



AUSTURLAND

ECONOMIC IMPACT OF EAST ICELAND



November 2025



Foreword



The 2023 analysis by the consulting firm Analytica on the economic impact of East Iceland clearly demonstrated that strong and internationally competitive production companies generate approximately one quarter of Iceland's total merchandise export revenues. In 2025, the Association of Municipalities in East Iceland (SSA) once again engaged Analytica to update the report on the economic impact of East Iceland. The previous findings are confirmed and demonstrate stability in production between years. Although just under three percent of Iceland's population resides in East Iceland, the region nonetheless accounts for nearly one quarter of the nation's merchandise export revenues, clearly reflecting the solid foundations of the region's economy.

SSA emphasises that the potential for businesses in East Iceland to generate even greater export revenues is substantial. However, this depends on strong public investment in infrastructure to ensure continued growth in value creation.

We believe it is a matter of fairness that a region contributing so significantly to the national economy should benefit accordingly. This report—like the previous one—is SSA's contribution to responsible policymaking in infrastructure development and highlights a simple yet important fact: **It pays to invest in East Iceland.**

Berglind Harpa Svavarsdóttir
Chair, Association of Municipalities in
East Iceland (SSA)

Introduction

This report presents an overview of the economic activity in East Iceland and key economic factors relating to the region. The report was prepared at the request of the Association of Municipalities in East Iceland (SSA).

This is the second time Analytica has undertaken this project, and developments since the previous analysis are therefore also considered, providing a clearer picture of the current situation. It was not possible to fully update figures relating to tourism, as Statistics Iceland has not yet completed updated analyses of tourists' nationalities in relation to overnight stays.



Photo: Guðlaugur B. Birgisson

Exports and Production

FISHERIES

Several major fisheries companies operate in East Iceland, including Loðnavinnslan, Eskja, Síldarvinnslan, and Brim (which operates in Vopnafjörður). In addition, Kaldvík operates in the region and is the only salmon farming company in East Iceland. The company was formerly known as Ice Fish Farm and adopted its new name in 2024.

According to fisheries operating statements for 2020–2023, export revenues account for almost 100% of total fisheries revenues, meaning that the vast majority of fish catches and processed products are exported. This fact, together with information obtained from industry stakeholders and company financial statements, forms the basis for the calculations.

All financial figures have been converted into Icelandic króna using the annual average exchange rates published by the Central Bank of Iceland.

To illustrate the scale of East Iceland's fisheries sector compared to the national level, the value of exported marine products from Iceland (FOB value¹) is compared with corresponding figures for exported marine products from East Iceland, including aquaculture.

| Exported Marine Products (FOB value, ISK billion) | 2022 | 2023 | 2024 |
|--|-------------|-------------|-------------|
| Iceland – Marine Products (incl. aquaculture) | 410 | 399 | 400 |
| East Iceland – Marine Products (incl. aquaculture) | 86,4 | 84,7 | 85,8 |
| Share from East Iceland | 21,0% | 21,2% | 21,4% |

Sources: Stakeholders in the seafood industry in East Iceland, company annual accounts, and Statistics Iceland.

It is particularly noteworthy that, despite the capelin stock collapse in 2024 and the significantly lower share of aquaculture in 2023 compared to the preceding and following years, seafood products from East Iceland have maintained their share relative to the country as a whole.

The industry is diverse, and the companies that were affected by the capelin collapse maintained their share through the use of purchased inputs. The conclusion is that, despite these challenges, seafood exports from East Iceland and their relative share have remained broadly unchanged.

¹ FOB (free on board) value: The value of the goods once they have been loaded onto the means of transport in the exporting country (in this case, Iceland).

² There was a significant decline in pelagic fish landings in East Iceland in 2024 compared to 2023, largely attributable to the capelin stock collapse (nearly 168,000 tonnes), along with reduced landings of herring (approximately 21,000 tonnes) and mackerel (approximately 30,000 tonnes). However, an increase in blue whiting landings (nearly 19,000 tonnes) partly offset this decline. In total, pelagic fish landings in East Iceland decreased by nearly 200,000 tonnes in 2024 compared to 2023 (Source: Statistics Iceland).

Exports and Production

ALUMINIUM

The Alcoa Fjarðaál aluminium smelter in Reyðarfjörður began operations in 2007. It is the largest aluminium smelter in Iceland, with an annual production capacity of up to 360 thousand tonnes of aluminium. The table below shows the total FOB value of aluminium exports from Iceland, in billions of ISK, and the share attributable to East Iceland.

