

**ICELAND**  
**Bill of Law**

**on the Control of Items and Services of Strategic Significance**

(Submitted to the 137th legislative assembly of the Althingi, 2009-2010.)

Article 1

*Objective.*

This Act regulates the following:

- a. control of items, services and investments of strategic significance for the purposes of maintaining peace and security, combating terrorism and to ensure respect for human rights and humanitarian law,
- b. secure storage and record keeping concerning items, services and investments of strategic significance,
- c. penalties and administrative remedies against violations of this Act.

Article 2

*Scope.*

This Act applies to Icelandic and foreign nationals in accordance with the provisions of the General Penal Code, No. 19/1940, concerning criminal jurisdiction and, in addition, penalties may be applied to Icelandic nationals for acts which they commit abroad even if they are not punishable under the laws of the State where the violations occurred.

This Act applies to legal persons registered or incorporated in accordance with Icelandic law wherever they may operate or may be situated. If a legal person is registered or incorporated in a foreign country this Act covers the said legal person's activities to the extent that such activities are undertaken within Icelandic jurisdiction.

If a subject matter is placed within the competence of a particular Minister by law, this Act does not prevent the Ministry for Foreign Affairs from granting a license or setting rules on the basis of this Act, provided consultations are held with the Ministry concerned or its subsidiary organs, as appropriate, on the granting of such license or adoption of such rules. The Police Commissioner concerned shall, nevertheless, grant export licenses for weapons under the Weapons Act, having consulted the Ministry for Foreign Affairs.

Article 3

*Definitions.*

For the purposes of this Act:

1. General export, import, services or investment licenses are licenses that are granted without specifying the particular export, import, services or investment in question. They can be granted to one or more parties and are restricted to trade with parties in specified countries.
2. A party means a natural or legal person, including governments, enterprises, conglomerates, organisations, funds and associations.

3. Military goods mean weapons and ammunition of strategic significance, military vehicles, military equipment, including paramilitary equipment, military technology and spare parts for the aforementioned items.

4. An item refers to goods, equipment, software and technology. Military goods are included.

5. Dual-use items refer to items both for civilian and military use, including all items goods which can be used for both non-explosive uses and for any kind of manufacture of nuclear weapons or other nuclear explosive equipment.

6. Brokering refers to intermediation in contracting for the purchase, sale or procurement of items or services where the intermediary is neither a party to the legal transaction in his own name or that of the contracting parties. Brokering applies, inter alia, to trade between parties in foreign countries.

7. Exports refer to export and transit, including re-export, within the meaning of the Customs Act No. 88/2005, whether or not for payment. This also applies to sharing of software and technology by electronic means, facsimile or by telephone to a destination abroad.

8. Services cover, inter alia, trade, brokering, supply, transport, financing, assistance, counselling and training, whether or not for payment.

#### Article 4

##### *Exports subject to licensing.*

No one may export military goods or dual-use items without a license granted by the Minister, with the exception listed in Article 2, para. 3, 2nd sentence. Lists of such military goods and items shall be published in the Official Gazette, B Series. The lists shall be updated in conformity with the relevant obligations and commitments, and any modification thereof, that Iceland has accepted as a member of international non-proliferation regimes for military goods and dual-use items and export control arrangements, or as a party to international agreements, as applicable.

The Minister may decide that an export license is required for equipment which could be used for internal repression in other countries.

In addition to what is indicated in para. 1 and 2, it is not allowed to export without a license granted by the Minister, items which the exporter knows, may assume or the Ministry informs him are or may be intended, in their entirety or in part, for military use, for terrorist acts or for the purpose of internal repression and the export is in breach of Iceland's international obligations or threatens its defence or security interests or those of its allies. The same applies to items not mentioned in the lists referred to in Article 4, para. 1 if the exporter has been informed by the Ministry that the items in question are or may be intended, in their entirety or in part, for use in connection with the development, production, handling, operation, maintenance, storage, detection, identification or dissemination of chemical, biological or nuclear weapons or other nuclear explosive equipment or the development, production, maintenance or storage of missiles capable of delivering such weapons.

