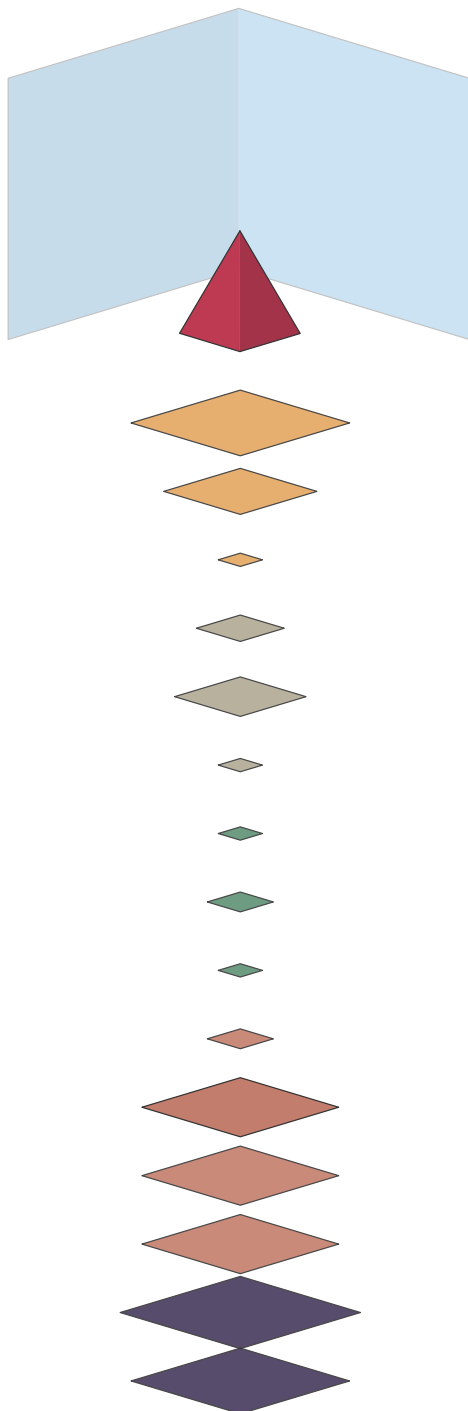
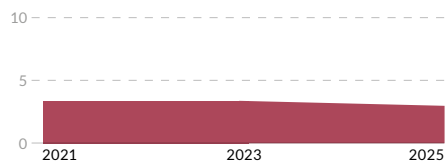


ICELAND



3.03 $\nearrow 0.33$ CRIMINALITY SCORE

173rd of 193 countries $\nearrow 2$
40th of 44 European countries $\nearrow 1$
8th of 8 Northern European countries $\nearrow 1$



CRIMINAL MARKETS 2.97 $\nearrow 0.03$

HUMAN TRAFFICKING	5.00 $\nearrow 0.50$
HUMAN SMUGGLING	3.50 0.00
EXTORTION & PROTECTION RACKETEERING	1.00 0.00
ARMS TRAFFICKING	2.00 0.00
TRADE IN COUNTERFEIT GOODS	3.00 0.00
ILLCIT TRADE IN EXCISABLE GOODS	1.00 0.00
FLORA CRIMES	1.00 0.00
FAUNA CRIMES	1.50 0.00
NON-RENEWABLE RESOURCE CRIMES	1.00 0.00
HEROIN TRADE	1.50 0.00
COCAINE TRADE	4.50 $\nearrow 0.50$
CANNABIS TRADE	4.50 0.00
SYNTHETIC DRUG TRADE	4.50 0.00
CYBER-DEPENDENT CRIMES	5.50 $\nearrow 0.50$
FINANCIAL CRIMES	5.00 0.00



CRIMINAL ACTORS 3.10 $\nearrow 0.70$

MAFIA-STYLE GROUPS	3.50 $\nearrow 1.00$
CRIMINAL NETWORKS	4.50 $\nearrow 0.50$
STATE-EMBEDDED ACTORS	1.00 $\nearrow 0.50$
FOREIGN ACTORS	4.50 $\nearrow 0.50$
PRIVATE SECTOR ACTORS	2.00 $\nearrow 1.00$

