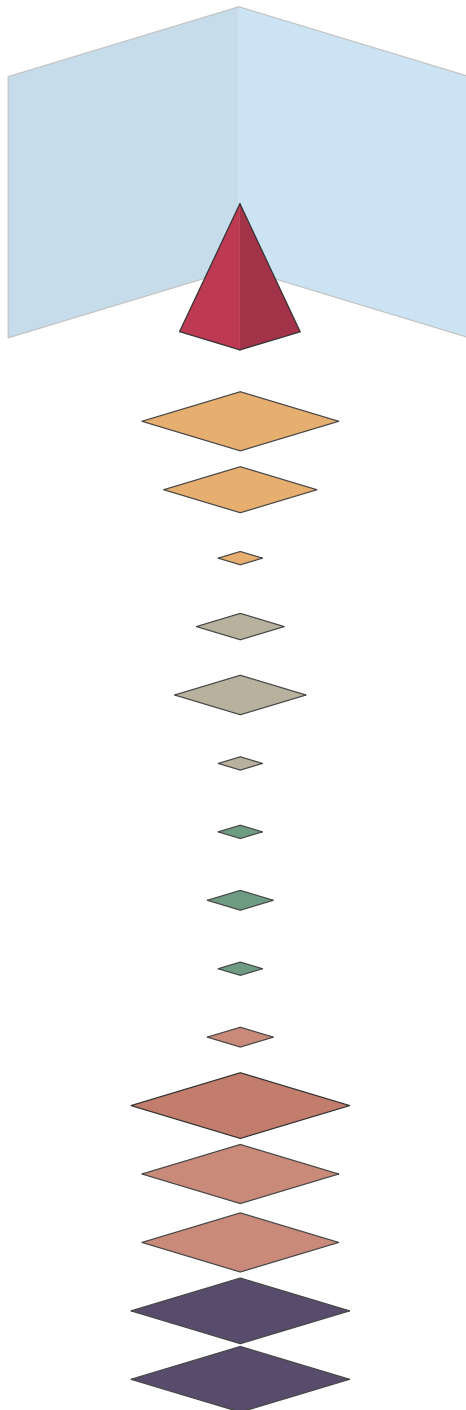


ICELAND



3.37

CRIMINALITY SCORE

171st of 193 countries

39th of 44 European countries

7th of 8 Northern European countries



CRIMINAL MARKETS

2.93

HUMAN TRAFFICKING	4.50
HUMAN SMUGGLING	3.50
EXTORTION & PROTECTION RACKETEERING	1.00
ARMS TRAFFICKING	2.00
TRADE IN COUNTERFEIT GOODS	3.00
ILLCIT TRADE IN EXCISABLE GOODS	1.00
FLORA CRIMES	1.00
FAUNA CRIMES	1.50
NON-RENEWABLE RESOURCE CRIMES	1.00
HEROIN TRADE	1.50
COCAINE TRADE	5.00
CANNABIS TRADE	4.50
SYNTHETIC DRUG TRADE	4.50
CYBER-DEPENDENT CRIMES	5.00
FINANCIAL CRIMES	5.00



CRIMINAL ACTORS

3.80

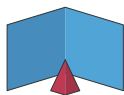
MAFIA-STYLE GROUPS	4.50
CRIMINAL NETWORKS	5.00
STATE-EMBEDDED ACTORS	1.50
FOREIGN ACTORS	5.00
PRIVATE SECTOR ACTORS	3.00



