

CHECK AGAINST DELIVERY

Mr. President.

Thank you for your interesting remarks.

I want to formally welcome the opening of our negotiations, and believe this is quite a historic day, for us, as well as the European Union.

I also believe that our application is a logical continuation of the foreign policy of Iceland. Since independence we have pursued a policy of active membership in the European organizations. Our experience tells us, that Iceland best secures its independence and interests, by having a vote and a voice in the organized cooperation of the western democracies, that honour the rule of law and respect human rights.

Mr. President,

Our application is not least based on the fact, that we as a nation have a strong European identity. Indeed, we have not only received, but also made a significant contribution to the culture of Europe, throughout the times.

Perhaps the most significant one is embodied in our Icelandic Sagas, written in the 13th century. They provide a unique view of the mediaeval history of our continent, as well as describing the experience of creating a new, pioneering community in the far north of the Atlantic.

I dare say, therefore, Mr. President, that our culture is an inextricable part of the culture of Europe.

Our democratic values are also in the classical European tradition.

The rule of law is embedded in our democratic system. We have cherished the freedom of expression. We respect human rights, we

strive for equality, and we have developed strong democratic institutions.

We have created a welfare society that despite temporary economic difficulties ranks among the best.

As you know, Iceland was a founding member of the Atlantic Alliance, the OECD, and later the OSCE, and we always have put great emphasis on our work within the framework of the UN.

In Europe, we chose the path of close economic cooperation early on and this year celebrated our 40th anniversary as members of EFTA. Our integration with Europe became closer still as Iceland joined the single market through the agreement on the European Economic Area, and as a member of Schengen our external borders are the same as the Union's.

Iceland, therefore, is as integrated with Europe as possible, short of membership.

Mr. President,

The roadmap for the 33 chapters to be negotiated has been laid by the Commission,

The chapters already covered by the EEA we anticipate to have a smooth sailing. Yet, Iceland will also make the case that certain arrangements already recognized through the EEA, are well founded, and will stand scrutiny in the context of the negotiations. This includes, for example, rules on the import of live animals, and on energy, where Iceland significantly differs from the member states. Iceland's unique geography and cultural traditions with respect to the sustainable harvesting, including marine mammals and bird species, must also be taken into account.

And as a member state, we fully expect, in line with the compromise reached on the Lisbon Treaty, that Iceland will nominate a Commissioner and that Icelandic will become an official language of the Union.

Mr. President.

Allow me to highlight as well some key issues outside the EEA.

As you know, no member state rests so heavily on fisheries as we do. Nearly half of our export merchandise is generated by fish products. All our coastal communities depend on fisheries as their most important source of income. The difference between Iceland and the rest of Europe is perhaps most strikingly reflected by the fact, that income based on the fisheries accounts for hundred times more per person than is the EU average.

Of course, one only has to look at the map to understand the need for a common fisheries policy in Europe, and I dare say, that we share its main objectives.

The Icelandic waters, however, are unique in two factors: Our Exclusive Zone is vast, and covers no less than 760 thousand squarekilometers. The most striking fact, however, is that unlike any of the member states, our waters have no common borders with the waters of any EU nation. On top of that, most of our stocks are local.

We believe this special situation could be addressed, for example, by defining the Icelandic Exclusive Economic Zone as a specific management area where Icelandic authorities continue to be responsible for management of the fisheries. We must also ensure that the principle of relative stability guarantees our share of the straddling stocks, and we have to look carefully at issues such as rules on investment and of external representation. These are issues that I am sure will be addressed with creativity and understanding.

We have to bear in mind, that the Common Fisheries Policy was designed to serve common interest, but not to be an obstacle to the EU membership of important fishing nations in the North-Atlantic.

Mr. President,

As in all European countries, *agriculture* is deeply embedded in our culture and most Icelanders are only a couple of generations away from their rural origin - my self a bit closer.

In Iceland, agriculture has of course enormously changed during recent years, along the lines we have seen in other countries. Nevertheless, the traditional farm in Iceland still comprises just the farmer and his family, with a livestock of sheep and cows – and of course the Icelandic dog as mentioned by Shakespeare.

In our case, the vital importance of the farmers has to be seen in light of our geography. We are an isolated, volcanic island on the margins of the Arctic. To their eternal credit, our farmers have – sometimes in face of natural disasters – always ensured the survival of our society by providing us with food-security.

When we start the negotiations, we will negotiate for the future stability of our farming communities, and for an improvement in their conditions.

I look forward to work with you, Mr. President, to strengthen this inherent strand of our safety fabric, bearing in mind that the EU has successfully accommodated the needs of every new member state in the past.

Mr. President,

Iceland has used the financial crisis to implement rigorous reforms of the financial system in close cooperation with the international partners. One lesson from the crisis is that sound economic policy is the key to stability and prosperity. As such, economic and monetary issues will be among the most important factors in the negotiations.

I believe, that Iceland will be able to meet the conditions for the euro, sooner than anticipated by many, and similarly, that membership of eurozone would truly be an integral part of Iceland's recovery and long-term stability.

We also seek to find a common approach in the margins of the negotiations to support our currency in the coming months and years, in order to facilitate the necessary convergence.

Mr. President,

The benefits I see for Iceland of joining the Union are quite clear: We seek the right to sit at the family table where decisions are made that affect our future.

We seek the security of a strong, international currency.

We seek foreign investments.

We seek an environment of stable, lasting growth that is conducive to the development of hi-tech industries that already contribute 25 pct of our export earnings.

Not least, we seek the long-term security a small nation, that neither has nor intends to have a military, would find by belonging to a strong European family.

As I stated earlier, Iceland has always been receptive of Europe and its culture. We saw this being reflected by a solid support for EU in most opinion polls for the last ten years. The support reached new heights in the turmoil of the banking collapse.

In the last year, when the issue of Icesave broke forth, which a lot of Icelanders traced to faulty regulations and lack of rules within the EEA on common response to such disasters, we experienced a significant drop in support.

I am confident, however, that with successful solutions on the fundamental issues I have discussed this morning, the Icelandic people will support membership in the referendum.

My confidence is based on the fact that the people of Iceland have always learned from their own history. When one looks at the history of Iceland a clear pattern emerges: When our exchanges with Europe in terms of trade, politics, arts, education and culture have reached new heights, the Icelandic society has blossomed.

The same will happen to Iceland when she becomes a member of the EU. She will become stronger, safer, and with time enjoy a new prosperity. At the same time the European Union will also become stronger, deeper, and reflect a fuller picture of the diversity of Europe.

Thank you, Mr. President.