The Minister may decide that a license be required for the import or stopovers of items that can be used, in their entirety or in part, in connection with the development, production, handling, operation, maintenance, storage, detection, identification or dissemination of chemical, biological or nuclear weapons or other nuclear explosive

devices or the development, production, maintenance or storage of missiles capable of delivering such weapons.

#### Article 5

##### *Services and investments subject to licensing.*

No one may provide services in connection with export of items referred to in Article 4, provided further rules have been set regarding such services.

The Minister may decide that a license be required for the brokering of items referred in Article 4, irrespective of whether they are exported or not.

The Minister may decide that a license be required for investment abroad in operations associated with the development, production, handling, operation, maintenance, storage, detection, identification, dissemination, provision, collection, use, ownership, transport, brokering, trade in items listed in Article 4, if the country concerned is not a party to international cooperation on export control that the Minister deems sufficient.

#### Article 6

##### *Licensing conditions.*

The Minister may set conditions in connection with the issuance of licenses for export and providing services pursuant to this Act, including on disclosure of terms of sale, payment terms, credit terms, transport routes, document handling and end-users and/or end use of goods and services. He may also require providing an end-use statement.

The Minister may at any time modify licensing conditions once a license has been issued or revoke licenses at any time, temporarily or permanently, when:

- a. the premises for the issuance of a license are no longer valid,
- b. the license holder has not met the license conditions, or
- c. in case of urgent necessity

in which case the licensee shall return the license to the Ministry without delay.

If a general import, export, services or investment license has been issued and the license holder becomes aware or may assume, because of later events or other reasons, the export, import, services or investment is in breach of Iceland's international obligations, he may not use the license.

A party in question may at any time request that the Minister's decision on licensing conditions, modification of licensing conditions, revocation of a license or rejection of a license application be reconsidered in accordance with Article 24 of the Public Administration Act, No. 37/1993.

#### Article 7

##### *Safekeeping of items and accounting records.*

Exporters, importers and holders of items referred to in Article 4 shall ensure their safe storage. The Minister may set further rules on this matter.

Exporters, importers and holders of items referred to Article 4 and service providers and investors referred to in Article 5 shall keep detailed export, import, ownership, stock, sale, brokering, provision and transport records, as applicable, for at least 10 years. They shall include, inter alia:

- a. a description of items, services and/or investments,

- b. quantities,
- c. names and addresses of recipients, if applicable,
- d. end-user and/or end-use of items and services, if known.

The Minister may set further rules on this matter.

#### Article 8

##### *Obligation to Provide information.*

Exporters of items referred to in Article 4 and service providers and investors referred to in Article 5 shall provide the Ministry with all necessary information and assistance in order to implement this Act and rules adopted on the basis thereof. The Ministry shall forward information provided under this Article to the National Commissioner of Police, as appropriate.

The Ministry, and public authorities it may designate, can request, inter alia:

- a. access to all data and records related to the enforcement of this Act,
- b. access to all relevant offices and all related operational facilities,
- c. copies and translations of material referred to in sub-para. a, and
- d. assistance in the processing and interpretation of material referred to in sub-para. a.

If the Ministry's requirements are not met under this Article the Ministry may impose daily fines on the parties upon which requests have been made until the requirement is fulfilled. A decision on a daily fine shall be notified to the party concerned in writing and in a verifiable manner. A daily fine can be imposed of up to kr. 100.000 per day. The Ministry's decision on a daily fine is enforceable according to Article 1, para. 1, point 6 of the Enforcement Act, No. 90/1989.

#### Article 9

##### *Notification requirement.*

Exporters, importers and holders of items referred to in Article 4 shall notify the Ministry of exports, imports and holdings, in accordance with further rules set by the Minister.