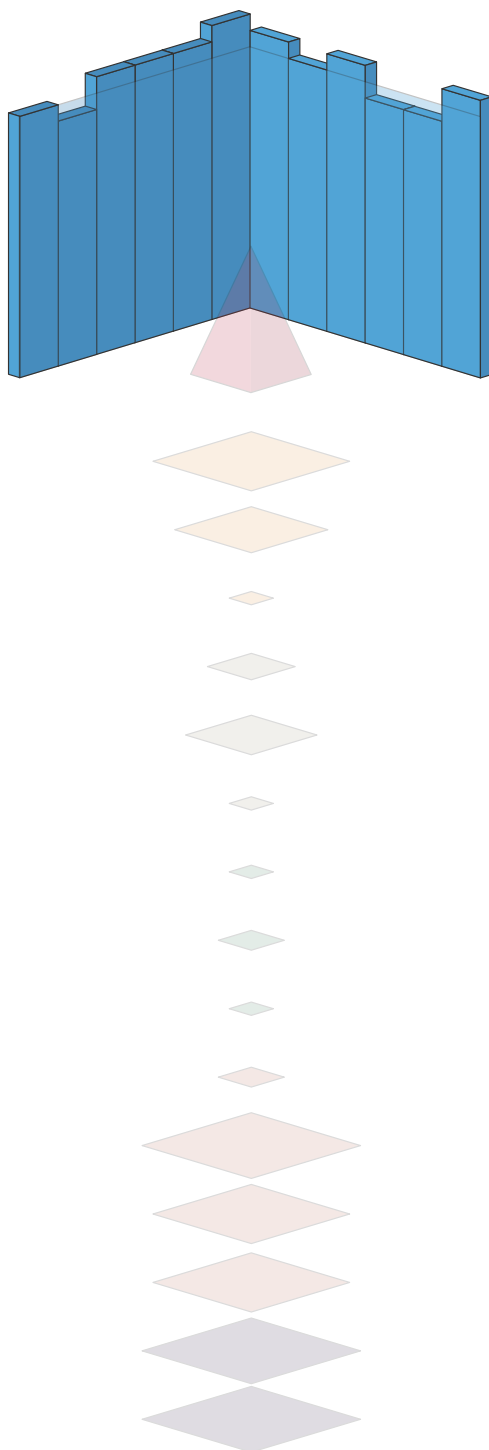
8.21

RESILIENCE SCORE





ICELAND



8.21

RESILIENCE SCORE

3rd of 193 countries

3rd of 44 European countries

2nd of 8 Northern European countries

POLITICAL LEADERSHIP AND GOVERNANCE **8.00**

GOVERNMENT TRANSPARENCY AND
ACCOUNTABILITY **7.50**

INTERNATIONAL COOPERATION **8.50**

NATIONAL POLICIES AND LAWS **8.50**

JUDICIAL SYSTEM AND DETENTION **8.50**

LAW ENFORCEMENT **9.00**

TERRITORIAL INTEGRITY **8.50**

ANTI-MONEY LAUNDERING **8.00**

ECONOMIC REGULATORY CAPACITY **8.50**

VICTIM AND WITNESS SUPPORT **7.50**

PREVENTION **7.50**

NON-STATE ACTORS **8.50**



3.37

CRIMINALITY SCORE



CRIMINAL MARKETS **2.93**



CRIMINAL ACTORS **3.80**



CRIMINALITY

CRIMINAL MARKETS

PEOPLE

Human trafficking remains a concern in Iceland, which is primarily a destination country due to its geographical isolation. The main sources of human trafficking for sexual or labour exploitation involve countries from Africa, Asia, Eastern Europe, South America, as well as from the Baltic region. Unions have raised concerns about forced labour in construction, tourism and the restaurant industries, particularly among foreign 'posted workers'. Vulnerable groups like asylum seekers and foreign students are also at risk of trafficking. There was large influx of refugees in 2022, especially from Venezuela, and although authorities voiced concerns about the related potential for human trafficking, nothing has since been proven. Criminal gangs associated with violence, and foreign criminal groups from south-eastern Europe and Middle Eastern countries, are suspected of facilitating trafficking in Iceland. The influx of Ukrainian refugees has raised concerns about human trafficking risks (especially child trafficking), which has prompted warnings from Icelandic authorities. Human traffickers often bring victims to Iceland using false documentation related to family reunification, exploiting connections between asylum abuse and organized crime.