The value of aluminium exports from Iceland declined by nearly ISK 90 billion between 2022 and 2024, while over the same period the value of aluminium exports from East Iceland decreased by ISK 10 billion. As a result, the region's share of the total value of aluminium exports increased from 35.4% in 2022 to 42.6% in 2024.

Aluminium Exports (FOB value, ISK billion)

| | 2022 | 2023 | 2024 |
|--|-------|-------|-------|
| Aluminium exports from Iceland (ISK bn) | 403 | 324 | 313 |
| Aluminium exports from Fjarðaál (ISK bn) | 143 | 127 | 133 |
| Share of aluminium exports from East Iceland | 35,4% | 39,2% | 42,6% |

Sources: Statistics Iceland, Alcoa annual reports and sustainability reports.



Photo: Alcoa Fjarðaál

Exports and Production



Photo: Michael Novotny

TOTAL MERCHANDISE EXPORTS

The table below presents the export value of marine products and aluminium from East Iceland, together with the total merchandise export value from Iceland, all expressed in ISK billion (FOB value).

It is noteworthy how stable the share of merchandise exports originating from East Iceland (primarily aluminium and marine

products) remains relative to total national merchandise exports, ranging from approximately one fifth to nearly one quarter. It should be noted that this represents a minimum estimate of merchandise exports from East Iceland, as the figures include only aluminium and marine product exports (from the companies referenced above) and do not account for other exported goods.

| Total Merchandise Exports | 2022 | 2023 | 2024 |
|---|-------------|-------------|-------------|
| Total value of exported goods (ISK bn) | 1.014 | 938. | 959 |
| Exports of goods from East Iceland (ISK bn) | 229 | 211 | 219 |
| Share of the value of exported goods from East Iceland of the total value | 22,6% | 22,5% | 22,8% |

Sources: Statistics Iceland and previous sources on aluminium production and the seafood industry in East Iceland.

Exports and Production

EXPORTS PER CAPITA

When analysing various economic indicators, it can be useful – as in the previous analysis – to take population size into account. This section therefore examines more closely the average export production per resident in East Iceland, compared with other regions of the country.

The first table presents population figures, followed by calculations of exports per capita, and finally a comparison between residents of East Iceland and residents in other parts of Iceland.

| Population | 2022 | 2023 | 2024 |
|-------------------|-------------|-------------|-------------|
| Iceland | 370.068 | 379.472 | 386.585 |
| East Iceland | 10.836 | 10.983 | 11.151 |
| Other regions | 359.232 | 368.489 | 375.434 |

Source: Statistics Iceland

| Merchandise exports per capita (ISK million) | 2022 | 2023 | 2024 |
|---|-------------|-------------|-------------|
| National average | 2,74 | 2,47 | 2,48 |
| East Iceland | 21,2 | 19,3 | 19,6 |
| Other regions | 2,19 | 1,97 | 1,97 |