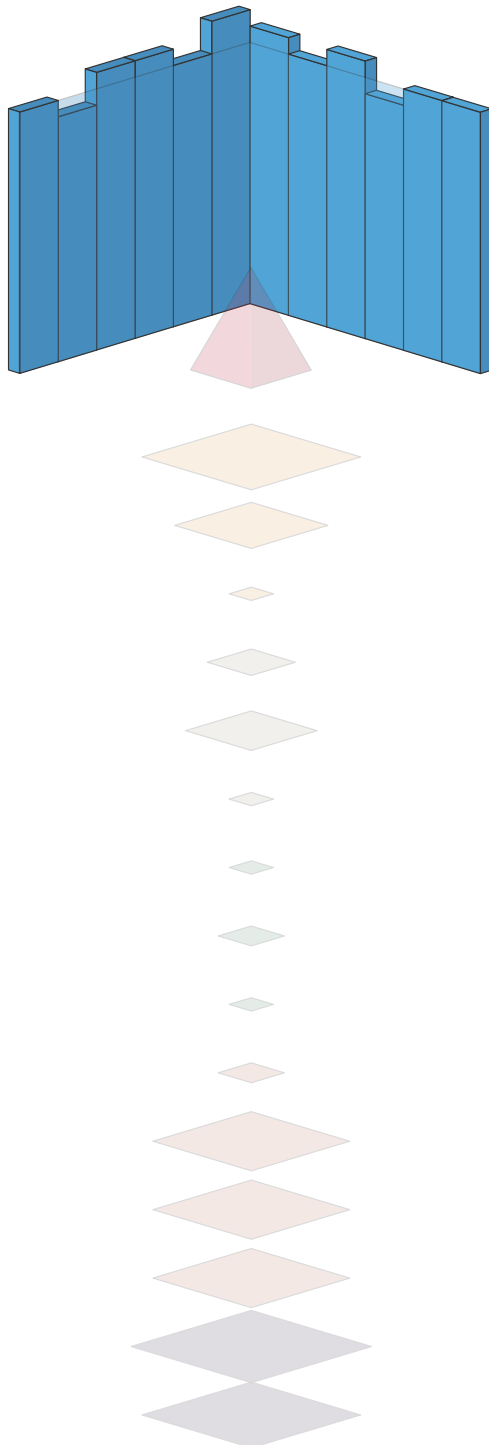


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ICELAND

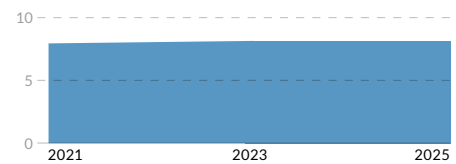


8.17 ↗0.04 **RESILIENCE SCORE**

4th of 193 countries ↘1

4th of 44 European countries ↘1

3rd of 8 Northern European countries ↘1



POLITICAL LEADERSHIP AND GOVERNANCE	8.00	0.00
GOVERNMENT TRANSPARENCY AND ACCOUNTABILITY	7.50	0.00
INTERNATIONAL COOPERATION	8.50	0.00
NATIONAL POLICIES AND LAWS	8.50	0.00
JUDICIAL SYSTEM AND DETENTION	8.00	↘0.50
LAW ENFORCEMENT	9.00	0.00
TERRITORIAL INTEGRITY	8.50	0.00
ANTI-MONEY LAUNDERING	8.00	0.00
ECONOMIC REGULATORY CAPACITY	8.50	0.00
VICTIM AND WITNESS SUPPORT	7.50	0.00
PREVENTION	8.00	↗0.50
NON-STATE ACTORS	8.00	↘0.50