Iceland is a destination country for the smuggling of individuals seeking asylum or employment, and it is a transit country for entry into the Schengen Area and entry into the USA. Human smuggling is closely linked to human trafficking: the country is criticized at times for prosecuting trafficking cases as smuggling cases. In recent years, several defendants were convicted for human smuggling in Iceland, including those who paid for their trip by agreeing to labour or sexual exploitation. In some cases, groups applying for international protection appeared to have coordinated their statements, leading the police to believe smugglers were involved. There is no evidence to suggest widespread extortion and protection racketeering linked to organized crime in Iceland.

TRADE

Firearm ownership in Iceland is relatively high, with nearly one gun for every five citizens. Gun ownership is strictly regulated but there are instances of unregistered firearms in circulation. Knives have traditionally been the primary weapons of choice in the Icelandic underworld, but there have also been cases of criminals possessing guns. In the first half of 2022, police responded to a record number of incidents involving weapons, including firearms. Criminals have even used 3D printing techniques to acquire firearms;

there are also instances where terrorist attack plans involving 3D-printed guns have been thwarted by the police.

Despite the limited prevalence of trade in counterfeit goods in Iceland, there have been media reports of counterfeit products. Counterfeit health products, in particular, have increased in prevalence following the COVID-19 pandemic. Iceland participated in a law enforcement operation led by European authorities in recent years, which resulted in the seizure of millions of counterfeit toys. Iceland has also been involved in an operation targeting counterfeit olive oil across Europe. As for the illicit trade of excise goods, Iceland does not impose excise tax and there is no evidence to suggest the existence of this criminal market.

ENVIRONMENT

There is no evidence to suggest the existence of widespread flora crimes in Iceland linked to organized criminal groups. And while the country has a relatively small market for fauna-related crimes, there is still an issue with poaching and the illicit trade of native seabirds. In the past, Iceland faced accusations of illegally selling whale meat to other countries such as Latvia and Denmark, although there is no current evidence to support these claims. As for the illicit trade of non-renewable resources, there is no evidence of such a market in the country.

DRUGS

The heroin market in Iceland is reported to be limited or non-existent, primarily due to the dominance of synthetic opioids like fentanyl and opioid-based prescription drugs. However, occasional seizures of heroin still occur. The cocaine trade, on the other hand, is a prevalent criminal market in the country. Iceland is a destination country for cocaine and consumption has been on the rise – influenced by global trends such as increased supply in Europe, reduced consumption in the US, and higher production rates in South America. The COVID-19 pandemic briefly disrupted cocaine supply, but this shortage has likely been reversed. According to wastewater samples from metropolitan areas, cocaine consumption seems to have 'rebounded' close to pre-COVID levels. The trade of cocaine has shifted to digital platforms and the dark web, providing criminals with increased anonymity and protection from law enforcement. The higher purity of cocaine available in the country has contributed to an increase in overdoses.

The cannabis trade in Iceland involves substantial cultivation and organized crime, with different roles played by organizers, cultivators and retailers. Although local production covers most local demand, there is a small proportion of imported cannabis in the market. Icelandic experts have questioned the

reported rate of cannabis use among the population, which is high, suggesting that the rate does not differ significantly from other Western countries. Law enforcement in Iceland has acted against cannabis producers, dismantling cultivation sites and seizing a substantial number of cannabis plants.

The synthetic drug trade in Iceland involves the import and domestic production of substances such as amphetamine, MDMA/ecstasy, and non-heroin opium derivatives. These drugs are primarily brought into the country through Keflavík Airport in Reykjavík, and on the Smyril Line ferry out of Seyðisfjörður, which links Iceland with Denmark. (Smaller amounts are generally seized at the airport.) Container smuggling is also used. While the number of seizures in 2021 remained similar to previous years, there has been an increase in the use of synthetic drugs, particularly amphetamine. Wastewater reports in Reykjavík further confirm the scale of the synthetic drug market, which is comparable to other Nordic and European capitals. The abundance of amphetamine in the market is facilitated by criminal organizations and local production sites.