Sources: Previously cited sources and Analytica calculations



Photo: Esther Ösp Gunnarsdóttir

Exports and Production

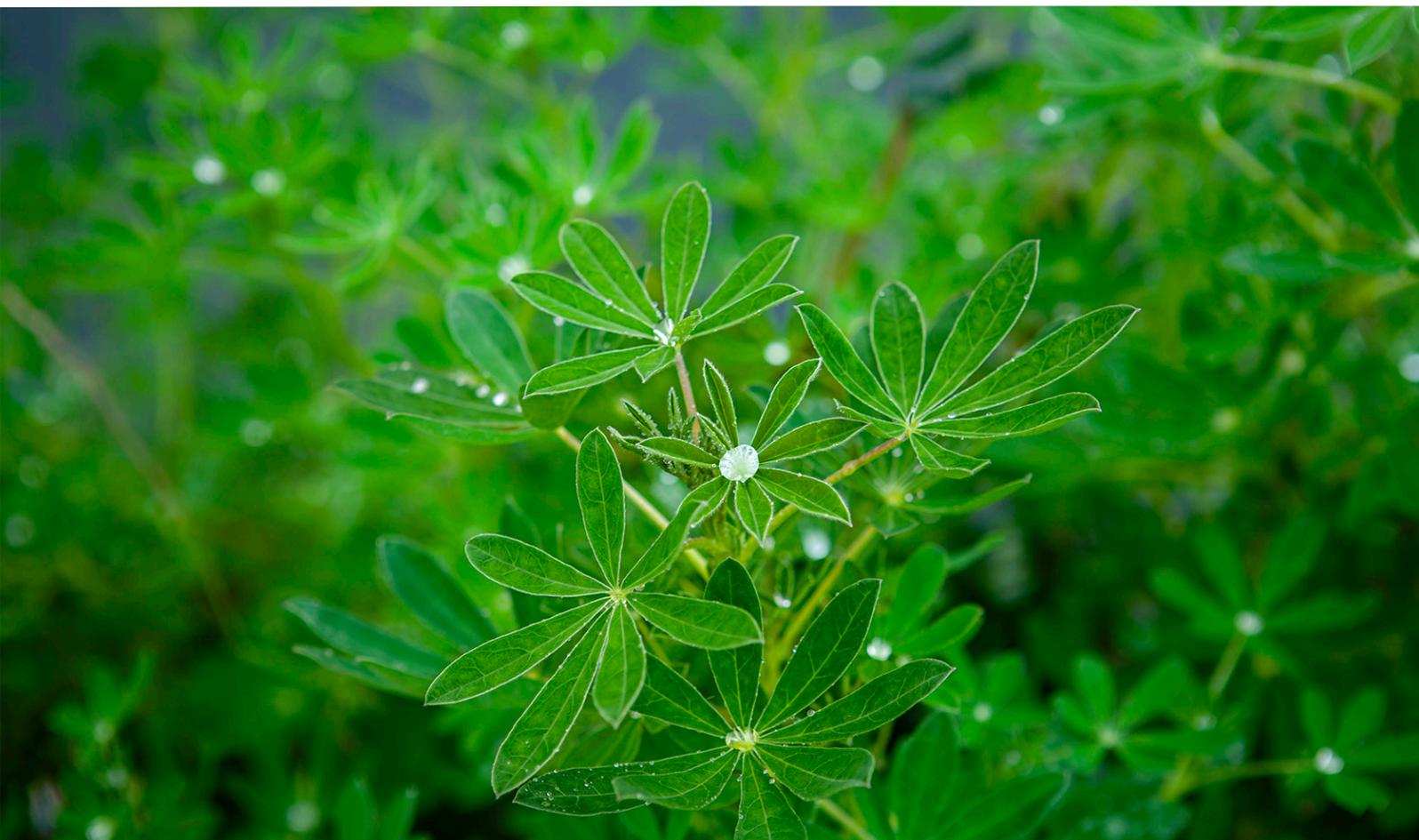


Photo: Esther Ösp Gunnarsdóttir

EXPORTS PER CAPITA

The table on the previous page presents the per capita figure obtained by dividing merchandise exports by population (expressed in ISK million). It shows that in 2024, each resident of East Iceland generated an average of ISK 19.6 million in merchandise exports, compared with ISK 1.97 million per resident in other regions of Iceland.

The table below then illustrates the ratio between the average export production per resident in East Iceland and that of residents in other regions. According to these figures, each resident of East Iceland generated nearly ten times as much in exports as residents elsewhere in the country in 2024 ($19.6 / 1.97 = 9.97$).

Goods exports per capita in East Iceland

Exports per resident of East Iceland compared to other residents of the country

| | 2022 | 2023 | 2024 |
|---|------|------|------|
| Exports per resident of East Iceland compared to other residents of the country | 9,68 | 9,77 | 9,97 |

Sources: Previously cited sources and Analytica calculations

Tourism

CONSUMPTION

Tourist consumption can provide a useful indication of the scale of tourism activity. Statistics Iceland compiles data on tourism-related consumption in Iceland by industry classification and distinguishes between domestic and international tourists. However, data are not available at the regional level, and therefore such figures must be estimated. In this report, this is done by applying the regional share of overnight stays, based on the assumption that tourist consumption generally follows the location of their stay.

It is important to note that Statistics Iceland is currently updating figures relating to tourists' nationality and overnight stays. As a result, Analytica has estimated certain components based solely on data for hotel overnight stays.

