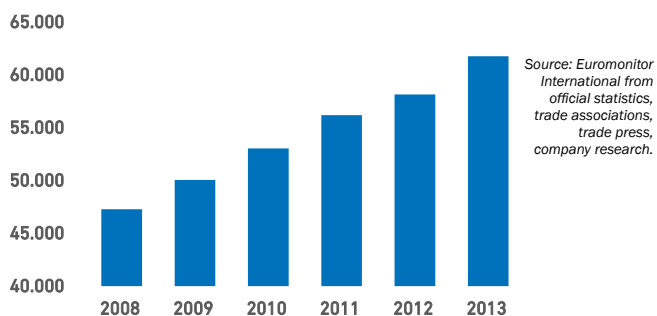
Tariff elimination due to the Free Trade Agreement between Iceland and China and Iceland's ideal conditions opens up new opportunities for large scale chicken production and export. There are decades of local experience of growing Broiler Chickens in Iceland. Due to Iceland's isolation, quality control and strong disease prevention, chickens are pest and disease free meaning that the products are high end and near organic. Abundance of pure water, geothermal water for space heating and green power, advanced infrastructure such as sewage solutions and plenty of land for development near transportation and export hubs, make Iceland ideal for large scale productions. Current producers are willing to expand their production and the availability of feeding material can support fast future growth.

BEEF AND VEAL POSTS HEALTHY GROWTH, WITH INCREASING BEEF IMPORTS

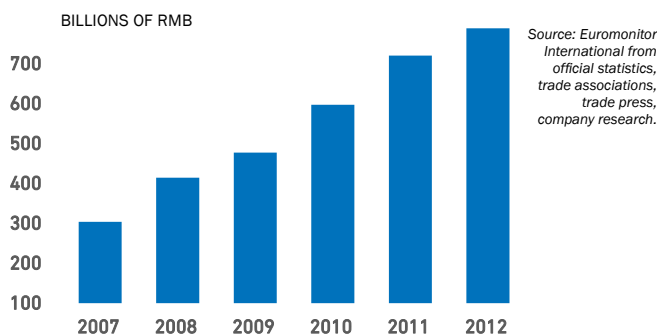
Within meat, beef and veal witnessed the fastest total volume growth rate in 2017 according to Euromonitor report from 2018, leading to a volume share increase. However, the per capita consumption of beef and veal in China is still relatively low compared with Western countries, or even some other Asian countries, creating an opportunity cap that may be filled.

Source: Euromonitor report 2018

SALES OF ALCOHOLIC DRINKS, TOTAL VOLUME IN MILLION LITERS



HOUSEHOLD EXPENDITURE ON MEAT AND MEAT PRODUCTS



CHAPTER	NAME OF CATEGORY	TARIFF	FROM ICELAND
0200	Broiler and Chicken products	20%	0
8711	Motorcycles	30-45	0
2206	Fermented beverages	40	0
2201	Mineral water	20	0
7113	Jewellery	20-35	0
7114	Silver/goldsmiths wares and parts	35	0
7610	Aluminum doors, windows, etc.	25	0
4011	New tyres	20-25	0
6815	Carbon Fiber	17,5	0
4301	Mink skin	12-15	0
2804	Silicon	4	0
1211	Other plants or plant parts for use in perfumery, pharmaceuticals or for insecticidal and fungicidal purposes	9	0
1212	Fresh or dried seaweeds and algae for use in beverages and medicaments	20	0
1212	Other fresh or dried seaweeds and algae for human consumption	20	0

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