CYBER-DEPENDENT CRIMES

Cybercrimes pose a threat to Iceland's interconnected IT infrastructure. Social engineering techniques and ransomware attacks have become prevalent, leading to substantial financial losses for the country. Recent cyber-attacks of prominent entities have underscored the severity of the issue. The national bus network and universities were targeted by cybercriminals with ransomware. In addition, criminal groups in Iceland are increasingly using cryptocurrency for money laundering – more law enforcement experts are needed to combat this threat. Indeed, the emergence of cryptocurrencies has complicated the security landscape in Iceland, particularly since a significant amount of Bitcoin mining is done in the country.

FINANCIAL CRIMES

Financial crimes are a concern in Iceland, particularly tax fraud. Authorities have identified this crime as the most common predicate offense. Authorities have witnessed a steady increase in the number of financial crime cases; tax fraud has become more severe in terms of the amounts involved and the circulation of cash. Organized crime groups have exploited companies in a bid to manipulate Iceland's value-added tax (VAT) system – using fraudulent sales invoices without any legitimate business transactions. Payments for these bogus invoices are often made in cash to avoid detection. Typically, more serious instances of tax fraud are associated with companies, not individuals, amplifying the scale and impact of the offenses committed. Moreover, there have been reports of smishing attempts (like phishing but using messaging apps instead of e-mail) that target bank users. Typically, these scams use fake login pages to get users to reveal personal information.

CRIMINAL ACTORS

According to law officials, smaller criminal networks in Iceland are extensively involved in various illicit activities. The number of these criminal groups, which consist of three or more individuals, has been on the rise, primarily in drug trafficking, human trafficking, burglaries and cybercrime. It is common for domestic and foreign criminal groups to collaborate, indicating an increasingly international criminal landscape in Iceland. Organizational ties within the Icelandic criminal underworld have also been reported: many group members establish connections before engaging in organized crime. Iceland has recently witnessed a surge in violence, including shootings and stabbings, mostly related to drugs and linked to criminal gangs.

More than a dozen organized crime groups have been identified in Iceland, including foreign organizations that appear to be better organized than their Icelandic counterparts. They engage in legal and illegal activities, using legal operations to launder money obtained illicitly. Nationalities vary: Albanian, Romanian, Italian, Spanish, Portuguese, Estonian, Serbian, Lithuanian and Belarusian groups have been noted. Criminal groups from south-eastern Europe, and those originating from East Asia, are expanding their operations in Iceland – they are increasingly involved in activities such as human trafficking, drug trafficking, burglary and theft.

In recent years, organized crime has been on the rise in Iceland, so much so that authorities have declared war on mafia-style groups. Biker gangs have made attempts to establish a presence in Iceland, and while previous efforts were thwarted, recent reports indicate an increase in membership numbers. These groups have established connections in European countries like Spain and the Netherlands, and in South America – particularly in the drug trade. Organized criminal groups in Iceland possess notable resources and financial strength, making it challenging for law enforcement to combat their activities. They have become adept at concealing their illicit profits in legitimate businesses, including corporate entities, investments, real estate and lending.

Studies on money laundering and terrorist financing have identified a high risk of involvement by private companies. Due to a lack of operational and activity requirements for such companies, it is relatively easy to establish networks engaged in money laundering through tax fraud or other predicate offenses. On the other hand, there is no evidence to suggest that state-embedded actors play a major role in criminal markets in Iceland, or that the state controls any of these markets.

