

Foreign Minister's report to Althingi, the Parliament of Iceland

March 17 2016

Summary in English

GENERAL REMARKS

International cooperation places a duty on all countries of the world to fulfil their obligations and take responsibility where improvements are possible, and this applies equally to Iceland. The threat of terrorism has been a persistent fact of life among our neighbouring nations, both in Scandinavia and mainland Europe. The terrorist attacks in Paris in January and November, in Copenhagen in February, in Turkey and the United States and comparable incidents during the course of 2015 were reminders to us that the threat respects no international borders, and it is above all the innocent that suffer. By the same token, these events demonstrate the need for countries to work together to ensure their own security. A central aim of the forces of terror is to sow seeds of fear and to undermine fundamental values like freedom, democracy, tolerance and the equal rights of individuals irrespective of religion or origin. The response of the international community is always along the same lines – to stand firm in the struggle against terrorism and to uphold these fundamental values.

Against this background it is important for Iceland to establish a plan of action for the safety of its citizens and the defence of the country. Last year a draft parliamentary resolution was put forward for a national security policy for Iceland, based on the proposals of a parliamentary committee made up of representatives of all the political parties and operating on the basis of a parliamentary resolution from 2011. The draft proposal sets out a unified policy on security and defence for the next five years. It extends equally to effective foreign policy, defence policy and public security, and defines priority areas such as increased participation in the actions of NATO and defence cooperation with the United States. Policymaking of this kind is of immense importance and marks a genuine sea change, since here, for the first time since the establishment of the republic, the country is taking systematic steps in the direction of an integrated policy on national security. It has never been so imperative for the government to establish a policy of this kind.

In the last year the world has witnessed the movement of more than a million people into Europe to escape terror and warfare in the Middle East. The migrants look to Europe in the hope of a more peaceful existence and better living conditions. It is a situation of the utmost gravity and has led to a state of immense want and hardship. The United Nations refugee agency UNHCR estimates that there are around 60 million displaced persons who have been driven from their homes due to military attacks, natural disasters or poor economic conditions at home. The war in Syria, which is now into its fifth year, has set off a wave of migrants greater than any seen since the end of the Second World War.

It is estimated that there are now 6.6 million displaced Syrians in their own country and that something over 4.5 million more have fled abroad. A large number of Syrian refugees are now housed in makeshift refugee camps in neighbouring lands. In addition, the number of Syrian migrants that have made their way to Europe is now approaching a million, including over 200,000 children and young people. If the situation in Syria remains unchanged, it seems certain that the number of refugees will only increase. The stream of migrants has

created a major problem in the nations of Europe, especially in the south, and it is clear that a co-ordinated effort is required to respond to it.

Iceland has put its weight behind this effort and taken various measures. Late in 2015 the government committed two billion ISK to help respond to the migrant crisis and the Foreign Ministry has earmarked 750 million ISK to support international bodies and NGOs on the ground. Iceland has also been an active participant in motions at the United Nations demanding that peaceful solutions be sought to the military conflict in Syria. Iceland has also participated in the activities of the multilateral alliance against ISIS and contributed to humanitarian aid and stabilisation measures. In this, development cooperation plays an important part and Iceland will continue its support in this area, peace, security and development being inextricably entwined.

There are further flashpoints before us. Russia's annexation of the Crimea appears destined to have long-lasting effects, not least on the state of security in Europe. This has had a direct impact on Iceland's economic interests, the activities and policy aims of the Russian government being hardly conducive to encourage conciliation. Trade between Iceland and Russia stands on an old and solid footing, but however much we may wish to further cement relations this has recently become fraught with difficulties as a result of Russia's activities in eastern Ukraine and the Crimea. On 17 March 2014 the Icelandic government issued a statement that Iceland would support the sanctions imposed by the West on Russia and participate in these sanctions. When Russia responded by imposing an import ban on various foodstuffs from Western countries in August 2014, Iceland was initially exempted but brought under the ban a year later. Iceland's economic interests have thus been directly drawn into disputes in the international arena.

