

**ATTACHMENT B**

## ICELAND

(Authentic in the English Language only)

**ANNEX 1**

## CENTRAL GOVERNMENT ENTITIES

**Thresholds:**

Goods	SDR 130,000
Services	SDR 130,000
Construction Services	SDR 5,000,000

**List of Entities:**

1. All central government (State/federal) entities, including Ministries and sub-entities.
2. The entities in charge of government procurement are the following bodies:
  - a. Ríkiskaup (State Trading Center);
  - b. Framkvæmdasýslan (Government Construction Contracts);
  - c. Vegagerð ríkisins (Public Road Administration);
  - d. Siglingastofnun Íslands (Icelandic Maritime Administration).

**Notes to Annex 1**

1. Central government entities covers also any subordinate entity of any central government entity provided that such entity does not have separate legal personality.

2. The following shall not be considered as covered procurement:

- a. procurement by procuring entities covered under this Annex in regard of procurement of FSC 58 (communications, protection and coherent radiation equipment) from Canada;
- b. procurement by procuring entities covered under this Annex of air traffic control equipment in regard of suppliers and service providers from the United States;
- c. procurement by procuring entities covered under this Annex of good or service components of procurement which are not themselves covered by this Agreement in regard of suppliers and service providers from Canada and United States;

until such time as Iceland has accepted that the Parties concerned provide satisfactory reciprocal access for Icelandic goods, suppliers, services and service providers to their own procurement market.

3. As far as procurement by entities in the field of defence and security is concerned, only non-sensitive and non-warlike materials contained in the list attached to Annex 4 are covered.

4. The provisions of Article XVIII shall not apply to suppliers and service providers of Japan, Korea and the United States in contesting the award of contracts to a supplier or service provider of Parties other than those mentioned, which are small- or medium-sized enterprises under the relevant provisions of Icelandic law, until such time as Iceland accepts that they no longer operate discriminatory measures in favour of certain domestic small and minority businesses.

**ANNEX 2****SUB-CENTRAL GOVERNMENT ENTITIES****Thresholds:**

Goods	SDR 200,000
Services	SDR 200,000
Construction Services	SDR 5,000,000

**List of Entities:**

1. All contracting authorities of the regional or local public authorities (including all municipalities).
2. All other entities whose procurement policies are substantially controlled by, dependent on, or influenced by central, regional or local government and which are engaged in non-commercial or non-industrial activities.

**Notes to Annex 2**

1. The following shall not be considered as covered procurement:
  - a. procurement by procuring entities covered under this Annex in regard of suppliers, services and service providers from the United States;
  - b. procurement by procuring entities covered under this Annex in regard of procurement of FSC 58 (communications, protection and coherent radiation equipment) from Canada;
  - c. procurement by procuring entities covered under this Annex of air traffic control equipment in regard of suppliers and service providers from the United States;
  - d. procurement by procuring entities covered under this Annex of good or service components of procurement which are not themselves covered by this agreement in regard of suppliers and service providers from the United States and Canada;

until such time as Iceland has accepted that the Parties concerned provide satisfactory reciprocal access for Icelandic goods, suppliers, services and service providers to their own procurement market.

2. Iceland will not extend the benefits of this Agreement:
  - a. as regards the award of contracts by entities listed in Annex 2 to the suppliers and service providers of Canada;

until such time as Iceland has accepted that the Parties concerned give comparable and effective access for Icelandic undertakings to the relevant markets.

3. The provisions of Article XVIII shall not apply to suppliers and service providers of Japan, Korea and the United States in contesting the award of contracts to a supplier or service provider of Parties other than those mentioned, which are small- or medium-sized enterprises under the relevant provisions of Icelandic law, until such time as Iceland accepts that they no longer operate discriminatory measures in favour of certain domestic small and minority businesses.

4. The provisions of Article XVIII shall not apply to Japan and Korea in contesting the award of contracts by entities listed under Annex 2 paragraph 2, until such time as Iceland accepts that they have completed coverage of sub-central entities.

5. The provisions of Article XVIII shall not apply to Japan and Korea in contesting that award of contracts by Icelandic entities, whose value is less than the threshold applied for the same category of contracts awarded by these Parties.

