

# ADDRESS

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by  
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MINISTRY FOR FOREIGN AFFAIRS

Mr. Speaker

The new coalition government of the People's Alliance and the Independence Party took office last 24 May and has now been in office for 168 days. Substantial progress has been achieved in numerous areas in this time. Some issues have attracted more attention than others, but prominence in the public discourse is not necessarily an indication of importance.

In foreign affairs, security and defence have been most conspicuous, and indeed Iceland's assumption of responsibility for its own defence and security to a conclusion has been a sizable undertaking. I am bound to say that there were various loose ends that needed to be tied.

The tasks currently being addressed in the Foreign Ministry include the following:

- Reorganisation of Iceland's international development co-operation
- Initiatives in the affairs of the High North
- Climate and matters of the sea
- An action plan for the Middle East
- Expansion into overseas markets, freedom of trade and improved market access
- Review of working procedures in the Foreign Ministry
- Work in the interests of peace, with particular emphasis on expanding the role and participation of women
- Preparation of new undertakings within the international community, such as Iceland's candidacy for a seat on the Security Council and an enlarged role in the administration and work of the World Bank.

The time allotted to me will not permit a detailed report on all these complex issues, and various matters have already been discussed in the Foreign Affairs Committee. In order to avoid any misunderstanding, however, I would like to mention that next January I will deliver to the Althing a report devoted specifically to Europe. As a result, that issue will not be addressed in my report on this occasion.

Mr. Speaker

Even though we have not progressed far into the twenty-first century, it has already brought profound changes. The world is changing fast, and Iceland itself is testimony to these rapid changes.

The sources of the changes are no longer exclusively Icelandic, but in fact international. As examples, I would cite the free flow of capital, the warming climate, the melting of glaciers, migration between continents in search of employment, fluctuations in the world market price of fuels, and the emergence of the new international market in the creative industries.

We sometimes refer to these new circumstances simply as globalisation.

Globalisation is nothing new, though in our era it demonstrates new features. In earlier times, people migrated from one country to another, abandoned the communities to which they had belonged and moved to new worlds. Now, global changes touch every community, regardless of borders and nationality, and the inhabitants of the global village have no choice in the matter, except as regards their own reaction to the changes.

The boundaries between domestic affairs and international affairs are vanishing. The work of Icelandic cabinet ministers has international aspects. New international rules, or new policies established through trade agreements or through European integration, in the World Bank or among the Nordic countries, have a direct impact on Iceland, on Icelandic enterprises and Icelandic families. Climate change knows no borders, and therefore the solutions can have none either.

In Icelandic politics developments have been such that world affairs extend their reach as far as local government. For this reason, I have supported the efforts of the Association of Local Authorities in Iceland to obtain a seat at the table in the EFTA and EEA co-operation. And domestic concerns here in Iceland, such as the price of pharmaceuticals to consumers, are best addressed in multinational co-operation of the kind advocated by our Minister of Health in recent weeks. The same applies to matters of the sea, where Iceland's contribution as a Member State of the EEA has attracted considerable attention in the European Union and will bring advantages for ourselves and for others.

In the twenty-first century, international affairs are at the same time domestic affairs, and our domestic global issues.

## **I** **Foreign Service for a New Century**

Mr. Speaker

It is the role of the Foreign Service to monitor opportunities and events in the world with potential consequences for Icelandic interests, disseminate information through the proper channels in Iceland and react as circumstances permit. The Foreign Service should serve both individuals and enterprises and protect the public interests of Iceland.

My ambition is for the Foreign Service to develop in line with the new times. It needs to adapt to the changed circumstances that I have mentioned, and it needs to be in step with the community in which it is rooted. It is therefore a matter of great satisfaction that fruitful and important co-operation has been established between the Foreign Service and all the universities in the country. Open meetings held at the universities have featured thoughtful debate on Iceland's role in the international community, our rights and our obligations. Discourse of this kind within the academic community and among the public in general is long overdue. We should encourage discussion of international affairs and endeavour to develop an Icelandic consensus on the basic features of our foreign policy, unlike the situation that characterised the 20<sup>th</sup> century and the prevailing political atmosphere at that time.