Respect for international law has always been one of the main planks of Icelandic foreign policy and the country's stance on disputes over international borders and territorial sovereignty has consistently be founded on international law. This is especially important for a small nation like Iceland. It is clear that, in aligning itself with the measures taken by the West against Russia, Iceland has demonstrated its solidarity with those nations that oppose flagrant breaches of international law and treaties that reflect the fundamental values that guide Icelandic foreign policy. Iceland is a member of the international community and breaking ranks with the Western countries would constitute a major deviation from this foreign policy. Such an action would be a serious matter that would give rise to critical questions among friendly nations regarding the Icelandic government's track record in international affairs and would detract from Iceland's reputation as a fully committed member of the international alliance. It may be noted that, if Iceland had not joined in taking sanctions against Russia, it would have been the first time in the history of the Icelandic republic that the country had failed to show solidarity with the Western nations on questions that affect fundamental issues of European security.

In spite of the impact on Europe of the threat of terrorism and the flood of migrants, there were a number of positive landmarks in the international arena during the course of 2015. Thus, a historic milestone was achieved at the Climate Change Conference of UN member states held in Paris last December. The agreement reached is legally binding under the UN Convention on Climate Change and extends to the actions of states from the year 2020. Here for the first time it is laid down that all countries of the world should systematically reduce emissions of greenhouse gases, tackle the consequences of climate change, and devote substantial funds to climate-friendly solutions and assistance for countries that will be worst

affected by climate change. Iceland was among the states that advocated an ambitious treaty, such as the target of limiting global warming to a maximum of 1.5°C. It is cause for considerable celebration that agreement has been reached and it is of vital importance that deeds should match words as we go forward.

A new set of development objectives, the United Nations Sustainable Development Goals, was agreed in September last year. Iceland took an active part in the negotiations on these goals, their implementation and follow-up. The outcome was 17 goals and 169 targets spanning a wide field of sustainable development in the area of social, economic and environmental affairs. These are ambitious global goals and apply to all member states, both domestically and in international collaboration. They constitute a framework for United Nations operations up to the year 2030 and are aimed, among other things, to put an end to world poverty, embrace the environmental problems that face mankind, and work towards equality of social opportunity. These goals have now come into force, and the government has agreed measures and special funding to help bring them into practice.

The scope of free-trade talks has increased substantially in recent years, during a period when the results of international trade negotiations under the auspices of the World Trade Organisation have been fairly meagre. Trade negotiations have thus become an ever more important forum for improving countries' access to significant foreign markets and thereby ensuring the commercial interests of their companies. Work will continue through the Foreign Ministry to further clear the path for trade with China by obtaining the requisite permits for new categories of goods on the Chinese market. As previously, the emphasis will be on providing the best possible service to Icelandic companies on foreign markets, either from the Foreign Ministry itself or through local consular offices, with commercial attachés playing a key role. Every effort will be made to support these activities.

Activities of the Ministry for Foreign Affairs in closer detail:

ARCTIC AFFAIRS AND NORDIC COOPERATION

Aims and the tasks ahead:

Arctic affairs

In spring 2019 Iceland is set to assume presidency of the Arctic Council for a period of two years. Iceland last held the presidency of the Council in the years 2002-2004 and much has changed since then. The operations of the Arctic Council have grown in scope in line with the increased importance of the arctic regions on the world stage, among other things as regards discussions on the exploitation of resources, environmental affairs and shipping routes. Iceland's presidency will be an important challenge, demanding much of those involved in working on the lead-up to the presidency and during the presidency itself. Substantive work is needed on shaping and defining the priorities for Iceland's period of presidency, requiring wide-ranging consultation with all members of the Council.