**ANNEX 3**

## OTHER ENTITIES

**Thresholds:**

Goods	SDR 400,000
Services	SDR 400,000
Construction Services	SDR 5,000,000

**List of Entities:**

1. All contracting entities whose procurement is covered by the EEA utilities directive which are contracting authorities (e.g. those covered under Annex 1 and Annex 2) or public undertakings<sup>1</sup> and which have as one of their activities any of those referred to below or any combination thereof:

- a. the provision or operation of fixed networks intended to provide a service to the public in connection with the production, transport or distribution of drinking water or the supply of drinking water to such networks;
- b. the provision or operation of fixed networks intended to provide a service to the public in connection with the production, transport or distribution of electricity or the supply of electricity to such networks;
- c. the provision of airport or other terminal facilities to carriers by air;
- d. the provision of maritime or inland port or other terminal facilities to carriers by sea or inland waterway;
- e. the provision or operation of networks<sup>2</sup> providing a service to the public in the field of transport by urban railway, automated systems, tramway, trolley bus, bus or cable;
- f. the provision or operation of networks providing a service to the public in the field of transport by railways<sup>3</sup>;
- g. provision of postal services.

2. An Indicative list of contracting authorities and public undertakings fulfilling the criteria set out above follows.

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<sup>1</sup> According to the EEA utilities directive, a public undertaking is any undertaking over which the contracting authorities may exercise directly or indirectly a dominant influence by virtue of their ownership of it, their financial participation therein, or the rules which govern it.

A dominant influence on the part of the contracting authorities shall be presumed when these authorities, directly or indirectly, in relation to an undertaking:

- i. hold the majority of the undertaking's subscribed capital, or
- ii. control the majority of the votes attaching to shares issued by the undertaking, or
- iii. can appoint more than half of the undertaking's administrative, management or supervisory body.

<sup>2</sup> As regards transport services, a network shall be considered to exist where the service is provided under operating conditions laid down by a competent authority, of an EEA member state, such as conditions on the routes to be served, the capacity to be made available or the frequency of the service.

<sup>3</sup> E.g. the provision or operation of networks (within the meaning of footnote 2) providing a service to the public in the field of transport by high-speed or conventional trains.

## **INDICATIVE LISTS OF CONTRACTING AUTHORITIES AND PUBLIC UNDERTAKINGS FULFILLING THE CRITERIA LAID DOWN UNDER ANNEX 3**

### **1 THE ELECTRICITY SECTOR:**

- 1.1. Landvirkjun, Act No. 42/1983 (The National Power Company);
- 1.2. Landsnet, Act No. 75/2004 (Iceland Power Grid);
- 1.3. Rafmagnsveitur ríkisins, Act No. 58/1967 (The State Electric Power Works);
- 1.4. Orkuveita Reykjavíkur, Act No. 139/2001 (Reykjavík Energy);
- 1.5. Orkubú Vestfjarða, Act No. 40/2001 (Vestfjord Power Company);
- 1.6. Norðurorka, Act No. 159/2002;
- 1.7. Hitaveita Suðurnesja, Act No. 10/2001;
- 1.8. Other entities producing, transporting or distributing electricity pursuant to Act No. 65/2003.

### **2 URBAN TRANSPORT:**

- 2.1. Strætó (The Reykjavík Municipal Bus Service);
- 2.2. Other entities operating in accordance with Act No. 73/2001 on urban transport.

### **3 AIRPORTS:**

- 3.1. Flugmálastjórn Íslands, Act No. 100/2006 (Directorate of Civil Aviation).

### **4 PORTS:**

- 4.1. Siglingastofnun Íslands (Icelandic Maritime Administration);
- 4.2. Other entities operating pursuant to the Harbour Act No. 61/2003.

### **5 WATER SUPPLY:**

- 5.1. Public entities producing or distributing drinking water pursuant to Act No. 32/2004 on Municipal Water Supply.

### **6 POSTAL SERVICES:**

- 6.1. Entities operating in accordance with Act No. 19/2002 on postal services.