RESILIENCE

LEADERSHIP AND GOVERNANCE

The Icelandic government has prioritised the fight against organized crime, in response to an increase in violence associated with criminal groups. To enhance the effectiveness of law enforcement, the government has focused on improving cooperation and coordination among police departments, as well as fostering international and reciprocal cooperation with relevant authorities. Despite concerns about political instability, the government coalition emerged victorious in the last elections, and public trust in politicians has gradually improved. The government has also prioritized improving digital connectivity and cybersecurity, with a unique strategy that incorporates cybersecurity considerations into procurement and supply chains and adopts an information-driven approach to protect critical infrastructure. Iceland ranks among the best-performing countries in the world with regard to corruption. However, the country has faced challenges related to government transparency and accountability, with low transparency in decision-making and frequent conflicts of interest being identified. Although Iceland has implemented new legislation to protect whistle-blowers and prevent conflicts of interest within the government, implementing this legislation has been ineffective, contributing to the country's decreasing anti-corruption performance. A recent scandal involving fisheries, and allegations of bribery and potential financial offenses, have further hampered Iceland's anti-corruption efforts.

Iceland actively participates in international cooperation efforts to combat organized crime. The country is party to various law enforcement organizations and networks, and it has ratified and implemented several international conventions and protocols. This international cooperation has facilitated joint investigations and controlled deliveries – experts agree that it has largely been effective. Extradition in Iceland is regulated by national legislation, and although the country has not concluded bilateral extradition treaties since its independence, it is party to European conventions and agreements that provide provisions for extradition. Iceland has implemented various national policies and laws to address organized crime and related offenses. The criminal code defines and penalizes organized criminal organizations that aid, abet and profit from criminality. Amendments to human trafficking regulations have broadened the definition of trafficking to include forced marriages, slavery, begging and being coerced into participating in organized crime. These amendments aim to provide expanded protection for survivors and increase the investigation and prosecution of human trafficking cases. Additionally, there are laws that criminalize the import, export and sale of narcotics; that regulate arms trafficking; and that address money laundering.

CRIMINAL JUSTICE AND SECURITY

The Icelandic justice system is highly regarded for its ethical standards; judicial authorities often cooperate in international cases involving organized crime. While there are no specific judiciary units dedicated to organized crime, the judicial system is generally considered to be independent and the risk of internal corruption is low. The penitentiary system places a strong emphasis on rehabilitation, including prisoner education to prevent recidivism. However, budget constraints have posed challenges, leading to the closure of a prison. The penal system has also been criticized for insufficient funding, resulting in long waiting queues for serving sentences and a shortage of psychological services and social workers. While organized crime actors do not control the prisons or engage in large-scale illicit activities, drug abuse is a recognized problem and the potential for corruption within the system is acknowledged.

Iceland boasts a well-equipped and professional police force, supported by specific law enforcement policies and ongoing training improvements. Efforts have been made to increase the representation of women in the ranks, aligning with the country's commitment to gender equality. While law enforcement in Iceland has adapted to effectively combat organized crime, challenges such as understaffing and equipment shortages persist. The Metropolitan Police in Reykjavik, and the police in the Suðurnes district, play prominent roles in combating organized crime, particularly in cases related to narcotics. Police capacity for financial analysis and intelligence has been reinforced, but reports indicate that law enforcement organizations face challenges related to understaffing and underfunding, particularly in rural areas. In these areas, police rely on community assistance.

Due to its remote location in the North Atlantic Ocean, Iceland faces limited challenges to its territorial integrity. While it is not a major hub for trafficking or criminal markets, its membership in the Schengen Area makes it an attractive entry point for criminals seeking access to Europe or North America. Icelandic authorities have invested in airport security and implemented measures to comply with Schengen requirements and combat drug-related activities, especially at Keflavík Airport in Reykjavik, and at the ferry terminal in Seyðisfjörður. While Iceland lacks a dedicated border guard agency, responsibilities are divided between the Icelandic Coast Guard, police and customs officials, who all collaborate closely. Although there have been instances of corruption inside Icelandic border authorities, there is no evidence to suggest that organized criminal groups control any part of the country's transportation or trade infrastructure.