The table below presents tourist consumption figures according to Statistics Iceland, expressed in ISK billion.

| Tourist consumption (ISK billion) | 2022 | 2023 | 2024 |
|--|-------------|-------------|-------------|
| Tourist consumption in Iceland | 625 | 779 | 840 |
| International tourists | 398 | 498 | 519 |
| Domestic tourists | 228 | 281 | 321 |
| Other consumption | 37 | 38 | 29 |
| Total consumption | 663 | 817 | 870 |

Sources: Statistics Iceland and Analytica calculations



Photo: Ragnhildur Aðalsteinsdóttir



Photo: Ragnhildur Aðalsteinsdóttir

ACCOMMODATION

The table below shows the share of total overnight stays by all tourists in Iceland and in East Iceland. For 2024, Analytica estimates the share of overnight stays in East Iceland based on the most recent available data on hotel overnight stays.

| Tourist overnight stays | 2022 | 2023 | 2024 |
|--|-------------|-------------|-------------|
| Total overnight stays in Iceland | 8.547.184 | 9.518.591 | 9.548.322 |
| Total overnight stays in East Iceland | 537.749 | 518.453 | 430.410 |
| Share of overnight stays in East Iceland | 6,3% | 5,4% | 4,5% |

Sources: Statistics Iceland and Analytica calculations

Tourism

TOTAL CONSUMPTION

The following table presents estimated total tourist consumption in East Iceland, expressed in ISK billion, which may be interpreted as tourism-related revenue generated in East Iceland. The estimate is based on the share of overnight stays in East Iceland relative to total overnight stays nationwide.

Based on the figures presented, it can be concluded that tourism-related revenue in East Iceland has increased over the past two years. It should be noted, however, that cruise tourism has not been specifically accounted for in these calculations.

It is also useful to compare overnight stay figures with the number of tourist attractions in East Iceland, as this provides an indication of how many visitors choose to experience the destinations the region has to offer. These figures do not distinguish between different types of accommodation but instead reflect total visitor numbers regardless of accommodation type.

| Total Tourist Consumption in East Iceland (ISK billion) | 2022 | 2023 | 2024 |
|--|-------------|-------------|-------------|
| Estimated total tourist consumption in East Iceland | 39,3 | 42,4 | 37,8 |

Sources: Statistics Iceland and Analytica calculations



Photo: Icelandic Explorer

Tourism

DESTINATIONS

The figures presented in the table below provide a somewhat different picture compared with the overnight stay data. While overnight stays decreased by nearly 17% between 2024 and 2023, the number of visitors to selected destinations increased during the same period (a rise of 6.9%). The increase in domestic visitors may have offset the decline in international visitors.

It should also be noted that the impact of marketing campaigns, or the possibility that tourists pass through East Iceland without staying overnight, may influence these figures. However, this is unlikely to materially affect the overall picture, except potentially in relation to cruise tourism.

Taken together, this suggests that the estimated tourist consumption in East Iceland is likely to be conservative.

Selected Destinations in East Iceland

| | 2022 | 2023 | 2024 |
|---|----------------|----------------|----------------|
| Hafnarhólmi | 40.604 | 49.474 | 67.347 |
| Hengifoss (from 2023 both hiking trails included) | 90.463 | 116.822 | 115.649 |
| Stuðlagil, East side | 83.218 | 115.744 | 113.877 |
| Stuðlagil, West side | 57.238 | 85.781 | 96.256 |
| Total | 271.523 | 367.821 | 393.129 |

Source: Icelandic Tourist Board



Photo: Þráinn Kolbeinsson

Aluminium and electricity

LANDSVIRKJUN & ALCOA

Landsvirkjun operates the Kárahnjúkar hydro-power plant in East Iceland, the largest hydro-power facility in Iceland, which accounts for a substantial share of the company's revenues. The following table summarises key figures

from the annual reports and sustainability reports of Alcoa and Landsvirkjun, and provides an estimate of the share of Landsvirkjun's revenues that may be attributable to Alcoa.

| | 2022 | 2023 | 2024 |
|--|-------|-------|-------|
| Alcoa – total GWh | 4.793 | 4.997 | 4.894 |
| Alcoa aluminium production (thousand tonnes) | 332 | 347 | 341 |
| Average electricity price to power-intensive users (USD/MWh) | 42,9 | 30,6 | 29,9 |

If Landsvirkjun sells to Alcoa at the average price for power-intensive users (ISK bn)

| | 2022 | 2023 | 2024 |
|--|-------|-------|-------|
| Revenue from Alcoa | 27,9 | 21,1 | 20,2 |
| Share of Alcoa in total electricity sales of Landsvirkjun | 29,7% | 28,5% | 28,3% |
| Share of Alcoa in electricity sales to power-intensive users | 34,7% | 35,9% | 37,0% |