As was made clear in its manifesto, this government will do its part to improve communications on foreign affairs between parliament and the administration. As part of this

process I wrote yesterday to the Foreign Affairs Committee to inform it that the Ministry for Foreign Affairs had requested that Members of the Althingi who sit in the Committee should, as part of their role in the Committee, be given NATO security clearance. As is well known, the work of the Foreign Affairs Committee is bound by confidentiality in line with paragraph 2, article 24 of the legislation on parliamentary procedure. This also applies to NATO documents to which the Minister decides to give access.

As a result the Committee has now been given access to the minutes of the NATO Council for the 4 October 2001 so that members of the Committee can assure themselves, as I have already done myself, that NATO gave no permission for illegal transfer of prisoners, secret prisons or use of torture, as has, on occasion, been intimated in discussions.

Such access for the Foreign Affairs Committee is a historic innovation and in my letter I made a firm request for good co-operation and that this change would strengthen the work of the Althingi and the Committee. The reactions of the Committee members give reason to believe that such will be the case.

Honourable Members of Parliament

Never before have Icelanders sought expertese training in international affairs to the extent that they do now, and at no time have greater numbers of Icelanders sought their education in other countries. The education explosion in Iceland has opened up the world to young Icelanders. Young people have a greater choice than any other previous generation of Icelanders as regards where they wish to live or work. The Foreign Service benefits from the increased education of young people, and has at its disposal a qualified staff with extensive knowledge based on solid foundations.

Icelandic foreign policy is at a crossroads and a new epoch is dawning. This is evidenced by new challenges and new roles. In the new century the Foreign Ministry has to be a knowledge society, and a changed world calls for new approaches. I am aware of the ambition of an enthusiastic staff to strengthen the Service and to ensure that the public is aware of the importance of its work. The Foreign Service must possess two things: On the one hand effective and transparent administrative procedures, and on the other hand extensive knowledge. Work will continue on honing our procedures and working methods and making our Foreign Service as efficient as possible for addressing the future.

## **II**

### **The High North: a new priority**

Mr. Speaker

The High North is a new core feature of Icelandic foreign policy. This issue has been given precedence in the Ministry, and a comprehensive policy on the High North is currently in preparation. Great interests are at stake in the High North, as we all know, and safeguarding the Northern Atlantic is without a doubt one of the most urgent security issues for Iceland. But the matter does not concern Icelanders alone, as recent discussions in NATO and the

Nordic Council are clear evidence that Arctic affairs will be more prominent in the agendas of international organisations than ever before. This is to be welcomed.

However, one of the reasons for this is that a number of countries are staking a claim for influence in, and access to, the resources in the northern polar region. Icelanders must emphasise good co-operation between the states possessing interests in the High North and we warn against any race for the resources of the North and unilateral actions.

Iceland has for many years had a prominent role in formulating international rules concerning the sea and its utilisation and the use of marine resources, and Iceland led the work of the Arctic Council in 2002 to 2004.

On the basis of this experience we will attempt to bring about the creation of the necessary rules for the High North. In this, international law must prevail over brute force, and the interests of Mankind must prevail over the narrow interests of individual states.

In this context it is matter of satisfaction that according to news from Washington, the United States appear to be moving closer toward becoming a party to the United Nations Convention on the Law of the Sea than ever before since the Convention was approved in 1982. An important reason for this is that the United States have realized that becoming a party will give them access to an organised negotiation process. They see that international law works for everyone.

It should also be noted that important progress has been made this year in the battle against illegal fishing in the North Atlantic by vessels flying flags of convenience.

### **III**

#### **Human rights**

Mr. Speaker

Human rights should be an inseparable part of Icelandic foreign policy and woven into the warp of all our conduct in the international sphere.

To ensure this in the work of the Foreign Service, I have formed a working group in the Ministry which next month will submit to me a proposal for an integrated plan of action for humanitarian affairs, peace and development co-operation. The objective is for human rights perspectives bear consistently on our international development work, security matters, peacekeeping and trade agreements.

Preparations are being made for the establishment of a National Committee on Humanitarian Law which is intended to advise the government on the interpretation and implementation of international humanitarian law and disseminate knowledge on this law, as it is vital for us not to lose the benefits achieved after World War II with the adoption of the Geneva Convention.