If an exporter, importer, service provider or investor is aware or may assume that an item that he wishes to export, import, provide services or invest in, cf. Article 5, is or may be intended for use, in its entirety or in part, for military use, terrorist acts or internal repression, he shall notify the Ministry thereof, which decides if a license is granted, as appropriate. The same applies for items that he is aware or may assume is intended for use, in its entirety or in part, in connection with the development, production, handling, operation, maintenance, storage, detection, identification or dissemination of chemical, biological or nuclear weapons or other nuclear explosive devices or the development, production, maintenance or storage of missiles capable of delivering such weapons.

The Minister may adopt rules providing that missile launches within Icelandic airspace shall be notified.

#### Article 10

##### *Confidentiality.*

Employees of the Ministry, and parties it may designate under Article 8, shall keep in confidence all information obtained pursuant to this Act which should be kept confidential. The confidentiality obligation remains in force after employment has terminated. The confidentiality obligation does not apply to the extent necessary:

- a. to achieve the aims of this Act, including police investigations and prosecution,
- b. between the parties responsible for the enforcement of this Act, including the filing of documents, or
- c. for consultations or cooperation with other inspection or cooperating authorities here or abroad.

#### Article 11

##### *Rights and obligations that are inconsistent with this Act.*

It is forbidden to fulfil agreements and other rights and obligations that are inconsistent with this Act and rules adopted on the basis thereof. This applies whether these rights and obligations arose before or after the rules in question entered into force, unless otherwise indicated therein.

Failure to fulfil rights and obligations pursuant to para. 1 does not lead to liability for damages.

#### Article 12

##### *Authority to grant exemption.*

If the Minister decides to ban certain exports under Articles 4 or 5 he may grant exemptions from the ban if valid reasons apply. Conditions may be set with respect to each exemption to ensure that the objective of the ban is not undermined or its purpose deviated from.

When a decision to grant an exemption according to this Article is made, account shall be taken of the relevant obligations and commitments that Iceland has accepted as a member of international non-proliferation regimes for military goods and dual-use items and export control arrangements, or as a party to international agreements, as applicable.

#### Article 13

##### *Penalties.*

A party which violates an order or a ban set out in the provisions below or a regulation adopted for their further elaboration may be fined unless more severe penalties apply pursuant to other laws:

- a. Article 7 on safekeeping of items and accounting records,
- b. Article 9 on notification requirements.

A party which violates an obligation or ban set out in the provisions below or a regulation adopted for their further elaboration may be fined or imprisoned for up to four years, unless more severe penalties apply pursuant to other laws. In very serious cases fines or prison sentences of up to six years may be imposed:

- a. Article 4 on the prohibition of exports without a license,
- b. Article 5 on the prohibition against providing services or investing without a license,
- c. Article 6, para 1 on licensing conditions.

If a violation referred to in para. 2 results from gross negligence, fines or a prison sentence of up to one year may be imposed.

If a violation is committed in the course of activities of a legal person and for its benefit that legal person may be fined regardless of whether guilt is proven of its representative or employee. If a representative or an employee is found guilty of a violation, the legal person may, concurrently with the imposition of the representative's or employee's penalties, be subjected to a fine if the violation was for its benefit.

According to provisions of the General Penal Code, No. 19/1940, items which have been used in the connection with a violation, created by a violation or are otherwise related to a violation may be confiscated. Further, proceeds of a violation may be confiscated, or an amount equivalent to the proceeds or a part thereof.

An attempt to violate, or participation in violations of, regulations set according to this Act is punishable according to the General Penal Code.

#### Article 14

##### *Further Rules etc.*

The Minister for Foreign Affairs is responsible for the enforcement of this Act and may:

- a. adopt further rules relating thereto,
- b. publish the original text of a list of military goods and items referred to in Article 4 in the original foreign language in the Official Gazette, B Series,
- c. waive fees for the granting of export license, cf. Article 11, point 50 of the Law on Extra Income of the Treasury, No. 88/1991, when military goods or other items covered by this Act are transported temporarily to or from Iceland for the purpose of testing, for exhibition or for other purposes.

#### Article 15

##### *Entry into Force.*

This Act shall enter into force immediately. At the same time, the Law on Export Licenses etc., No. 4/1988, is repealed.