ECONOMIC AND FINANCIAL ENVIRONMENT

Money laundering is prevalent in Iceland, with billions of ISK laundered annually. While cash remains the primary method for laundering proceeds from illicit activities such as drugs and prostitution, criminals are increasingly employing more innovative techniques. Investigations into money laundering cases are often complex and time-consuming for the police. Efforts have been made by authorities to combat money laundering, including legislative reforms and improved regulation, but further work is required. These reforms aim to provide access to accurate ownership information, implement an automated system for reporting suspicious transactions, and enhance the capacity of the financial intelligence units. Deficiencies in the anti-money laundering framework still persist, however, including weak monitoring of businesses and professions outside the financial sector, and limited enforcement and supervisory powers. Certain gambling operations, particularly those supporting charities, are exempt from mandatory anti-money laundering measures. Similarly, online gambling on foreign websites remains unmonitored and unregulated under Icelandic law.

Iceland's economic and regulatory environment is considered to be in line with European and Scandinavian standards. The police and independent judicial system are regarded as effective, allowing legitimate businesses to operate without the influence of criminal activities. The country's low crime rate further enables legitimate businesses to operate without significant threats. There is no evidence indicating that any particular economic sector is controlled by organized crime or facilitates illicit activities. However, certain sectors may be more vulnerable than others to infiltration by organized crime for money laundering or human smuggling and trafficking (like the construction and restaurant sectors, among others). It is important to note that criminal groups do not provide financial services in Iceland, although loan-sharking may be part of their organized crime operations.

CIVIL SOCIETY AND SOCIAL PROTECTION

The Icelandic government has made efforts to support victims of human trafficking and drug addiction by collaborating with non-governmental organizations (NGOs) and civil society organizations (CSOs). The government provides funding to NGOs that offer shelter and psychological services to victims of trafficking and sexual exploitation. Municipal social service agencies also provide financial assistance. Victim protection measures include standardized referral procedures, a national referral mechanism and the establishment of a family justice centre. Funding has

been allocated for constructing shelters and developing a central database to accurately reflect the extent of trafficking in Iceland. Victims have access to free legal, medical, psychological and financial assistance, regardless of whether they elect to stay in a shelter or cooperate with authorities. While Iceland does not have a formal witness protection programme, the criminal procedure includes measures to protect the identities of witnesses; courts can also issue special procedural measures on a case-by-case basis for their safety.

Iceland is renowned for its successful approach to preventing substance abuse and for maintaining a low crime rate. Their model focuses on improving the social environment at community level by providing access to recreational services. As one of the most peaceful countries in the world, Iceland's preventive measures have garnered international attention and are studied as a positive example. Funding has been allocated for awareness and education campaigns, educational videos about trafficking, and materials about organized labour trafficking. These measures aim to eradicate human trafficking and improve the protection of workers, particularly foreign nationals. Additionally, the Icelandic government has recently decriminalized the sale and possession of small quantities of drugs for personal use.

Non-state actors play a key role in combating organized crime in Iceland, particularly human trafficking and the protection of foreign workers. Icelandic labour and trade unions, along with NGOs, actively contribute to efforts against organized crime, collaborating with law enforcement agencies and other stakeholders. CSOs, including unions and human rights groups, work closely with the government and enjoy strong support and cooperation. In terms of media freedom, Iceland has a favourable environment that respects and protects this right. There have been no reported attacks on journalists, media houses or activists. The Icelandic government has adopted initiatives to promote media independence and transparency. Some challenges do persist, however, including the economic impact of the COVID-19 pandemic and the influence of the fishing industry on the media. Journalists covering a fisheries scandal faced investigations by Icelandic law enforcement agencies, raising concerns about press freedom. Despite these challenges, the media in Iceland remains diverse and plays a crucial role in holding the government accountable.

This summary was funded in part by a grant from the United States Department of State. The opinions, findings and conclusions stated herein are those of the authors and do not necessarily reflect those of the United States Department of State.