I would like to reiterate the position of the Icelandic government that the struggle against terrorism can never be waged at the expense of human rights, and that international humanitarian and human rights rules must be observed unconditionally in that struggle.

## IV International development

Mr. Speaker

In the course of this summer, important work has been in progress within the Ministry in formulating new framework legislation on Iceland's international work in the interests of the developing countries.

The Millennium Goals, eight defined and measurable goals that the United Nations seek to achieve before the year 2015, form the foundation for all international development work. The goals are designed to improve the conditions of the inhabitants of the developing countries by eradicating poverty and hunger, improving health, promoting equal rights of the genders, improving education and environmental protection and contributing to global co-operation on development.

Iceland's development policy certainly takes account of the Millennium Goals, and it is my opinion that in the coming years we should focus primarily on education, health care, gender equality and sustainable development. The guiding light in all of Iceland's development co-operation is, and should be, support for developing countries in achieving self sufficiency in economic and welfare matters and in that regard no task is more important than education and the dissemination of knowledge. Icelanders have much to offer in this respect, particularly in Africa, where the need is greatest for support in the development of welfare services, industry and human rights.

It is a matter of particular satisfaction that our support for education through the Icelandic International Development Agency has been growing in recent years, and more funds are now being spent on education projects in the developing countries than on any other issue. This is a significant trend, and I believe that it reflects the right priorities.

It is clear that Iceland's expertise in the use of renewable energy sources can be extremely useful for poor countries, for example in Africa, many of whom possess abundant natural resources which they have not had the expertise to utilise in the interests of the public. The same is true of small island developing states, which have specifically requested the co-operation, participation and contribution of Iceland. For this reason, it is now under consideration to initiate development projects in co-operation with islands in the Caribbean and Pacific Ocean with the objective of promoting sustainable development, particularly in fisheries and the use of geothermal energy and other renewable resources.

Increased contributions by Iceland to development co-operation go hand-in-hand with these objectives. The countries to which we traditionally compare ourselves, such as Denmark, Norway and Sweden, have all achieved the objective set by the United Nations in 1970 that allocations to development aid should correspond to 0.7% of GDP. Finland will achieve this objective in 2010, and in addition eleven other states have set themselves the target of achieving this proportion in 2015. As a wealthy nation, we are under obligation to take decisive measures to join the ranks of the states that make the largest per capita contributions

to development in proportion to GDP. This year, the ratio will correspond to 0.28%, 0.31% next year and 0.35% in 2009.

The increased contributions call for increased professionalism. Accordingly, I have decided that Iceland should become a member of the OECD Development Assistance Committee, DAC. Membership will provide Iceland with direct access to experience and information for planning our development work, and in addition DAC conducts peer reviews of the development work of members every four years. The reviews are designed to ensure the quality of development assistance and they impose important professional discipline.

No nation, particularly nations enjoying the prosperity that Icelanders do, should be permitted to avoid carrying their share of the obligations and responsibilities in achieving the Millennium Goals which, in the end, concern the welfare of us all.

Non-governmental organisations are doing important and selfless development work, both here in Iceland and in the developing countries. Our interests consist to a large extent in harnessing the power that they possess and strengthening the pioneering work that they are doing. I have therefore decided to double the contributions allocated to development aid through Icelandic NGOs, increasing them next year from ISK 60 million to ISK 120 million.

The business sector has shown increasing interest in development work. Preparations are now ongoing in the Ministry on the establishment of a Business Development Fund to which business enterprises can apply for funding for business-related projects in the developing countries which are demonstrably capable of contributing to improved living standards in the countries involved.

In all of Iceland's development work it is my wish to place special emphasis on the affairs of women and children. Through increased allocations to key agencies of the United Nations which are involved in the affairs of women and children, Iceland will join the ranks of the countries with the greatest per capita contributions to these agencies. We are already at the top of the list of contributors to UNIFEM and among the top 10 contributors to UNICEF. We will also work intensively with the World Bank on women's affairs and the integration of gender viewpoints.

