

Foreign Minister's Report to Parliament 26 April 2012

INTRODUCTION (Translation from Icelandic)

The Icelandic foreign-affairs service is constantly moving and protecting Iceland's interests across the globe. This ministerial report portrays an eventful year in the nation's history. It is the fourth report of its kind submitted by me as Minister for Foreign Affairs.

Herein I want to address in particular six matters that are most specifically on mind. First, we put emphasis on providing good services to Icelanders both near and far. Icelanders reach many shores. Some drift onto the rocks of skerries and need help to reach the mainland from embassies and from hundreds of our unpaid consuls who work hard in times of need. In addition the ministry at home offers its support when it can mediate between parties or act as an intermediary in providing help, and in a limited number of cases it sends its employees between continents to provide assistance and ease sufferings related to the most difficult cases. Every year the number of cases in our dynamic consular affairs office amounts to a thousand. Resourceful employees often perform small miracles, and even though they go largely unnoticed, they do at least impress the minister of the policy area.

Second, we have been responsible for implementing the resolution by our parliament Althingi regarding accession negotiations with the European Union. Iceland applied for EU membership early in my tenure as minister, and the ministry's objective has been to conclude an accession agreement that is as favourable as possible with respect to Iceland's interests. From the beginning I have emphasised content over speed. The quality of the conclusion and the interests of Iceland must be our primary concern. Those who want agreements to be concluded by a certain date must not forget that few things are more harmful during negotiations than to tell the counterparty that agreements must be concluded within a specified period. Then the counterparty only has to wait patiently to secure better results for itself. In all negotiations it is the interplay of opposing interests rather than kindness which determines the outcome. A favourable conclusion must be sought, and it is not reached without an effort. Even the best of men seem to forget this at times.

No one, including in particular those who oppose EU membership, should forget that Althingi afforded to the people the unquestionable right to have the final say in European matters. With this in mind, and considering demands for democratic governance following the economic collapse, the efforts to deprive the nation of this right are hard to comprehend. Those who are nagging and complaining are afraid of the unknown, found deep within dangerous foreign countries, and believe in the danger of getting too close. This world has disappeared, and today the success of nations in education, science and commerce is determined by how close their relations are. The belief that the danger lies in closer relations with foreign countries, and with Europe in particular, has led the best of men to fight against democracy for the sake of depriving the nation of the right to choose its own destiny. This confirms that beliefs often fly in the face of common sense, as stated in *Heimsljós* (World Light by Halldór Laxness). My resolve, and that of a large majority of the nation according to surveys, is to see that unquestionable right of the nation respected.

Roughly ten months have passed since the negotiations begun following an extensive screening process. During this time nearly half of the negotiation chapters have been opened. Negotiations on nearly one third of the chapters have been concluded. There are difficult chapters ahead, and in particular negotiations on the chapter of fisheries. Of course there will be rough seas and pounding waves, but we must continue in our journey with the same perseverance as our people have shown so far. I have learned to admire them for their

outstanding negotiation techniques and stamina. A lot is at stake for Iceland. Those who have justice on their side always prevail in the end, but they do need to be equipped with stamina, a good helping of endurance, and preferably a strong nervous-system.

Recently, there has been an increase in well-informed public discourse regarding our currency. The currency question is currently our most pressing issue. The shadow of thousands of billions of Icelandic krona held by foreigners hangs over the Icelandic economy and the ensuing problems must be solved. The expert professionals working at the Central Bank have found that the krona is not only the victim but also the cause of cyclical movements in the economy. In my opinion it is possible to chart a course for Iceland from the current currency controls towards a new currency by entering into agreements with the European Union, which could secure the future of many households and businesses.

Some people assert that this process is too slow since the pressing problems associated with our currency must be solved sooner. However, the fact of the matter is that in just a few months after formal accession to the European Union, Iceland would be able to find refuge for the krona until adopting the Euro by participating in the European Exchange Rate Mechanism ERM II with the support of the European Central Bank. We would, however, need to enter into agreements with respect to these matters and therefore it is more important than ever to continue with full force the negotiations with the European Union in order to safeguard Iceland's long-term interests.

