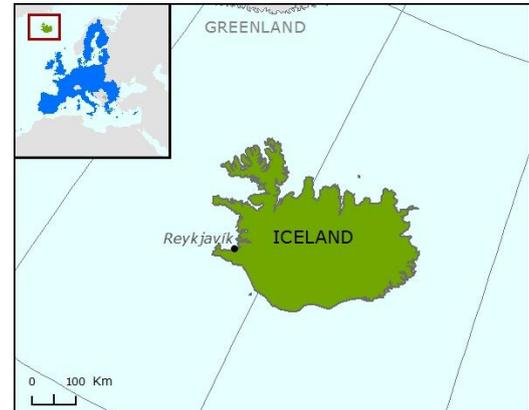


Iceland

Bilateral relations in agriculture



Main Country Indicators 2013

	Iceland	EU28
Total area (km ²)	103 000	4 385 992
Population (million)	0.3	506.7
Population density (per km ²)	3.2	120
GDP (current USD)	14.6	17.3 trillion
GDP per capita (current USD)	45 262	34 240
GDP growth (% change with previous year)	3.3	0.1

Sources: Eurostat, World Bank

Economic importance of agriculture (2011)

	Iceland	EU28
Agricultural land (km ²)	15 910	1 878 817
Agricultural land as proportion of land area (%)	15.9	44.3
Arable land as % of land area	1.2	25.6
Permanent cropland (% of land area)	n.a.	2.8
Employment in agriculture (% of total employment)	5.5 *	5 *
Agriculture, value added (% of GDP)	7.3 **	1.6 *

Sources: World Bank * year 2012, ** year 2009

Trade Statistics

EU28 **exports** of agricultural products to Iceland (2013): EUR 246 million

EU28 **imports** of agricultural products from Iceland (2013): EUR 37 million

More statistical information

http://ec.europa.eu/agriculture/trade-analysis/statistics/outside-eu/iceland-factsheet_en.pdf

Latest update October 2014



Agriculture in Iceland

In Iceland the arable land below 200 m altitude (land that can be cultivated), partly vegetated and partly barren, represents 15% of the total surface. Population density in several regions is around 3 persons per km², restricting the development of local markets, and consequently, implying that distances to the latter are long and transports of agricultural products and inputs, become costly.

It is evident from the aforementioned data that Iceland does not have very favorable conditions for agricultural production and by consequence the farmers' revenues are strongly dependent on coupled payments and high import tariffs.

Traditional agriculture is primarily based on grass, by natural pasturage and making fodder in the form of hay or silage from cultivated grass fields. Total grassland, mostly uncultivated extensive grazing land amounts to 40 000 square kilometers, of which a little more than 100 000 ha for cultivated grassland. Crop production is currently on small scale, almost exclusively barley for feed for use on the farms and not for sale. This cultivation, however, has been increasing rapidly in the last few years and barley provides now around 10% of all grain used for livestock feed.

Livestock production accounts for 87% of the farm income. An average dairy farmer has around 30-40 milk cows and a sheep farmer 300-600 sheep. The remaining share of the farm income derives from horticulture, mainly limited to the production of potatoes, turnips, cabbages, cauliflower and carrots, which are cultivated outside, and of tomatoes, cucumbers, peppers, nursery plants and flowers, which are cultivated in greenhouses.

Icelandic farmers have relatively large holdings, the total size of farms often being hundreds of hectares, and family farming is overwhelmingly the most common arrangement. Almost all farmers are affiliated to a sectorial organization, all together forming one single association called - the Farmers Association.

Rural development policy does not exist as such in Iceland. However, one might compare the European rural development policy with Icelandic regional development policy, which has some quasi-similar objectives. Agriculture and rural development falls within the competence of the Icelandic Ministry of Industries and Innovation.

EU-27 agricultural trade with Iceland

The EU is the main trading partner of Iceland, with regard to all commodities. Currently, EU-Iceland economic relations are governed by the European Economic Area Agreement (EEA). Agriculture is not covered by the EEA Agreement; however in 2006 the two sides signed a bilateral agreement liberalising trade in agricultural products.

General information about EU-trade with Iceland can be found here:

<http://ec.europa.eu/trade/policy/countries-and-regions/countries/iceland/>