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CRIMINALITY

CRIMINAL MARKETS

PEOPLE

Human trafficking in Iceland – marked by a rise in organized criminal activity and associated violence – primarily involves labour and sexual exploitation, with the country serving as a destination for victims. Small criminal networks and foreign actors play a key role, and investigations have linked several cases to broader organized crime structures. Victims, often foreign nationals, have been identified in sectors such as construction, tourism and catering, where legal employment frameworks can obscure exploitative conditions. A particularly vulnerable group includes workers from Eastern Europe, many of whom have been identified as victims of labour trafficking and subjected to harsh, exploitative living and working environments. This growing trend has raised significant concerns and has negatively impacted Iceland's legal labour market by undermining fair business practices and labour standards.

Human smuggling in Iceland involves small criminal groups and people who exploit the asylum system and visa-free travel within the Schengen area. The market overlaps with trafficking operations, as smugglers and traffickers often rely on the same routes and logistical networks. A growing number of asylum seekers, primarily from Ukraine, Venezuela and Palestine, has brought increased scrutiny to irregular migration. Legislative reforms and national action plans aim to curb these activities through stronger border controls, though enforcement challenges persist.

There is no substantial evidence of extortion or protection racketeering in Iceland. While isolated incidents may occur, no structured market for these crimes has been identified.

TRADE

Arms trafficking in Iceland remains limited, with most firearms legally owned for sport and hunting. However, unregistered weapons are present, and criminal actors have been found in possession of both firearms and knives. In one 2024 case, a US national was arrested at Baltimore airport en route to Iceland with a cache of weapons, including machine guns, raising concerns about potential illicit arms flows. However, the incident appears to be isolated rather than organized.

Similarly, the trade in counterfeit goods in Iceland is minor, with only sporadic cases reported. While there is no evidence of domestic production or major distribution networks, experts speculate that counterfeit markets may track with trends in the tourism sector, though this remains unproven. There is also no evidence to suggest an illicit trade in excise goods in the country.

ENVIRONMENT

Flora crimes are not a significant issue in Iceland, though authorities have consulted with environmental agencies to assess potential risks related to illegal timber and environmental degradation.

Fauna crimes primarily involve Iceland's whaling industry and the hunting of puffins. While whaling is legal under national law, it has drawn significant international criticism. A small number of entities dominate the market. Local demand for whale meat and puffin products has declined due to shifting societal attitudes. However, the transnational nature of whaling, particularly exports to Japan, highlights the broader global impact of Iceland's wildlife-related industries. Iceland is also a transit point for the illegal trade in endangered species, including marine wildlife, with trafficking routes extending to the US and Europe.

There is no evidence of an active non-renewable resource crime market in Iceland.

DRUGS

The heroin market in Iceland is virtually non-existent, with synthetic opioids, such as Fentanyl and prescription drugs dominating the trade. While heroin seizures do occur, overall market activity remains low. The cocaine trade is moderately consolidated, with organized networks conducting large-scale smuggling operations. Both Icelandic and foreign actors are involved, using transnational routes from Latin America, often via the Netherlands or Spain. A 2024 court case involving a major Icelandic trafficker highlighted the international scope of the market, with cocaine concealed in shipments from Brazil. Law enforcement has responded to rising seizures, while demand remains strong. The cannabis market in Iceland is well-established, with high domestic consumption, despite being illegal. Foreign nationals are typically involved in smuggling, while local actors handle distribution. Iceland is a destination for cannabis imports, with trafficking routes from the US and Brazil. Although local cultivation exists, most of the cannabis consumed is imported. The synthetic drug market involves amphetamines, MDMA and other substances. Organized crime groups control both importation and distribution, laundering proceeds through various channels. Wastewater analyses show high levels of amphetamine use, placing Iceland among the highest in Europe. Despite enforcement efforts have targeting supply chains, synthetic drug use continues to pose challenges.