### **Notes to Annex 3**

1. Procurement for the pursuit of an activity listed above when exposed to competitive forces in the market concerned are not covered by this Agreement.
2. This Agreement does not cover procurement by procuring entities included in this Annex:
  - a. for the purchase of water and for the supply of energy or of fuels for the production of energy;
  - b. for purposes other than the pursuit of their activities as listed in this Annex or for the pursuit of such activities in a non-EEA country;
  - c. for purposes of re-sale or hire to third parties, provided that the procuring entity enjoys no special or exclusive right to sell or hire the subject of such contracts and other entities are free to sell or hire it under the same conditions as the procuring entity.

3. The supply of drinking water or electricity to networks which provide a service to the public by a procuring entity other than a contracting authority shall not be considered as an relevant activity within the meaning of paragraphs (a) or (b) of this Annex where:

- a. the production of drinking water or electricity by the entity concerned takes place because its consumption is necessary for carrying out an activity other than that referred to in paragraphs (a) to (g) of this Annex; and
- b. supply to the public network depends only on the entity's own consumption and has not exceeded 30 per cent of the entity's total production of drinking water or energy, having regard to the average for the preceding three years, including the current year.

4. I. Provided that the conditions in paragraph II are met, this Agreement does not cover procurement:

- a. by a procuring entity to an affiliated undertaking<sup>4</sup>, or
- b. by a joint venture, formed exclusively by a number of procuring entities for the purpose of carrying out activities within the meaning of paragraphs (a) to (g) of this Annex, to an undertaking which is affiliated with one of these procuring entities.

II. Paragraph I shall apply to services or supplies contracts provided that at least 80 per cent of the average turnover of the affiliated undertaking with respect to services or supplies for the preceding three years derives respectively from the provision of such services or supplies to undertakings with which it is affiliated.

When, because of the date on which an affiliated undertaking was created or commenced activities, the turnover is not available for the preceding three years, it will be sufficient for that undertaking to show that the turnover referred to in this paragraph is credible, in particular by means of business projections.

5. This Agreement does not cover procurement:

- a. by a joint venture, formed exclusively by a number of procuring entities for the purposes of carrying out activities within the meaning of paragraphs (a) to (g) of this Annex, to one of these procuring entities, or
- b. by a procuring entity to such a joint venture of which it forms part, provided that the joint venture has been set up to carry out the activity concerned over a period of at least three years and the instrument setting up the joint venture stipulates that the procuring entities, which form it, will be part thereof for at least the same period.

6. The following shall not be considered as covered procurement:

- a. procurement by procuring entities operating in the fields of:
  - i. production, transport or distribution of drinking water covered under this Annex;
  - ii. production, transport or distribution of electricity covered under this Annex;
  - iii. airport facilities covered under this Annex;
  - iv. maritime or inland port or other terminal facilities covered under this Annex; and

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<sup>4</sup> "Affiliated undertaking" means any undertaking the annual accounts of which are consolidated with those of the procuring entity in accordance with the requirements of Council Directive 83/349/EEC on consolidated accounts, or in case of entities not subject to that Directive, any undertaking over which the procuring entity may exercise, directly or indirectly, a dominant influence, or which may exercise a dominant influence over the procuring entity, or which, in common with the procuring entity, is subject to the dominant influence of another undertaking by virtue of ownership, financial participation, or the rules which govern it.

- v. urban railway, tramway, trolley bus or bus services covered under this Annex in regard of supplies, services, suppliers and service providers from Canada;
- b. procurement by procuring entities operating in the field of production, transport or distribution of drinking water covered under this Annex in regard of suppliers and service providers from the United States;
- c. procurement by procuring entities operating in the field of maritime or inland port or other terminal facilities covered under this Annex of dredging services or related to shipbuilding in regard of suppliers and service providers from the United States;
- d. procurement by procuring entities covered under this Annex of air traffic control equipment in regard of suppliers and service providers from the United States;
- e. procurement by procuring entities operating in the field of airport facilities covered under this Annex in regard of suppliers and service providers from the United States and Korea;
- f. procurement by procuring entities operating in the field of urban railway, tramway, trolleybus or bus services covered under this Annex in regard of suppliers and service providers from the United States;
- g. procurement by procuring entities operating in the field of urban railway covered under this Annex in regard of suppliers and service providers from Japan;
- h. procurement by procuring entities operating in the field of railways covered under this Annex in regard of goods, suppliers, services and service providers from Armenia; Canada; Japan; United States; Hong Kong, China; Singapore; and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu;
- i. procurement by procuring entities operating in the field of high-speed railways and high-speed railways infrastructure in regard of goods, suppliers, services and service providers from Korea;
- j. procurement by procuring entities covered under this Annex of good or service components of procurement which are not themselves covered procurement in regard of suppliers and service providers from the United States;
- k. procurement by procuring entities operating in the field of production, transport or distribution of electricity covered under this Annex in regard of suppliers and services providers from Japan;
- l. procurement by procuring entities operating in the field of production, transport and distribution of electricity covered under this Annex of HS Nos. 8504, 8535, 8537 and 8544 (electrical transformers, plugs, switches and insulated cables) in regard of suppliers from Korea;
- m. procurement by procuring entities operating in the field of production, transport and distribution of electricity covered under this Annex of HS Nos. 85012099, 85015299, 85015199, 85015290, 85014099, 85015390, 8504, 8535, 8536, 8537, and 8544 in regard of suppliers from Israel;
- n. procurement by procuring entities operating in the field of bus services covered under this Annex in regard of suppliers and service providers from Israel;

