

cent of foreign exchange earnings. Primary aluminum normally provides another 15 per cent, and skins and woollens most of the remainder.

The fishing fleet is equipped with high technology stern-trawlers and purse-seiners and consists of about 300 vessels of over 100 tons and 600 smaller boats. About 110 freezing plants produce mostly white fish fillets, principally for the U.S. market. Other main products are capelin and other fish meal, saltfish, stockfish, salt herring, frozen capelin, scampi, shrimps and scallops, fish oil and roes (caviar). There are about 25 fish meal factories.

Industrial diversification based on plentiful hydro-electric and geothermal energy is proceeding steadily. Cement, nitrate fertilizer and diatomite have been produced for many years. A new aluminum smelter, a growing yarn and wool industry, and manufacturing facilities for fishing gear contribute to the industrial diversification of the country.

Iceland is self-sufficient in meat (mostly lamb), milk, poultry, eggs, cheese and butter. Her grassland farming provides good opportunities for sales of farm machinery, particularly tractors. Production costs of farm produce, are, however, high and exports, except for skins and wool, have to be heavily subsidized to compete in world markets.

Foreign Trade

Largest suppliers for Iceland are traditionally U.S.S.R. (mostly oil), West Germany, U.S.A., U.K., Denmark, Netherlands and EFTA countries. Iceland's principal export markets in 1980 were the U.K., U.S.A., U.S.S.R., West Germany and Nigeria. Iceland is a member of EFTA and has a free trade agreement with the EEC.

Canadian Trade with Iceland

Canadian exports in 1982 were Cdn \$6.2 million compared with Cdn \$9.7 million in 1981. Icelandic exports to Canada were Cdn \$4.9 million in 1982, a decrease over 1981 exports of Cdn \$6.5 million.

Canadian exports to Iceland include grain, telecommunications and related equipment, construction machinery, passenger car tires and lumber.