Arctic issues will thus take on added significance in Iceland's foreign policy over the next few years. The lead-up to the presidency of the Arctic Council will require a great deal of preparatory work surrounding both Iceland's material priorities and many and various practical issues in connection with organisation. The aim is to start this preparatory work towards the end of 2016. Presidency of the Council will provide Iceland with a valuable opportunity to demonstrate its wishes in action and ensure that Iceland's priorities for sustainable development, environmental protection and the development of the arctic regions

find a supportive reception among the nations of the Council and those who monitor developments in the region.

Nordic cooperation

Cooperation among the Nordic countries is growing steadily in scope and its importance to Iceland becoming constantly greater. Burning international and regional issues will continue to be discussed at the foreign ministerial level as and when they arise, of which the most prominent over the coming period will presumably be European security, the situation in Syria, the threat of terrorism, and the migrant crisis. Iceland will assume the presidency of the Nordic Council of Ministers in 2019 and this will require preparatory work and work on individual issues starting from 2017. Iceland will also chair the NB8 group for Nordic-Baltic cooperation in 2019.

Major changes have recently been introduced to working practices in Nordic cooperation at the level of the Nordic Council of Ministers, led by the collaborating ministers of the Nordic countries, with an eye to updating procedures and better defining the division of responsibilities. Over the coming years the plan is to extend the number of Nordic collaborative projects and to increase the flexibility and capabilities of the collaboration in order to respond to the political priorities of the different countries. As an example, the collaborating ministers of the Nordic countries are currently discussing pressing political issues arising from the greatly increased stream of migrants to the North. The intention is that major issues of this kind will be the subject of Nordic cooperation in the coming years.

INTERNATIONAL TRADE

Aims and the tasks ahead:

Bilateral trade agreements

As prioritised in the government's coalition agreement, work will continue on strengthening the network of trading agreements. Here the intention is to conclude the creation of trade agreements with countries in Asia, to expedite the signing of agreements with Mercosur, and to initiate a review of the EFTA-Canada Free Trade Agreement.

Multilateral trade agreements

Iceland will make its contribution to moving negotiations forward on a new 50-nation agreement on trade in services (TiSA) and further facilitating the exchange of information on the talks, as well as finalising the creation of an agreement among certain WTO member states on the lifting of duties on environmental protection products.

Work will be carried out on identifying Icelandic interests that relate to moves on multilateral trade agreements to which Iceland is not a party but which may be open to membership by new states. The focus here will be particularly on the Trans-Pacific Partnership (TPP) among the Pacific nations and the Transatlantic Trade and Investment Partnership (TTIP) between the EU and the United States.

Export services

Work will continue on further facilitating trade with China by obtaining the requisite permits for new categories of goods on the Chinese market – meaning here particularly the relevant permits from the China Food and Drug Administration.

As hitherto, the emphasis will be on providing the best possible service to Icelandic companies on foreign markets, either from the Foreign Ministry itself or through local consular offices, with commercial attachés playing a key role. Every effort will be made to support these activities.

Other treaties and agreements

The strengthening of the business environment on foreign markets will continue through the creation of agreements on investment protection and air transport, to take two examples.

A close eye will be also kept on how matters develop in the UK and it will be necessary to institute measures if it happens that the UK withdraws from the European Union and so from EEA cooperation. An analysis will be made of Iceland's interests in this context and ideas put forward on options to ensure continuity of important trade relations between Iceland and the UK.

EUROPEAN ECONOMIC AREA

Aims and the tasks ahead:

Government policy on Europe

Efforts will continue to realise the aims of the European policy of bringing the transposition deficit down below 1% and ensuring that delays in transposition do not lead to cases coming before the EFTA Court. The same applies to the large number of regulatory instruments that await incorporation into the treaty and this number needs to be reduced by all available means. Efforts will continue to promote collaboration with interested parties within a consultation group on EEA affairs and the focus here will be on the those parts of the EEA regulatory framework that would seem to have special bearing on Iceland. In this connection, priority will be given to analysing proposals for new EEA legislation at the initial stages.