## **V**

### **Work in the interests of peace**

Mr. Speaker, honourable Members of Parliament

The Icelandic Crisis Response Unit is a civilian effort and should be Iceland's pride in the future. One of the new cornerstones of Icelandic foreign policy is the peaceful resolution of conflicts, as it is unthinkable for a state like Iceland, an dynamic small state, to shirk its responsibilities in that regard.

However, it has come to my attention that many Icelanders are poorly informed about the premises underlying Iceland's contribution in the interests of peace.

Following the end of the Cold War, the emphasis on peacekeeping was increased in the United Nations, in NATO and elsewhere. Almost all the nations of the world took up active participation, in one way or another, and one of these nations was Iceland.

It can be argued that initially the peacekeeping projects were not sufficiently well defined, and that their legal status was unclear. This year, new legislation was approved by the Althing on Icelandic peacekeeping with clear provisions on the civilian definition of the focus of the Crisis Response Unit. I intend to continue to try to sharpen this focus, as I have done this summer.

Currently there are Icelandic peacekeepers on duty in Afghanistan, Bosnia-Herzegovina, the Lebanon, Liberia, Macedonia, Palestine, Serbia and Sri Lanka. The projects in which they are engaged are conducted under the auspices of NATO, the European Union, UNIFEM, UNIFIL, UNICEF and the Sri Lanka Monitoring Mission.

In Afghanistan, NATO and the international community are facing a tremendously difficult task, but there is no doubt that much has been achieved. We need to discover where our knowledge and capacity can be put to the best use in the co-ordinated effort needed to achieve results in Afghanistan that will permanently benefit the inhabitants of that country.

There are plans in place to increase our participation in UN peacekeeping efforts, and our objective is to send more people to work in the Middle East.

Iceland's candidacy for a seat on the Security Council was decided in 1998, with the election scheduled to take place within a year at the UN General Assembly in New York.

The candidacy is a Nordic candidacy, and all the foreign ministers of the Nordic Countries are following events with interest and promoting Iceland's candidacy, and they have sent letters to all the member states of the United Nations urging them to vote for Iceland.

It can be argued that Iceland, like other countries, shares its sovereignty with other member states of international organisations, such as the United Nations, particularly as a result of the powers of the Security Council. For this reason, our candidacy can be viewed as a step in the direction of asserting Iceland's independence, of demonstrating that Iceland, like other independent countries, is perfectly capable of taking its seat at the table.

Many in the international arena believe that it is precisely countries like Iceland that should serve the Security Council: a democratic state that is not in conflict with other countries; a state that traditionally resolves its disputes by peaceful means; a state that respects universal human rights; a state that has no history that could compromise its objectivity in the resolution of disputes.

It should also be noted that the work on the candidacy has brought significant benefits. The candidacy represents an opportunity to deepen our knowledge of issues and regions with which we have not previously concerned ourselves. It is a response to the demands made by globalisation.

My visits in the first months of my tenure as Foreign Minister, first to Africa to attend a meeting of the African Union in Accra in Ghana, followed by the Middle East, i.e. Israel, the

occupied Palestinian territories and Jordan, were a part of this process. These regions have particular relevance for the work of the Security Council.

Following my journey, the government approved a plan of action for the Middle East which is designed to improve the conditions of the Palestinians. Among other things, the plan calls for a doubling of Iceland's contribution to the region.

The International Atomic Energy Agency aims preventing the proliferation of weapons of mass destruction. Within the Agency we have supported efforts to persuade the government of Iran to give a full account of its nuclear programme. While it is important to use the measures available to prevent illegal actions, it is no less important to avoid the dangerous exaggerations that characterised similar discussions on the affairs of Iraq prior to the invasion in 2003. Iran needs to provide clear answers in order to eliminate current suspicions, but at the same time it is important to assess the situation in a balanced manner in order to prevent another ill-advised exercise of power, which would increase the instability in the region and the sufferings of the civilian population.

## **VI**

### **Security and defence**

Mr. Speaker

A new era has begun in Iceland's security and defence. Until now, Iceland has been more or less a recipient in the defence co-operation of western states, but with the discontinuation of the United States Naval Base in Iceland just over a year ago conditions have changed completely.