CYBER-DEPENDENT CRIMES

Cyber-dependent crimes in Iceland have expanded, with attacks targeting both private and public institutions. Foreign entities, including Russian-linked hacking groups, have launched ransomware attacks against media outlets, businesses and government agencies. In 2024, a major incident disrupted the operations of a leading newspaper publisher, with hackers demanding ransom payments in cryptocurrency. Since 2020, law enforcement has reported a fourfold increase in cyber-attacks, prompting authorities to strengthen cybersecurity measures and intensify international cooperation. Although Iceland has formally joined NATO's Cooperative Cyber Defence Centre of Excellence, the rapid evolution of cyber threats continues to present enforcement challenges.

FINANCIAL CRIMES

Financial crime in Iceland includes tax fraud and evasion, with limited but notable high-profile cases. Icelandic companies have been found to transfer a substantial share of profits abroad, contributing to illicit tax practices. Despite the introduction of stricter financial regulations, concerns persist regarding corporate tax avoidance and financial secrecy. Online scams are also prevalent, including banking fraud and identity theft. Icelandic customers have been targeted through various digital schemes, prompting investigations into fraudulent transactions and the misuse of online payment systems.

CRIMINAL ACTORS

Iceland hosts a number of outlaw motorcycle gangs, with an established presence. The Hell's Angels and Bandidos MC

are the most notable, both maintaining connections with their international chapters. While they do not dominate the country's criminal landscape, they have been linked to drug trafficking and violent crime.

Organized criminal networks in Iceland are primarily active in drug and human trafficking. Law enforcement reports indicate that around 15 established groups operate in the country. In 2024, a major investigation led to the arrest of over 20 people in Reykjavik for large-scale cocaine and amphetamine smuggling. These networks, composed of both Icelandic and foreign actors, frequently use encrypted communication tools to facilitate transnational operations, underscoring Iceland's role as both a transit and destination point. There is no evidence that state-embedded actors are directly involved in organized crime in Iceland.

By contrast, foreign criminal groups play an active role in Icelandic illicit markets. People from Africa, Eastern Europe, the Baltics, South America and Asia are implicated in drug and human trafficking. Ethnic Albanian groups have become particularly active in the drug trade often collaborating with local networks. These actors exploit Iceland's visa-free Schengen access to facilitate cross-border operations. Authorities have also linked Swedish gangs to criminal activity in Iceland, raising concerns about the spread of gang-related violence.

While the role of private-sector actors is not well-documented, vulnerabilities have been identified in some sectors such as financial services and fauna-related fields.

RESILIENCE

LEADERSHIP AND GOVERNANCE

Iceland's political leadership has demonstrated a commitment to addressing organized crime, particularly in response to rising violence linked to criminal networks. Measures include bolstering law enforcement capacity through additional personnel and specialized task forces, as well as legislative reforms to combat human trafficking and expand victim support. However, political instability, highlighted by the collapse of the coalition government in late 2024 and subsequent early elections, has presented challenges. Nevertheless, Iceland continues to demonstrate strong political institutions and effective governance, underscoring its reputation for sound democratic practices and high-quality public administration.

Iceland is widely regarded as one of the least corrupt countries globally, with high levels of transparency and accountability.

Nonetheless, challenges persist around conflicts of interest and public perceptions of corruption. The 2019 Fishrot scandal, continues to affect Iceland's reputation, drawing international scrutiny, with legal proceedings still ongoing. Oversight institutions such as the national audit office and the information committee play a crucial role in managing public integrity risks. However, Iceland lacks a unified anti-corruption strategy, and there is no central government body dedicated to corruption prevention. Moreover, the right to information law is considered weak, applying only to the executive branch and excluding state-owned enterprises.

Internationally, Iceland actively cooperates with Europol, INTERPOL and Eurojust on joint operations against transnational organized crime. The country has ratified key treaties, including the United Nations Convention against Transnational Organized

Crime (UNTOC) and the UN Convention against Corruption. Iceland has expanded its collaboration on cybercrime and financial crime investigations; however, the country is yet to ratify certain UNTOC protocols related to migrant smuggling and firearms trafficking, which is seen as a limitation in its international commitments.