until such time, Iceland has accepted that the Parties concerned provide satisfactory reciprocal access to Icelandic goods, suppliers, services and service providers to their own procurement markets.

7. The provisions of Article XVIII shall not apply to suppliers and service providers of Japan, Korea and the United States in contesting the award of contracts to a supplier or service provider of Parties other than those mentioned, which are small or medium sized enterprises under the relevant provisions of Icelandic law, until such time as Iceland accepts that they no longer operate discriminatory measures in favour of certain domestic small and minority businesses.

8. The provisions of Article XVIII shall not apply to Japan and Korea in contesting that award of contracts by Icelandic entities, whose value is less than the threshold applied for the same category of contracts awarded by these Parties.



**ANNEX 4****GOODS**

1. This Agreement covers procurement of all goods procured by the entities listed in Annexes 1 through 3, unless otherwise specified in this Agreement.

2. This Agreement covers only the goods that are described in the Chapters of the Combined Nomenclature (CN) specified below and that are procured by the Ministry of the Interior and Agencies for defence or security activities in Iceland:

<b>CN Chapter</b>	<b>Description</b>
1. Chapter 25:	Salt, sulphur, earths and stone, plastering materials, lime and cement;
2. Chapter 26:	Metallic ores, slag and ash;
3. Chapter 27:	Mineral fuels, mineral oils and products of their distillation, bituminous substances, mineral waxes, except:
a. ex 27.10:	special engine fuels.
4. Chapter 28:	Inorganic chemicals, organic and inorganic compounds of precious metals, of rare-earth metals, of radio-active elements and isotopes, except:
a. ex 28.09:	explosives;
b. ex 28.13:	explosives;
c. ex 28.14:	tear gas;
d. ex 28.28:	explosives;
e. ex 28.32:	explosives;
f. ex 28.39:	explosives;
g. ex 28.50:	toxic products;
h. ex 28.51:	toxic products;
i. ex 28.54:	explosives.
5. Chapter 29:	Organic chemicals, except:
a. ex 29.03:	explosives;
b. ex 29.04:	explosives;
c. ex 29.07:	explosives;
d. ex 29.08:	explosives;
e. ex 29.11:	explosives;
f. ex 29.12:	explosives;
g. ex 29.13:	toxic products;
h. ex 29.14:	toxic products;
i. ex 29.15:	toxic products;
j. ex 29.21:	toxic products;
k. ex 29.22:	toxic products;
l. ex 29.23:	toxic products;
m. ex 29.26:	explosives;
n. ex 29.27:	toxic products;
o. ex 29.29:	explosives.
6. Chapter 30:	Pharmaceutical products;
7. Chapter 31:	Fertilizers;
8. Chapter 32:	Tanning and dyeing extracts, tannings and their derivatives, dyes, colours, paints and varnishes, putty, fillers and stoppings, inks;
9. Chapter 33:	Essential oils and resinoids, perfumery, cosmetic or toilet preparations;