An opinion poll conducted in connection with a meeting of the Nordic Council revealed that over 73% of Icelanders want Nordic co-operation to encompass defence and security.

It is a cause for satisfaction that our neighbouring states show great interest in co-operation on these issues. Of course, the defence agreement with the United States of 1951 is an important aspect of Iceland's defence, but new framework agreements with Norway and Denmark concerning co-operation on security and defence in peacetime are important as well. Similar co-operation with the United Kingdom, Canada, Germany and France is in the preparatory stages.

The foundation for a effective defence policy for Iceland for the future requires the conduct of a carefully executed and professional risk assessment for Iceland based on the best available knowledge. I have appointed a working group of twelve people with a broad professional background to address this task in the coming months. The group will be led by Professor Valur Ingimundarson with Alyson Bailes, ambassador and former head of the Stockholm International Peace Research Institute (SIPRI) as special advisor. Completion of the task is scheduled for next autumn.

A sound and appropriate defence is in the common interests of the nation. It is important that our defence should not be subject to domestic political vagaries, but that it should be based on

a well founded assessment of our long-term interests and the dangers that Iceland may face at any given time. We need to achieve a consensus on this matter and a common understanding.

The concept as such of security has completely changed and now has a much wider scope of meaning than before. An indication of this is the fact that NATO no longer defines itself as a defence alliance, but as a security alliance. The original territorial defence role is still present, but in a globalised world the focus of the Alliance has shifted to the new global threats. States by themselves cannot prevent the proliferation of weapons of mass destruction, international organised crime, the negative consequences of climate change, poverty and destitution or terrorism.

Iceland's candidacy for a seat on the Security Council should also be viewed in this light. World peace and security are the task of the Council, and Iceland's points of emphasis in the candidacy are also obvious points of focus in the new Icelandic security policy, i.e. climate change and energy security, disarmament, protection of women and children in times of war and the peaceful resolution of disputes.

Defence is now, for the first time, an item in the Icelandic State Budget. Let us look at defence as a normal part of the nation's independence and a primary duty of the government. Expenditures should be kept at a minimum, and let us remember that Iceland will never have any role in connection with so-called hard defences; we do not wage wars, but we will attend to our airspace and our territorial waters.

It is now more than a year since the US Armed Forces left Keflavik Airport. An agreement has been reached with NATO on air surveillance over Iceland in peacetime.

This morning the NATO member states had the opportunity to volunteer air squadrons to undertake air policing over Iceland over the next two years. The reactions of the Alliance members were very positive. The French aim to send squadrons here for 5 to 6 weeks next spring. The USA offered to send squadrons next summer for 2 to 3 weeks at a time and again in summer 2009. The Norwegians are also interested in taking part next year and Denmark and Spain are looking to take part in 2009.

At Keflavik Airport facilities will be maintained where our allies can conduct their exercises and surveillance. We have also taken over the operation of the radar system which is the prerequisite for air surveillance. The system proved its value in recent months when the passage of Russian bombers through our air traffic control zone was carefully monitored. The first multinational defence exercise led by Iceland was held here last autumn and there are plans to organise another such exercise in one year.

## **VII**

### **Open markets**

Mr. Speaker

Active participation in international co-operation, freedom of trade and increased access to markets are prerequisites for the future strengthening of the Icelandic industries.

Fair and open world trade will benefit everyone, and on those premises Iceland is participating in the DOHA negotiations, which, unfortunately, could be making better progress.

Now, as before, the number of business opportunities is greatest where the growth is fastest. For this reason, we are looking further afield than at our traditional trading partners. With EFTA, Iceland has negotiated free-trade agreements with numerous countries in Africa, South America and Asia.

In all, Iceland is now a party to free-trade agreements with 53 states with a total of one billion inhabitants. It can be expected that Columbia, Peru, Thailand and the states of the Gulf Co-operation Council will join that number through agreements with EFTA. Next year, EFTA will begin free-trade negotiations with India, while an agreement with Canada is ready for signature during the coming year.