National legislation addressing organized crime covers human trafficking, narcotics and money laundering. Recent amendments have introduced stronger protections for trafficking victims and expanded the definition of human trafficking. However, prosecutions and convictions remain low, with many cases failing to meet evidentiary standards – highlighting persistent gaps in the regulatory framework.

CRIMINAL JUSTICE AND SECURITY

Iceland's judicial system is regarded as independent and effective, with a strong commitment to upholding the rule of law. Courts have demonstrated the capacity to prosecute organized crime cases, including recent convictions in major drug trafficking operations. However, there are no specialized judicial units focused on organized crime. The prison system faces challenges related to overcrowding and limited resources. Plans for a new facility aim to address capacity constraints, though funding remains uncertain. A lack of psychological services, social workers and educational resources within the prison system has also drawn criticism.

Law enforcement agencies have taken significant steps to counter organized crime, including expanding investigative capabilities, improving interagency cooperation and allocating additional funding for the creation of specialized units. However, staffing shortages persist, and Iceland's police force remains one of the smallest per capita in Europe. Nonetheless, the Reykjavik Metropolitan Police play a central role in organized crime investigations and often coordinate national-level responses.

Iceland's geographic isolation offers some protection, but membership in the Schengen Area poses challenges related to irregular migration and transnational crime. Authorities have enhanced border controls and surveillance, particularly at Keflavik International Airport, the country's main entry point for people and goods. Customs and law enforcement agencies coordinate closely with Schengen partners to monitor the flow of illicit drugs and contraband.

ECONOMIC AND FINANCIAL ENVIRONMENT

Anti-money laundering (AML) efforts in Iceland have improved in recent years, with the country successfully exiting the Financial Action Task Force grey list in 2020. Legislative reforms have enhanced beneficial ownership transparency and bolstered financial intelligence capabilities. However, money laundering continues to present challenges, particularly in the construction and hospitality sectors where cash transactions are common. Financial investigations targeting criminal proceeds have increased, but authorities continue

to call for stronger AML oversight, especially of non-financial businesses and online payment systems.

Iceland's economic regulatory environment is well-structured, with robust legal frameworks supporting legitimate business activity. The country upholds high standards of economic freedom, limiting opportunities for organized crime to infiltrate the private sector.

CIVIL SOCIETY AND SOCIAL PROTECTION

Victim and witness support systems in Iceland are well-established through collaboration between government agencies and NGOs. Victims of human trafficking and sexual exploitation receive support via shelters, legal aid and psychological services. The government has introduced a national referral mechanism and increased funding to improve access to these resources. However, Iceland lacks a formal witness protection programme, relying instead on procedural safeguards. While Nordic cooperation has strengthened protective measures, experts continue to call for a more structured system.

Prevention initiatives in Iceland focus on social welfare and education. The Planet Youth programme, aimed at reducing substance use among young people, has been widely praised and replicated internationally. Law enforcement and civil society groups jointly lead awareness campaigns targeting human trafficking and drug-related crime. Following criticism of earlier responses to trafficking, including weak public awareness and legal frameworks, the government revised legislation, implemented national referral mechanisms and expanded training and outreach to strengthen its response.

Non-state actors, including labour unions and civil society groups, play a vital role in addressing organized crime. Unions have actively campaigned for labour rights, particularly in combating human trafficking and exploitation. NGOs provide essential services and partner with authorities on prevention initiatives. While Iceland maintains a generally open civic space, concerns have emerged in the wake of the Fishrot scandal, where journalists investigating corruption faced legal threats and intimidation. Although Iceland consistently ranks among the highest globally for press freedom, recent cases have highlighted challenges around the pressures facing investigative media, particularly regarding harassment and corporate influence. No major incidents of violence against journalists have been reported, but ongoing scrutiny highlights the importance of safeguarding media independence in crime and corruption-related reporting.

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