Our third theme is the Arctic. The Arctic has been defined as a priority theme in our foreign policy. In a speech on my report to Althingi two years ago I described the main ideas regarding our policy in this field. We have now implemented all the components of that policy and we are working on a long-term policy on the Arctic. We have made an effort to enhance the Arctic Council, that has concluded an agreement on search and rescue in the Arctic and is preparing another agreement on prevention of oil pollution. During my tenure as minister I have visited all the Arctic countries and last year I discussed closer cooperation with all their foreign ministers. We have concluded agreements with other countries on cooperation in the field of polar science and cultivated relations with indigenous peoples and other important stakeholders in the area. At the same time we emphasised further responses to warming and preparations for new transport links over the North Pole in cooperation with other nations. In the past year Iceland has taken the initiative in many areas pertaining to the Arctic – as has been duly noticed.

The fourth matter concerns our cooperation with countries in all continents regarding geothermal energy. Where ever I go people want to discuss how clean energy can be harnessed to replace the environmentally harmful burning of coal and oil. After the natural disaster in Japan and the calamity in Fukushima there is a renewed resolve in that country to focus on the exploitation of geothermal energy and the visits of Japanese people to Iceland, the diligent efforts of the embassy, as well as the visits to Japan by ministers and experts have led the Japanese to choose Iceland as a collaborative partner-state. China's determination in that regard does not need mentioning after Prime Minister Wen Jiabao's fruitful visit last week. We have entered into agreements with China on the world's largest heating plant and cooperation in developing countries. In Europe EFTA Financial Mechanism Grants will serve to help with the building of heating plants and in Africa we have reached an agreement with the largest donor, the World Bank, about cooperation in 13 countries where the scarcity of energy is a huge problem. Wherever our experts show up in the geo-thermal areas of the world, they meet people who have had their education by Grensásvegur, at the United Nations

University Geothermal Training Programme, where amazing work has been done for over three decades.

The fifth matter is different from the others and is very close to my heart. It is Iceland's recognition of the independence of the State of Palestine. In that matter no one told us what to do and Iceland let its own actions speak for themselves. That way we became the first European and Western state to recognise the sovereignty of Palestine in over two decades. That decision was demonstrative of the importance placed on human rights, which is the mark of Iceland's foreign policy nowadays. The decision of the Icelandic parliament was historic. The parliament's great character was symbolically encapsulated in the fact that not a single member of parliament voted against the recognition. For this the parliament in its entirety deserves both praise and thanks.

The sixth and final matter of discussion which I underline is Iceland's contribution to development cooperation. Today we operate according to the first plan which I put forth in that area. With regard to that plan, the parliament also put its best foot forward and supported it unanimously. Its members even powered on and called for a swift increase in government spending on development-aid. Blessed is the minister who is thus treated by his own parliament. The time when Iceland formally opened in Malawi, one of the world's poorest countries, a new hospital which will tend to as many people as the greater Reykjavik-area inhabits, was unforgettable. Equally unforgettable for me is the moment when I was standing in a forest in a little clinic, which Icelanders have built and are currently running, in the rural area of Nankumba and the midwife proudly told us: "The children survive with us." Mothers and children are the alpha and omega of effective development-aid, which is why they are Iceland's main focus these days.

The report's layout is traditional, as is the case with the others. First of all it covers civilian service to individuals, then it moves on to the Arctic and its environs, among other things cooperation with the other Scandinavian countries and the Baltic countries. After that there is a discussion on Iceland's application for membership in the European Union, the progress of the negotiations and individual policy areas. Then there is a chapter on matters of commerce and the European Economic Area, where the operation of this agreement, which is the most extensive international agreement Iceland has concluded, is discussed.

In the fifth chapter on international and security affairs there is a description of Iceland's advocacy for human rights, equality and matters of natural resources, the environment and defence and security. The chapter on development cooperation speaks of a plan for development cooperation and various tasks related to development and peace-keeping, in addition to cooperation with non-governmental organizations. The eighth chapter describes the foreign ministry's informational and cultural initiatives. In the year in question the largest single presentation of Icelandic culture ever was undertaken in Frankfurt, where Iceland was the guest of honour at the Frankfurt Book Fair. There were memorials honouring the 20th anniversary of the Baltic States' restoration of independence where Iceland had an especially honourable role.

The final chapter is about the operation of the foreign-affairs service. Therein it is revealed that the success described in the report was achieved with less money and fewer people than other states have at their disposal. This bespeaks the proficiency, energy and enterprise of the staff, of which this minister is very proud.