

**Iceland - EU Intergovernmental Conference in Brussels 22 June 2012**

**Address by Icelandic Foreign Minister Össur Skarphéðinsson**

**Introductory remarks**

Mr. Chairman, Commissioner Füle, distinguished delegates

I feel I´m obliged - and not only for filial reasons - to start by congratulating our Danish friends for the success of their Presidency. Denmark ascended at a time, when the situation in the EU was – and still is - very fragile, and their endurance was really put to the test. In my mind they have emerged with flying colours.

Europe has now amassed quite an arsenal to tackle the gigantic problems facing her in the eurozone, and although it of course was the accumulated effort of all the Member-Nations, - it was done on the Danish watch.

Coming from a nation that bases her very existence on fishing, I also think the Danish Presidency deserves praise for steering the revision of the CFP to a conclusion in the Council with results, that are very much appreciated by Iceland, and go in fact further than many expected.

From Iceland's point of view we are of course grateful for their commitment to enlargement, not least the tireless energy they have devoted to move ahead our membership negotiations.

Under the Danish guiding hand we now have opened seven chapters, and two have been provisionally closed. This is quite a progress. More importantly, Minister Wammen, you have laid the groundwork for opening the most challenging chapters in the months to come. This, in my mind, is to rise to the challenge of Commissioner Füle in this very room a year ago, when he urged us, Iceland and the Union, to keep up the momentum. We both have strived to oblige.

I also have to praise our friend Commissioner Füle and his very experienced and talented group. Between us we have constructed a relationship of trust and confidence. Your visits to Iceland, Commissioner, have been very helpful.

I feel that you and your people have developed a very good understanding of our situation, and the fact that in Iceland the national psyche, identity - as well as almost everything else - is very much based on those cold-blooded creatures with tails and scales that swim in the North-Atlantic.

I also like to express my satisfaction, Commissioner Füle, for your announcement of a special joint task-force on capital controls with the IMF – when you visited us in May. It was quite important for the debate in Iceland, where we presently have a raging discussion on the currency of our future. I want to say that you have earned our full confidence as an honest broker – and I trust you will continue to be an influential voice in finding common solutions between Iceland and the Member States.

This growing understanding between Iceland and Europe is not limited to the Commission alone. Since 2009, we have held high level meetings in all Member State capitals and strengthened the Parliamentary cooperation through the EU-Iceland Joint Parliamentary Committee.

This dialogue is now set to deepen further still. It gives me great pleasure to lend my full support to the establishment of two new joint mechanisms (Consultative Committees); one with members of the Committee of the Regions and Icelandic local authorities; the other with ECOSOC and the social partners and civil society in Iceland. No doubt their work will further ensure that all sectors in our society are well informed and prepared for accession.

Mr. Chairman,

We have now crossed the midway point of our accession process – only a year after the launch of substantive negotiations. Overall, our progress has been measured and steady. The screening process is close to completion; eighteen chapters have now been opened; ten chapters closed, and 29 negotiation positions are either delivered by the Icelandic side, or ready to be delivered.

I'm also happy to tell you that all the remaining negotiation positions will be ready for submission by the end of the year. It is no secret that my aim – indeed our common goal - is to open all the remaining chapters before the end of 2012.

There have been no shortcuts. Our approach has been based on your principle of own-merits, and we most certainly do not shy away from being held to the same rigorous standards as others. The strong progress achieved to date only confirms how deeply Iceland is integrated with the EU - of course through the EEA, but also in other areas, such as foreign affairs, judiciary and fundamental rights.

My friends,

Looking ahead, our task in the next six months is clear. It is very important for Iceland to be able to engage on the most challenging chapter in the coming weeks and months. Here I refer to fisheries, agriculture, regional and economic policy. I think both sides are getting ready to discuss solutions in these chapters.

I stress that we highly appreciate the solid professionalism on all sides in the accession process so far. It has been based on Iceland's own merits, and the EU's principle that the *acquis* is the bases for the talks.

We look forward to continue in the same spirit, not least when we formally start discussing the fisheries chapter. Allow me in this context to refer to the highly positive remarks on the advanced state of our fisheries in your very own report on Iceland at the beginning of this common journey.

Finally, I want to say that we look forward to working closely with the incoming Cyprus Presidency and my good friend Foreign Minister Dr. Marcoullis. She was ambassador to Iceland during her time in Stockholm, and we will certainly benefit from her knowledge, insight and experience. I wish you great success in these testing times.

**Agenda Item 2: Approval of the draft summary conclusion of the Intergovernmental Conference at at Ministerial level held on 12 December 2011**

Mr. Chairman

Iceland approves the draft summary conclusion

**Agenda Item 3: Negotiations on the following chapters**

Mr. Chairman, you have received our negotiation position for all three chapters.

Allow me to highlight some key points on each chapter;

**Chapter 14 – Transport Policy**

We welcome the opening of chapter 14 on transport policy.

