

# Iceland

## Tourism in the economy

International tourism in Iceland is one of the major contributors to the economy, accounting for 6.2% of GDP in 2004 and reaching 7.5% in 2008. The sector also accounted for 16.9% of export earnings in 2008. International tourist receipts were ISK 51 290 million in 2008. Growth has been erratic since 2004, with arrivals increasing by 39.3% in the five years to 2008 and international tourism receipts by 96.6%.

In terms of employment, tourism accounted for around 4.8% of total employment in 2007. Data show that total tourism sector employment reached almost 8 400 in 2007, the latest year for which figures are available. This represented an increase of 23% on 2004. There were some 1 200 tourism enterprises recorded in 2008.

The number of visitors from overseas has grown considerably over recent years, by 39.3% in the period 2004-08. The 502 000 foreign tourists recorded in 2008 spent 1.9 million guest nights, 55% of the total guest nights that year. The major overseas markets are the Nordic countries, the UK, the USA, Germany and France. These markets account for 60% of all overseas visitors in 2008.

## Tourism organisation

Government responsibility for tourism rests with the Ministry of Industry, Energy and Tourism (Figure 4.13). The Icelandic Tourist Board (ITB) handles the implementation of tourism affairs for the ministry and has the following main responsibilities:

- issuing licences, registration and monitoring in order to ensure that requirements for operations are met;
- development, quality control, and organisational issues related to tourism, i.e. the implementation of a defined tourism strategy, the co-ordination of environmental and educational affairs, the dissemination of information, regional and local development, and international collaboration; and
- marketing and promotion of tourism services under the Minister's direction.

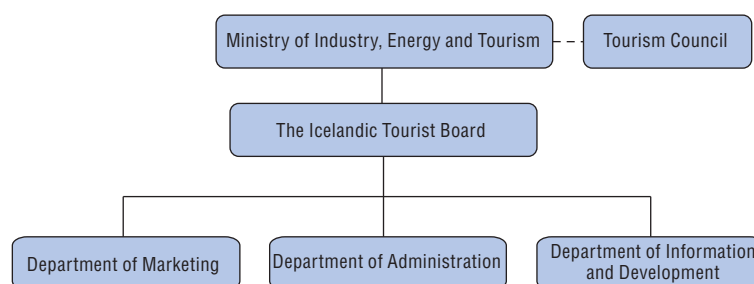
The Minister may, at his/her discretion, amend or extend the role and functions of the ITB including those related to individual projects under the Board's auspices. The ITB is authorised, upon obtaining the approval of the Minister, to assign to others the task of handling specific projects and acting as parties to collaborative projects, including acquiring ownership shares in companies operating in specific sectors.

The Minister of Industry, Energy and Tourism appoints the Icelandic Tourism Council. The job of the Council is to make recommendations to the Minister, at least once a year, on the marketing and promotion of services to tourists and to act as the Minister's advisor on

matters concerning tourism planning. The Council also comments on amendments to tourism-related legislation and regulations and on other matters assigned to it by the Minister, and on any other matters that it deems appropriate in the interests of the tourism industry.

The Council comprises ten representatives. The chairman and vice-chairman are appointed by the Minister without nomination, and the remainder are appointed by the Minister upon receipt of nominations from the following: the Icelandic Travel Industry Association, (three representatives); the Association of Local Authorities in Iceland, (two representatives); the Iceland Tourism Association, (two representatives), and the Trade Council of Iceland, (one representative). The term of appointment is for four years, although the chairman and vice-chairman are limited to the appointing Minister's tenure in office. The Director of the Icelandic Tourist Board and a representative of the Ministry attend Tourism Council meetings and have the right both to address the meetings and to present proposals.

Figure 4.13. **Iceland: Organisational chart of tourism bodies**



Source: OECD, adapted from Icelandic Tourist Board, 2009.

## Tourism budget

The budget of the Icelandic Tourist Board and the budget allocated at the Ministry of Industry, Energy and Tourism for the tourism sector in 2009 is estimated ISK 872 million.

## Tourism-related policies and programmes

The primary policy objectives in support of the tourism industry during the period 2006-15 are as follows:

- to ensure that Iceland's nature and wilderness, culture, and a spirit of professionalism prevails in the development of Icelandic tourism;
- to ensure the maintenance of the competitive position of the tourism industry while maximising its performance;
- to distribute tourism as widely as possible throughout the country to the benefit of residents and without exceeding carrying capacities; and
- to fortify and safeguard Iceland's image as a tourism destination.

