

INTRODUCTION

Iceland Japan Chamber of Commerce

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Icelandic Foreign Minister

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Iceland for investors –fostering startups

[Introduction]

Dear guests,

It gives me a great pleasure to welcome you all to this event here in Tokyo, dedicated to innovation and investment in Japan and Iceland.

I would like to spend those minutes I have in my opening to highlight some of the main reasons why investors should put Iceland on their map and how they might learn from Iceland's experience in the field, and how innovation has played a key role in Iceland's economic revival in recent years.

Japan is positioning itself as a hub for innovation and investment in Asia, similar to what Iceland is doing in the N-Atlantic.

For those who don't want to take only my word for it I encourage you to go through the latest international comparative studies of competitiveness, such as the Global Competitiveness Report published by World Economic Forum or the World Competitiveness Yearbook.

These studies confirm that Iceland has a solid foundation to build on. Our highest ranking is for infrastructure and in criteria's such as Research and

Development personnel per capita, internet users, future energy supply, expenditure on education, green technology solutions, access to water, electricity cost and internet bandwidth to name a few strong criteria. Government efficiency is improving and we are amongst the leading nations when it comes to skilled labour, worker motivation, flexibility, pension funds, start-up days for new businesses and absence of corruption.

Other independent comparative studies confirm that Iceland is a safe society, for families and businesses alike and a good place to live.

[Location]

The most important factor for any investor is of course the markets for the goods or services produced and provided. That is where strategic location comes into play being placed as close as possible to important markets.

You may know that Iceland, the land of ice and fire, is located on two tectonic plates, the N-America one and the European one.

So obviously Iceland is extremely well located in the middle between two of the most important markets in the world, Western Europe and the US and shares office hours with both markets.

[Infrastructure]

One may look at the map and ask questions about infrastructure in my country so far up in the north.

The response is clear. A country with this location is highly depended on good infrastructure.

If we start on land, our road system is up to highest standard for a country of this size and population, constantly being improved for example with number of

tunnels linking towns and municipalities together creating bigger and stronger clusters prepared to receive big production sites.

Iceland is directly connected to major airports and cargo harbours on both sides of the Atlantic with frequent flights and sailing schedules.

In that context I guess it may be hard for you to believe that during summer in total 21 airlines are serving Iceland and 8 during winter. Departures from Iceland during summer are up to 120 every day and 80 during winter. Numbers of destinations are in total 80 and we have more departure every day from Iceland to N-America than from Finland, Sweden and Denmark combined

We are also connected with strong bandwidth fibre cables to both Europe and North America, which are important attraction for Data Centres. Already some major companies have decided to put down their computer networks in Icelandic Data Centres which is a growing industry.

[International Trade environment]

Investors need to look at the international trade environment that is on offer. What you will find in Iceland is one of the biggest networks of Free Trade Agreements in the world.

Iceland has negotiated in cooperation with Switzerland, Norway and Liechtenstein 26 Free Trade Agreements with more than 60 Countries around the world, including all EU Member States. Specifically it should be mentioned that our Agreement with the European Union provides for full participation with full rights and obligation in the European Single Market. It means that there is no difference doing business for example in Germany or Iceland.

What I have emphasised here in Japan is that Japan starts as soon as possible Free Trade talks with Iceland and other EFTA States you don't have

Agreements with today. The EFTA Countries (Iceland, Norway, Switzerland and Liechtenstein) are big global trading players (second largest EU trading partner in services and third in goods). We are combined the 11th largest economy in the world. Japan having a Free Trade Agreement with Switzerland already should only encourage us to embark on this exercise.

I strongly believe that now is the correct timing to start this exercise to complete the Japan FTA EFTA picture.

In addition Iceland has concluded few bilateral FTAs, including with China. On top of that we have very favourable trade environment with N-America, including Free Trade Agreement with Canada.

What Iceland offers is a very good and constantly improving international trade environment across the globe, in particular in Europe and N-America and increasingly in Asia.

[Renewable Energy]

In my countless international meetings since spring 2013 there is one theme that hit most agendas. That is energy.

It is clear that one of the main concerns for the long-term wellbeing of the world's population is lack of energy. Access to clean renewable energy is key to tackling climate change. Iceland strongly supports enhanced geothermal use as a viable, clean and safe energy source for millions of people in some of the energy-poorest regions of the world, like East Africa, Southeast Asia and Latin America.

Iceland calls for the need of an Energy Transformation, away from fossil fuels towards renewable energy. Iceland stands very close to being a fossil fuel free

country, with more than 80% of all our energy supply –all stationary power, coming from hydro and geothermal power.

In Iceland there is no other energy on offer than green energy. We produce all our energy for industries and households from hydropower or geothermal. Aluminium smelters, ferrosilicon factory, fish farming, polysilicon production are all examples of industries settling in Iceland using only green energy which should give them competitive advantage in the markets as their carbon footprint will be favourable.

[Government Policies]

The current Government in Iceland has as one of its main policy priority to foster export driven growth. This can only be done by providing good economic and trade environment for businesses.

The Government is taking measures to strengthen this environment by introducing new tax measures, by providing incentives for investors and turning every stone to reduce and eliminate as many of the hurdles we may find as possible. This is to strengthen further our competitiveness.

[Start ups]

In recent years Icelandic Governments have prioritized to create favorable environment for start-ups.

The tools we have at our disposal are mainly four:

- 1. Innovation Center Iceland** is a key institution, encouraging entrepreneurship and innovation by providing consultation for entrepreneurs and promoting innovative undertaking in businesses. The institution is responsible for numerous programs and schemes, all with the aim of advancing new ideas in the Icelandic economy.

2. Access to financing is a problem start-up companies are quite familiar with. There is a consensus among the Icelandic start-up community that the **Technology Development Fund** is one of our most important tools in supporting the development of new solutions. Many of our principal innovative companies have become airborne through support from the Fund, and representatives of some of these companies have told us that grants from the Fund were a fundamental reason for their existence and success today.
3. For innovative undertakings that are already operational, **tax incentives for research and development** costs have been a significant factor. Incentives of this kind have made it possible for enterprises to hire new educated employees with new ideas and solutions. It has repeatedly emerged in my conversations with representatives from enterprises and innovative businesses that these tax concessions are key factor in their development.
4. Finally, systematic work is in progress in government offices designed to **simplify the entire regulatory environment** of the industries, and these efforts will benefit budding companies and innovative enterprises perhaps even more than other businesses.

I can therefore assure all of you that there is no lack of willingness on the part of the government to create a strong business environment for entrepreneurs and innovation in general.

[Closing Remarks]

Dear guests,

What is the role of a Government at every time is to make sure that the environment created in our societies is business friendly and is supporting

investors and inventors in their strive for producing goods, new technology, providing services domestically and across borders.

This is what creates revenues and income for households to keep up high standard of living. These are basic elements supporting export driven growth.

The points I have mentioned here today are all points falling in the category of creating such environment.

As I am sure we will hear from our group of experienced speakers today, it is crucial for strong economic development of todays societies to foster a good and competitive environment for innovation and investment.

As will now be further illustrated Iceland is a good country for investors and a good country to conduct business and trade. It is a country you should constantly have on your screen when doing your assessment for you or your customers assessing favourable investing opportunities and locations.

I wish you successful seminar.