CN Chapter	Description
10. Chapter 34:	Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing and scouring preparations, candles and similar articles, modelling pastes and "dental waxes";
11. Chapter 35:	Albuminoidal substances, glues, enzymes;
12. Chapter 37:	Photographic and cinematographic goods;
13. Chapter 38:	Miscellaneous chemical products, except:
a. ex 38.19:	toxic products.
14. Chapter 39:	Artificial resins and plastic materials, cellulose esters and ethers, articles thereof, except:
a. ex 39.03:	explosives.
15. Chapter 40:	Rubber, synthetic rubber, factice, and articles thereof, except:
a. ex 40.11:	bullet-proof tyres.
16. Chapter 41:	Raw hides and skins (other than fur skins) and leather;
17. Chapter 42:	Articles of leather, saddlery and harness, travel goods, handbags and similar containers, articles of animal gut (other than silk-worm gut);
18. Chapter 43:	Furskins and artificial fur, manufactures thereof;
19. Chapter 44:	Wood and articles of wood, wood charcoal;
20. Chapter 45:	Cork and articles of cork;
21. Chapter 46:	Manufactures of straw of esparto and of other plaiting materials, basket ware and wickerwork;
22. Chapter 47:	Paper-making material;
23. Chapter 48:	Paper and paperboard, articles of paper pulp, of paper or of paperboard;
24. Chapter 49:	Printed books, newspapers, pictures and other products of the printing industry, manuscripts, typescripts and plans;
25. Chapter 65:	Headgear and parts thereof;
26. Chapter 66:	Umbrellas, sunshades, walking-sticks, whips, riding-crops and parts thereof;
27. Chapter 67:	Prepared feathers and down and articles made of feathers or of down, artificial flowers, articles of human hair;
28. Chapter 68:	Articles of stone, of plaster, of cement, of asbestos, of mica and of similar materials;
29. Chapter 69:	Ceramic products;
30. Chapter 70:	Glass and glassware;
31. Chapter 71:	Pearls, precious and semi-precious stones, precious metals, rolled precious metals, and articles thereof; imitation jewellery;
32. Chapter 73:	Iron and steel and articles thereof;
33. Chapter 74:	Copper and articles thereof;
34. Chapter 75:	Nickel and articles thereof;
35. Chapter 76:	Aluminium and articles thereof;
36. Chapter 77:	Magnesium and beryllium and articles thereof;
37. Chapter 78:	Lead and articles thereof;
38. Chapter 79:	Zinc and articles thereof;
39. Chapter 80:	Tin and articles thereof;
40. Chapter 81:	Other base metals employed in metallurgy and articles thereof;

CN Chapter	Description
41. Chapter 82:	Tools, implements, cutlery, spoons and forks, of base metal, parts thereof, except:
a. ex 82.05:	tools;
b. ex 82.07:	tools, parts.
42. Chapter 83:	Miscellaneous articles of base metal;
43. Chapter 84:	Boilers, machinery and mechanical appliances, parts thereof, except:
a. ex 84.06:	engines;
b. ex 84.08:	other engines;
c. ex 84.45:	machinery;
d. ex 84.53:	automatic data-processing machines;
e. ex 84.55:	parts of machines under heading No. 84.53;
f. ex 84.59:	nuclear reactors.
44. Chapter 85:	Electrical machinery and equipment, parts thereof, except:
a. ex 85.13:	telecommunication equipment;
b. ex 85.15:	transmission apparatus.
45. Chapter 86:	Railway and tramway locomotives, rolling-stock and parts thereof; railway and tramway tracks fixtures and fittings, traffic signalling equipment of all kinds (not electrically powered), except:
a. ex 86.02:	armoured locomotives, electric;
b. ex 86.03:	other armoured locomotives;
c. ex 86.05:	armoured wagons;
d. ex 86.06:	repair wagons;
e. ex 86.07:	wagons.
46. Chapter 87:	Vehicles, other than railway or tramway rolling-stock, and parts thereof, except:
a. ex 87.08:	tanks and other armoured vehicles;
b. ex 87.01:	tractors;
c. ex 87.02:	military vehicles;
d. ex 87.03:	breakdown lorries;
e. ex 87.09:	motorcycles;
f. ex 87.14:	trailers.
47. Chapter 89:	Ships, boats and floating structures, except:
a. ex 89.01 A:	warships.
48. Chapter 90:	Optical, photographic, cinematographic, measuring, checking, precision, medical and surgical instruments and apparatus, parts thereof, except:
a. ex 90.05:	binoculars;
b. ex 90.13:	miscellaneous instruments, lasers;
c. ex 90.14:	telemeters;
d. ex 90.28:	electrical and electronic measuring instruments;
e. ex 90.11:	microscopes;
f. ex 90.17:	medical instruments;
g. ex 90.18:	mechano-therapy appliances;
h. ex 90.19:	orthopaedic appliances;
i. ex 90.20:	X-ray apparatus.
49. Chapter 91:	Manufacture of watches and clocks;
50. Chapter 92:	Musical instruments, sound recorders or reproducers, television image and sound recorders or reproducers, parts and accessories of such articles;
51. Chapter 94:	Furniture and parts thereof, bedding, mattresses, mattress supports, cushions and similar stuffed furnishings, except:
a. ex 94.01 A:	aircraft seats.