Report of the steering group on EEA affairs

Focussed efforts will be made to put into effect individual proposals from the steering group on EEA affairs that relate to the workings and implementation of the EEA Treaty. For instance, the exchange of information on the EEA will be further developed within and outside the ministry, including through an updated website on the EEA Treaty and the opening of a central database of EEA regulations. Ideas will be implemented for the drawing up of a list of priority issues in the area of EEA collaboration that may require special attention in the work of interested parties and the authorities at any time.

INTERNATIONAL AND POLITICAL AFFAIRS

Aims and the tasks ahead:

Human rights issues

Human rights and respect for them are among the basic guiding principles of Iceland's foreign policy. Iceland's main priority interests in human rights issues in the foreign arena will continue to be gender equality, including the participation of men in this struggle, the banning of all discrimination, including on the grounds of sexual orientation and disability, and the rights of children. The work of the foreign service and funding contributions to development issues will continue to take account of these key factors of Icelandic foreign policy. Among other things, it may be assumed that Iceland will press increasingly for the participation of men in the struggle for gender equality, Icelandic leaders having already established themselves among the leading advocates of this on the international stage.

Sustainable resources and environmental affairs

Issues relating to resources and the environment are rising constantly higher on the international agenda and within the operations of the foreign service. A recent agreement on climate change signed in Paris in December last year provides an example of the increased weight given to this area and it is now down to the nations of the world to work on the relevant target setting. A fuller deployment of the Paris Agreement is now under way and discussions have started with the European Union and Norway on how the obligations should be divided up. In total, these parties have committed to reducing emissions of greenhouse gases by 40%, based on 1990 levels, by the year 2030. Iceland will continue to provide funding for climate-related development cooperation, for instance to the Green Climate Fund, for projects in the area of renewable energy sources and land reclamation.

Issues relating to the sea are also becoming progressively more significant in foreign affairs and there are a number of processes and rounds of negotiations in the offing, including through the United Nations and in the arctic arena. Iceland's objective is and will remain to stand guard over the nation's interests, promote the sustainable exploitation of natural resources, and honour its international commitments.

Security and defence

A draft parliamentary resolution on a national security policy for Iceland is currently before the Althingi. The resolution sets out a unified policy for security and defence for the next five years. It extends equally to effective foreign policy, defence policy and public security, and defines priority areas such as increased participation in NATO and defence cooperation with the United States.

The aim of the Icelandic government as regards defence and security matters will remain to ensure that the country has credible and visible defences based on the aforementioned international cooperation and to operate and maintain the requisite facilities and equipment, while also ensuring that adequate preparatory measures and security are in place to accommodate back-up in times of danger or hostility if so required. At a summit of heads of government in Wales in 2014 Iceland committed itself to support the alliance's collective measures over the coming years and in the budget for 2016 provision was included for increased spending on defence.

In order to achieve the objectives related to national defence and our international commitments arising from membership of NATO it will be necessary to increase spending on the operation of defence-related projects at the security zone at Keflavík Airport over the coming years.

INTERNATIONAL LAW

Aims and the tasks ahead:

The Ministry for Foreign Affairs, in consultation and collaboration with other government departments, will continue to take a close interest in matters relating to international law through regular and wide-ranging cooperation with other countries, groups of countries, and international bodies. Iceland's fundamental policy in this area is that all nations should respect international law in their dealings with other countries and uphold peace and security in the community of nations. Iceland's participation in international collaboration is grounded on this underlying aim.

Major projects lie ahead in the area of the law of the sea which may have enormous implications for interests in the world's oceans and the sustainable exploitation of their resources. Prudent management of fisheries over the last decades and the results it has produced put Iceland in a strong position to take an active part in discussions on the making of agreements to restrict uncontrolled fishing in the Arctic Ocean and on biodiversity outside national territorial waters. Emphasis will be placed on ensuring that work on marine issues is carried out on the basis of the UN Convention on the Law of the Sea and agreements relating to it. Priority will also be given to defending the right of coastal nations to the sustainable exploitation of living marine resources and to ensuring that fisheries management should be on either a local or regional level, as opposed to global.

