

Iceland because of abundant energy sources mainly constituted by hydroelectric and geothermal power. Iceland imports a wide range of manufactured goods, raw materials and foodstuffs. Iceland has a remarkably large primary sector for its income level, which accounts for about 10% of the GDP. The secondary sector is also relatively large in comparison to other VSC – with the exception of Brunei – and is dominated by power-intensive industries. About two-thirds of the Icelandic GDP is attributed to the tertiary sector.

The population of Iceland is very homogeneous, with more than 93% being Icelanders, and the only language of importance is Icelandic. Iceland is therefore one of the few VSC with its own language and a considerable cultural heritage.

5.2.2.5 Liechtenstein

The Principality of Liechtenstein is – after Monaco and San Marino – the smallest high-income VSC with about 30,000 inhabitants. It is a typical landlocked European VSC and comparable to Andorra, Luxembourg, Monaco and San Marino with regard to several economic and socio-economic characteristics. Although it is sometimes classified as a sovereign state with limited economic autonomy, its effective autonomy far exceeds that of Andorra, Monaco and San Marino. Liechtenstein achieved formal independence in 1806, but its economy is, in fact, highly dependent upon Switzerland, with which Liechtenstein forms a monetary, customs and defense union, and Austria. Its recent accession to the EFTA despite the Swiss opting not to join demonstrates the growing political sovereignty of Liechtenstein. The discussion about accession to the EU without Switzerland is, however, more or less academic. Note that many laws are harmonized with Switzerland.

With regard to unemployment and inflation, Liechtenstein does not differ much from other high-income VSC. Unemployment has oscillated between one and two percent in the last years and inflation is near zero. The figure for the per capita GDP of Liechtenstein in Table A.14, by the way, seems much too low. Other sources arrive at figures well above US \$ 30,000, some even say more than \$ 40,000. Contrary to the common perception, Liechtenstein is not a distinct offshore financial market. Only one-half of the GDP is obtained through the service