If Landsvirkjun sells to Alcoa at 10% below the average price for power-intensive users (ISK bn)

| | 2022 | 2023 | 2024 |
|--|-------|-------|-------|
| Revenue from Alcoa | 25,1 | 19,0 | 18,2 |
| Share of Alcoa in total electricity sales of Landsvirkjun | 26,8% | 25,7% | 25,5% |
| Share of Alcoa in electricity sales to power-intensive users | 31,3% | 32,3% | 33,3% |

Sources: Annual reports and sustainability reports of Alcoa; annual reports of Landsvirkjun.

The calculations are based on Alcoa's estimated total electricity consumption relative to aluminium production, and on Landsvirkjun's reported average electricity price for power-intensive users.

Two scenarios are presented to illustrate the potential impact if Alcoa were to receive more favourable pricing terms than the average price for power-intensive users.

The scenarios demonstrate the extent to which Landsvirkjun's total electricity revenues may be attributable to Alcoa, and how significant a share of revenue from power-intensive users may be linked to Alcoa.

As can be seen, a substantial share of Landsvirkjun's revenues derives from power-intensive users, and a considerable portion of those revenues is linked to Alcoa's operations in East Iceland. If it is assumed that Landsvirkjun sells electricity to Alcoa at 10% below the average price for power-intensive users, it may be estimated that during the most recent three-year period (2022–2024), at least one quarter of Landsvirkjun's total revenues originated from Alcoa, and approximately one third of revenues from power-intensive users.

East Iceland's Share



Photo: Icelandic Explorer

TOTAL MERCHANDISE AND SERVICES EXPORTS & EAST ICELAND'S SHARE

The table below combines these three sectors in East Iceland (aluminium production, fisheries, and tourism), placing them in the context of the substantial foreign currency revenues they generate (FOB value in ISK billion). This provides a conservative estimate of East Iceland's contribution to Iceland's total merchandise and services exports.

According to these figures, East Iceland accounted for 13.3% of Iceland's total foreign currency earnings in 2024, based solely on these three industries.

| Merchandise and Services Exports (ISK bn) | 2022 | 2023 | 2024 |
|---|-------------|-------------|-------------|
| Foreign currency earnings in East Iceland from aluminium, fisheries and tourism | 271 | 256 | 258 |
| Total merchandise and services exports from Iceland | 1.841 | 1.921 | 1.935 |
| Share of East Iceland in aluminium, fisheries and tourism | 14,7% | 13,3% | 13,3% |

Sources: Statistics Iceland and previously cited sources for fisheries and aluminium production.

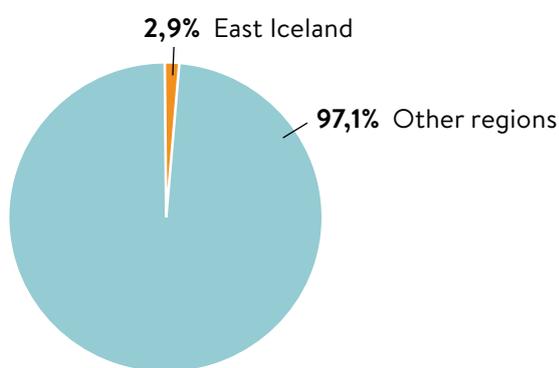
Summary

Although only 2.9% of Iceland's population resides in East Iceland, the region accounts for nearly one quarter of total merchandise exports and 13.3% of total merchandise and services exports. These figures are conservative estimates but demonstrate stable value creation between years.

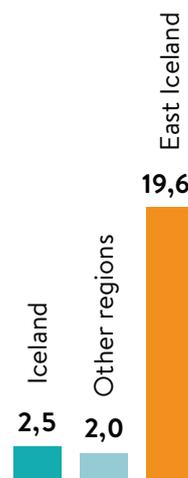
The relative stability of exports is largely explained by diversification in fisheries, where aquaculture and purchased raw materials offset fluctuations in capelin catches. Aluminium production has also proven resilient, and Alcoa Fjarðaál remains a key revenue source for Landsvirkjun.

East Iceland's economy is production- and export-driven, generating substantial revenues for Icelandic society. To secure continued value creation, strong and comprehensive infrastructure investment is essential.

Population in Iceland and export value per capita in 2024



Population in Iceland



Millions of ISK per capita

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