Iceland will also take an active part in international cooperation in other areas of international law, in particular through the United Nations and the International Criminal Court. It will continue to support international restrictive measures and work to promote respect for international human rights and humanitarian law, disarmament and the banning of inhumane weapons and weapons of mass destruction, as well as other measures designed to ensure the safety of private citizens.

INTERNATIONAL DEVELOPMENT COOPERATION

Aims and the tasks ahead:

A parliamentary resolution on a plan for Iceland's international development cooperation for the years 2013-2016 forms a framework for the activities of the Icelandic government in this area. Work will be carried out in line with the objectives there set out, measures implemented and the operations supervised and monitored.

In accordance with Article 5 of Act no. 121/2008 on Icelandic International Development Cooperation, with subsequent amendments, the minister shall present a draft resolution to parliament every five years on the government's policy on international development cooperation for five years at a time, setting out Iceland's aims and priorities in this area. Fuller details of the implementation of the policy shall be specified in an action plan. A draft of the parliamentary resolution shall also be put before the development cooperation committee for comment and its comments included in the proposal to parliament.

Work on a government policy in the area of Icelandic cooperation in international development for the period 2017-2021 is nearing completion. It will be put before parliament in the near future together with an action plan for the years 2017-2018. At the same time the minister will present a progress report detailing the implementation of the parliamentary resolution on Icelandic international development cooperation for the period 2013-2016 for the first two years of the plan. The policy, drawn up with reference to the UN Global Goals for Sustainable Development, is fairly similar to the current development cooperation plan as regards future vision, priorities and implementation. The overriding objective of the exercise is to reduce poverty and promote public welfare on the basis of equal rights and sustainable development. Work will continue on the development of social infrastructure, sustainable exploitation of resources, and activities in the interests of peace, and in this humanitarian aid will form an important part. Further areas for action in the new policy, at both departmental and cross-departmental levels, will be gender equality and environmental and climate issues. Although the priorities are similar, the policy differs somewhat from earlier plans as regards structure and presentation. For instance, greater weight will be given to the prospective results from Iceland's activities instead of measures taken, and for this purpose an overview

of activities and projects has been set out detailing interim targets, intended outcomes and projects.

Work will continue in the coming year on planning issues and on putting working procedures and processes in the area of development cooperation on a more secure footing, including the drafting and implementation of a new quality manual. A new development cooperation committee will be appointed under the amended Act no. 121/2008 and its operations brought up to full speed in the coming weeks and months.

Contractual negotiations will continue with the United Nations University on the international establishment of a United Nations University in Iceland and the foreign minister is scheduled to submit a draft bill on this matter to the spring session of parliament. The bill should include a proposal for the foundation in Iceland of a special UNU institute to cover the UNU's Geothermal, Fisheries, Land Restoration, and Gender Equality Training Programmes. An institute of this kind is a precondition for it to be possible to continue to operate these courses under the banner of the United Nations University. The bill will request authority for the ratification of two agreements on this matter with the UNU in Tokyo, plus the necessary legislative changes concerning the institute.

In the middle of 2016 a DAC peer review will be carried out of Iceland's international development cooperation. The review will involve a detailed appraisal of Iceland's planning and performance in development cooperation matters. It is expected that the results of the review will be announced at a meeting of the committee in February 2017.

The UN Sustainable Development Goals have now come into force. The Goals extend to all countries of the world and the government has agreed measures and special funding to help towards putting them into practice. The Prime Minister's Office will have overall charge of matters relating to the implementation of the goals within Iceland, the first steps in which will be analytical work and the drafting of a proposal for prioritisation. The Ministry for Foreign Affairs will continue to handle international relations and will work closely with the Prime Minister's Office on this in the coming year.