The Hoyvik Agreement with the Faeroe Islands is a bilateral free-trade agreement, and I have been made aware of the importance of this agreement in the West-Nordic co-operation. The opening of a Representation Office of the Government of the Faroes in central Reykjavik is also a matter of great satisfaction, and in the Foreign Ministry new energy has been invested in efforts to examine the possibilities of more extensive co-operation with Greenland.

Negotiations with China on a free-trade agreement, which have been ongoing all this year, are also a new development.

The objectives of the negotiations between Iceland and China are the abolition of tariffs, limited mutual concessions in trade in services and co-operation on the general simplification of trade. Negotiations concerning trade in goods are progressing well, although there is still some distance between the parties to the negotiations as regards an adaptation period for marine products. In trade in services it may prove more difficult to find a common channel for the interests of the two states. China is advancing primarily in the fields of construction and health care. On the part of Iceland, the emphasis has been on financial services, computer services and logistics, to mention a few issues.

It is important to exercise great care in our negotiations with China, and it is the intention of the Foreign Ministry to consult actively and to ensure good exchange of information with the association of employers and the labour movement in this matter, including the ILO Committee in Iceland.

Efficient international communications have never been more important, and efficient links are a matter of priority for Iceland. New agreements have been completed with Denmark, Norway and Sweden on substantial expansion of the air transport agreements between these countries, which date from the fifties, with much more extensive flying rights. In July agreements were concluded with Canada after years of negotiations. The agreement provides for extensive flying rights for Icelandic airline operators with passengers and cargo involving unlimited frequency and volume, in addition to free choice of destinations in Canada and beyond. Icelandic airline operators have stated that the agreement represents a watershed for the industry.

Agreements have also been concluded with Malaysia, and preparations are being made for negotiations with Mexico and Chile following consultations with airline operators concerning prioritisation in the conclusion of such agreements.

## VIII

### Lines of communication across the world

Mr. Speaker, honourable members of the Althing

Markets and international co-operation based on the rule of law are the necessary lines of communication between states that need each other in a transformed world. These represent the real mutual assurance of peace and security, unhindered trade, the rights of individuals, decent human life and respect for nature.

Iceland became a party to international law and a member of the community of nations in 1918. Next year will mark the ninetieth year from the passing of that milestone.

For obvious reasons, Icelandic history has usually been recounted from our internal perspectives of individuals and movements at home, but now that we have achieved a more distant perspective of the 20<sup>th</sup> century in Iceland it is important to gain a wider view, to see our own country also in an international light. Ever since our achievement of sovereignty, various important advances in Iceland have been linked to international recognition and trends in co-operation between countries. We achieved our sovereignty as a result of the international recognition of the rights of nations to self-determination; the extension of our territorial waters was recognised because of trends in the international law of the sea; freedom of trade was introduced through participation in international agreements; technological advances were secured through communications with foreign countries.

In my conversations with colleagues in Africa I have described how Iceland rose from being a colony and one of the poorest nations in Europe at the dawn of the last century, and in fact a developing country for much of that century, and joined the ranks of the wealthiest communities in the world. They find Iceland's success in various areas interesting and they see a living precedent.

The fact of Iceland's position is that we are observed. We have no general characteristics that release us from any obligations to the international community. Other nations observe us to learn from our experience, or because they expect solidarity from us and contributions to the international community. This is no idealistic chatter; this is obvious fact.

The policy of the government is to answer the call of our times and strengthen Iceland's participation in international co-operation in a sensible manner.

The government manifesto stipulates that the new cornerstones of Icelandic foreign policy should be human rights, development co-operation and the peaceful resolution of disputes.

This declaration has a moral content and it draws on important values of Icelandic society and culture. Icelanders have never waged war on any other country in the traditional definition of international law, and they have never had the capacity to wage a war of aggression of any

kind. In Iceland every single human soul matters and everyone counts. This is also the core of human rights and human dignity. In Iceland, opinion polls have also shown that the general public wants to contribute more out of its shared funds to development co-operation, in addition to the fact that an unusually high number of families contribute directly to children or families in developing countries.

The Republic of Iceland is a small but strong state in the international community. It is a valuable asset to pose no threat to anyone, to be able to speak up, unfettered by any vested interests, to be known for standing up for international law without reservation and to engage in trade on a foundation of integrity.