CN Chapter	Description
52. Chapter 95:	Articles and manufactures of carving or moulding material;
53. Chapter 96:	Brooms, brushes, powder-puffs and sieves;
54. Chapter 98:	Miscellaneous manufactured articles.

**ANNEX 5****SERVICES**

This Agreement covers the following services, which are identified in accordance with the United Nations Provisional Central Product Classification (CPC Prov.), as contained in document MTN.GNS/W/120, with the exceptions specified in the Notes to this Annex<sup>1</sup>:

<b>Description</b>	<b>CPC Prov. Reference No.</b>
1. Maintenance and repair services	6112, 6122, 633, 886
2. Land transport services, including armoured car services, and courier services, except transport of mail	712 (except 71235), 7512, 87304
3. Air transport services of passengers and freight, except transport of mail	73 (except 7321)
4. Transport of mail by land, except rail, and by air	71235, 7321
5. Telecommunications services	752
6. Financial services	ex 81
a. Insurance services	812, 814
b. Banking and investment services <sup>2</sup>	
7. Computer and related services	84
8. Accounting, auditing and bookkeeping services	862
9. Market research and public opinion polling services	864
10. Management consulting services and related services	865, 866 <sup>3</sup>
11. Architectural services; engineering services and integrated engineering services, urban planning and landscape architectural services; related scientific and technical consulting services; technical consulting services; technical testing and analysis services	867
12. Advertising services	871
13. Building-cleaning services and property management services	874, 82201-82206

<sup>1</sup> Except for services which entities have to procure from another entity pursuant to an exclusive right established by a published law, regulation or administrative provision.

<sup>2</sup> Except contracts for financial services in connection with the issue, sale, purchase, or transfer of securities or other financial instruments, and central bank services.

<sup>3</sup> Except arbitration and conciliation services.

	<b>Description</b>	<b>CPC Prov. Reference No.</b>
14.	Publishing and printing services on a fee or contract basis	88442
15.	Sewage and refuse disposal; sanitation and similar services	94

**Note to Annex 5**

Procurement by procuring entities covered under Annexes 1, 2 and 3 of any of the services covered under this Annex is a covered procurement in regard of a particular Party's provider of service only to the extent that such Party has covered that service under its Annex 5.

## **ANNEX 6**

### CONSTRUCTION SERVICES

#### **List of Construction Services (Division 51, CPC Prov.):**

All services listed in Division 51.

#### ***Note to Annex 6***

Procurement by procuring entities covered under Annexes 1, 2 and 3 of any of the construction services covered under this Annex is a covered procurement in regard of a particular Party's provider of service only to the extent that such Party has covered that service under its Annex 6.

## ANNEX 7

### GENERAL NOTES

1. This Agreement does not cover:

- a. contracts for the acquisition, development, production or co-production of programme material by broadcasters and contracts for broadcasting time;
- b. contracts awarded to an entity which is itself a contracting authority within the meaning of the Public Procurement Act: "Lög um opinber innkaup" (84/2007) on the basis of an exclusive right which it enjoys pursuant to a published law, regulation or administrative provision.

2. The Agreement does not cover procurement of agricultural products made in furtherance of agricultural support programmes and human feeding programmes.

3. Procurement by procuring entities covered under Annexes 1 and 2 in connection with activities in the fields of drinking water, energy, transport, telecommunications and the postal sector are not covered by this Agreement, unless covered under Annex 3.

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