This chapter is solidly EEA and Iceland has fared well over the past 18 years participating in the EU transport sector

Accession does not entail any substantive changes in the field of transport policy for Iceland, and our negotiation requests reflect exceptional geographical factors on our remote island. Pragmatic solutions are sometimes required to take account of specific concerns in the transport sector. For example, Iceland has the luxury of not implementing EU legislation on railways and inland waterways for the simple fact they don't exist on our island. And due account has been taken on the different operational environment of our oceanic airspace, although we align our legislation fully with the Single European Sky rules.

Fortunately, in this chapter we can refer to solutions already developed within the EEA framework to guide our approach - in areas like aviation security and public service obligations for regional routes. These solutions are based on sound reasoning and scrutiny already approved by the EU side. We have always managed to find common solutions – and we have no reason to expect that this will change through membership. We would appreciate the EU's understanding and its willingness to find common ground.

## **Chapter 19 – Social Policy**

I am also happy to agree to the opening of Chapter 19 on social policy. As the previous one, this chapter is covered by the EEA Agreement, and a clear illustration of our high level of cooperation with the EU.

Promoting employment and social protection is indeed a key pillar of European cooperation. These areas are instrumental to the well-being of our societies. We need to create more jobs, especially for our young people; we need to ensure adequate social protection; and we need to fight poverty. This is a joint task.

Iceland has benefited tremendously from its cooperation with the EU in the field of social policy over the past decades. We fully share the broad aims of your policy, and it should come as no surprise that Iceland does not request any special arrangements under this chapter.

Turning to the closing benchmark, I can inform you that the Government is finalising legislative bills to implement the anti-discrimination directives. To be honest, we were somewhat disappointed that this chapter could not be provisionally closed today. Our preparations for implementing the anti-discrimination directives are well underway in line with our commitments and long standing statements in the EEA context. Nevertheless, once we finalise our work in the coming months we fully expect this chapter to be closed without further ado or delay.

Social policy in Iceland emphasises the importance of ensuring that labour market rules are designed to prevent social dumping and encourage high



standards of social protection. We will continue to cooperate with the EU in developing a system that gives workers and their families' fundamental rights throughout Europe.

I dare say as well, that Iceland has much to contribute in this area. Iceland is a strong proponent of the Nordic social welfare model, which we have managed to protect and sustain even in the aftermath of the financial crisis. Our policy of prioritising our poorest and most vulnerable citizens – even in the midst of severe austerity measures and budget cuts – is both just and helpful to the overall economic recovery. Much remains to be done, however, and Iceland looks forward to participating in the European Social Fund and strengthening our system further.

## **Chapter 32 – Financial Control**

Finally, we welcome the opening of chapter 32 on financial control. Iceland's financial control system is, by and large, in line with international standards and EU best practice. Therefore, Iceland does not request transitional periods or derogations under this chapter, but is requesting a specific solution for internal auditing because of the high number of small public agencies.

We are already working on the issues referred to in the closing benchmarks, and rest assured that the EU's financial interests will be fully protected in Iceland from day one.

### **Final remarks by the Minister for Foreign Affairs**

Mr. Chairman

As an eternal optimist, I believe that all difficult moments come to pass. In Iceland, we are used to snowstorms. You zip up, pull up the hood, and fight the storm. We know that if you brave the storm, eventually it will slow down, and the world will again become calm and sunny. As long as there is political will and leadership Europe will brave her economic snowstorm and emerge stronger than before from the current debt crisis.

Iceland is no stranger to the machinations of the global financial markets and self-imposed policy failures. We were amongst the worst hit in the financial tsunami that struck in the fall of 2008. After much hardship, my country is finally turning a corner. Growth has returned; we had a growth upwards of 3.0 % last year, recent forecasts point to similar growth this year – the first quarter was 4.5 % compared to the same period last year. Forecasts for the coming years are also good, around 2.5% in 2013, not counting in large infrastructure project

agreed to by parliament this week. Unemployment has eased below 6%, and at this point in time there is no net emigration.

Net debt of the Icelandic central government is now down to 41.7% of GDP and new figures for the first quarter of this year show that the general government balance was 1.5% of GDP.

Yet fundamental challenges remain – and they need to be resolved. Capital controls continue to hang over us like a dark cloud. Foreign investments need to grow and be more diverse and Icelandic businesses need the stability to compete on a level playing field with their counterparts in Europe.

This is why we seek long-term economic stability, based on the adoption of a more stable currency and a sound and disciplined economic policy.

Accession talks do not take place in a vacuum. All of us are aware of the challenges taking place in some areas of the Euro-zone. My country has as big a stake in the resolution of the debt crisis as any; the EU is by far our largest trading partner and we are intrinsically linked through the EEA and Schengen. Some in my country tend to forget – or ignore - this fact, and think this an odd time to apply for membership.

Indeed, there is many a prophet home and abroad that today predicts doom and gloom. I beg to differ, I believe Europe will pull through, and the common currency will finally emerge stronger after storm. In that context, our application is perhaps the best vote of confidence on offer these days.

Thank you, Mr. Chairman.