Also, efforts are being made to realise the following goals:

- the operating conditions created for the tourism industry shall be comparable to international best practice in Iceland's main competitor countries;
- Iceland shall be in the forefront of environment-friendly tourism;

- the build-up of national parks shall be followed up with the promotion of tourism that integrates outdoor activities and nature conservation; and
- the responsibility of travellers and tourism companies with regard to environmental affairs shall be increased.

## Statistical profile

Table 4.70. **Iceland: Domestic overnight tourism**

	Units	2004	2005	2006	2007	2008
Number of overnights stays	Thousands	651	683	738	777	792
Average length of stay	Days	1.58	1.58	1.58	1.58	1.57

Source: Statistics Iceland, 2009.


StatLink  <http://dx.doi.org/10.1787/767410330682>

Table 4.71. **Iceland: Inbound tourism – International arrivals and receipts**

	Units	2004	2005	2006	2007	2008
Total international arrivals	Thousands	360	374	422	485	502
Top 5 markets						
Nordic countries <sup>1</sup>	Thousands	94	93	103	119	119
United Kingdom	Thousands	60	58	67	73	70
United States	Thousands	52	58	56	52	41
Germany	Thousands	39	37	38	41	45
France	Thousands	21	20	21	23	26
Number of overnights stays	Thousands	1 479	1 551	1 719	1 868	1 925
Average length of stay	Days	1.86	1.88	1.88	1.89	1.88
International travel receipts <sup>2</sup>	Million ISK	26 079	25 752	31 078	34 550	51 290

1. Denmark, Norway, Sweden and Finland.

2. Excluding passenger fare.

Sources: Icelandic Tourist Board and Central Bank of Iceland, Statistics Iceland, 2009.

StatLink  <http://dx.doi.org/10.1787/767415830472>

Table 4.72. **Iceland: Outbound tourism – International departures and expenditure**

	Units	2004	2005	2006	2007	2008
Number of tourism trips <sup>1</sup>	Thousands	356	364	440	460	414
International travel expenditure	Million ISK	48 747	61 540	75 477	84 329	91 749

1. Departures.

2. Including passenger fare.

Source: Statistics Iceland, 2009.


StatLink  <http://dx.doi.org/10.1787/767458143063>

Table 4.73. **Iceland: Enterprises and employment in tourism**

		Enterprises				
Units		2004	2005	2006	2007	2008
Travel agencies	Establishments	96	102	..	104	112
Recreation	Establishments	211	214	..	362	505
Hotels and guest houses	Establishments	300	319	..	304	301
Car rentals	Establishments	50	56	..	60	64
Tourist Information Centre	Establishments	44	46	..	29	34
Museums and galleries	Establishments	153	166	..	177	190
		Employment				
Total	Employees	6 814	7 923	8 211	8 397	..
Tourism share of employment	Percentage	4.3	4.8	4.7	4.8	..

Sources: Icelandic Tourist Board and Statistics Iceland, 2009.

StatLink  <http://dx.doi.org/10.1787/767501062000>Table 4.74. **Iceland: Tourism in the national economy – Tourism Satellite Account**

2006		
	Units	Tourism industry output
Tourism characteristic industries	Million ISK	88 038
Accommodation services	Million ISK	11 500
Hotel services	Million ISK	5 585
Other accommodation services	Million ISK	5 915
Food and beverage serving services	Million ISK	10 690
Passenger transport services	Million ISK	58 144
Land passenger transport	Million ISK	4 227
Ocean passenger transport	Million ISK	1 934
Air passenger transport	Million ISK	49 150
Transport equipment rental	Million ISK	2 833
Travel agency services	Million ISK	7 705
Tourism connected industries	Million ISK	24 995
Automotive fuel retail and repairs	Million ISK	5 967
Other supportive transport activities	Million ISK	10 149
Cultural services	Million ISK	2 389
Recreation and entertainment	Million ISK	2 410
Miscellaneous tourism services	Million ISK	..
Miscellaneous tourism retail services	Million ISK	4 081
Total tourism output	Million ISK	113 034

Source: Statistics Iceland, 2009.

StatLink  <http://dx.doi.org/10.1787/767502865554>Table 4.75. **Iceland: Other economic indicators**

		2004	2005	2006	2007	2008
Units						
Tourism share of gross national product	Percentage	3.9	4.7	5.1	..	..
Tourism share of goods and services exports <sup>1</sup>	Percentage	18.1	19.5	19.0	16.9	16.9

1. The figures for 2007 and 2008 are estimates based on Tourism Satellite Account data from 2006.

Sources: Icelandic Tourist Board, Statistics Iceland, 2009.

StatLink  <http://dx.doi.org/10.1787/767525156856>



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