

Mr Chairman, Commissioner Füle, Member States Representatives,

Let me start by expressing my gratitude to you, Mr. Maciej Szpunar, for the excellent leadership provided for our negotiations during the Polish Presidency.

To you, Commissioner Füle, I want to say that we are pleased with the excellent cooperation we have enjoyed with you, and your very able staff. I feel DG Enlargement has shown a strong grasp of a sometimes complex situation in Iceland, and a determined will – often based on inspired ingenuity – to create good solutions.

Mr. Chairman, it is fair to say, that the last months have been very difficult for the European Union. Its very foundations have been tried and tested by the severity of the debt crisis.

In Iceland, we are not unfamiliar with financial crisis. In the economic upheaval that shook the world in 2008, Iceland was the first down. But Iceland was also the first up.

Last week we passed our finance bill for 2012. I'm pleased to tell you that in the last three years the Icelandic government has cut the deficit by a magnitude of ten, and in the coming year it is forecasted to be only 1,16 %. Last week, new figures also showed that Iceland had broken through previous economic predictions, with a growth of 3,7 % during the first nine months, among the highest in the OECD, and for the third quarter, our growth was a record 4,7 %. This we have managed with our Nordic model of welfare more or less intact.

I state this, as the Icelandic case vividly shows what can be achieved by prudent fiscal management, strong leadership and political will.

In Europe, a strong political will has also been called for to solve the crisis that so seriously has threatened the European cohesion. I believe that will has finally emerged, as was clearly expressed at the Leaders Summit last week. The present indications are that the decisions made there will prove powerful enough to solve the crisis, and to repair the deficiencies in the architectural structure of the common currency, so as to prevent future crisis of a similar kind.

For Iceland this is very welcome as the choice with regard to a future currency is now much clearer.

On one hand we have the chance to continue with the króna, that experts have shown is in itself a source of fluctuations that create both uncertainty and instability, and is as well locked in by capital controls. In my opinion, this may erode the competitiveness of the Icelandic economy in the long term, and bleed her best talents abroad.

On the other hand, we now have the choice of a euro on a new and a stronger foundation, offering Iceland the chance of lower rates, greater long-term stability for families and businesses, lifting of capital controls, the end of indexing of mortgages and loans, and increased foreign investment with the creation of diverse high-tech jobs for our young people.

Of course there are some that say this will entail a loss of sovereignty. It is easy to argue, however, that to the contrary this will increase the real sovereignty of the people. It will give them more freedom, a more stable and prosperous society. It will give them greater sovereignty over their own lives.

In any case, the people of Iceland have the choice. They, not the politicians, will make the ultimate decision between the króna and a stronger, more stable euro, on new building blocks. I welcome that choice.

Mr. Chairman, turning back to the issue of the day, the accession negotiations, we have indeed made tremendous strides since kicking off last June. Today we turn another page.

We are now in a position to open additional five chapters, the most to date, and to provisionally close four of them.

It's not a bad start. We have had six months of accession talks, eleven chapters opened, eight provisionally closed. This is the result of hard work by both sides, and a strong confirmation of Iceland's already deep integration with the EU, and her commitment to European integration.

Mr Chairman

My forefathers, who engaged the sea in small, open fishing boats, used to say that when you have a good wind, sail close to it, and put up more sails. Commissioner Füle captured the same thought when he stated in his opening remarks in June, that when you have a momentum – it is important to keep it up.

My long gone forefathers would today probably advise us, that the best way to catch the wind in the aftermath of the eurozone crisis would be to put up more sails, and to open the really challenging chapters in our negotiations: food safety, regional policy, monetary policy and of course fisheries and agriculture.

Those are the chapters that probably require the greatest effort and ingenuity from both sides, and perhaps the most amount of time, to resolve the complex issues involved.

To quote Commissioner Füle yet again: A solid momentum is too good to loose.

Thank you.

Agenda Item 2: Approval of the draft summary conclusion of the second meeting of the Intergovernmental conference at Ministerial level held on 27 June 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 five chapters, and I am happy that we are in the position to provisionally close four of them.

A few words on each chapter:

Chapter 6 on Company Law and Chapter 20 on Industrial and Enterprise Policy

I am pleased to agree to the provisional closing of the chapters on company law and industrial and enterprise policy, both of which are covered by the EEA.

There is no doubt that our companies and businesses have tremendously benefited from the cooperation with the EU in these areas over the past 18 years.

The harmonisation of rules relating to company law and corporate governance, as well as accounting and auditing, has markedly increased our competitiveness on the single market.

The policy on enterprise and industry is a fundamental factor in the future vision of the Iceland 2020 strategy. Our goal is to create new and diversified jobs, the 35,000 new jobs we need over the next decade. That can only be achieved by enhancing our competitiveness and by stimulating an environment that attracts diverse foreign investment and facilitates start-ups.

For Iceland, small and medium sized enterprises are of course crucial, as they make up 99% of all our companies. The common challenge is to increase competitiveness, create jobs and to induce a sustainable growth. You have a

very good track record on executing sound policy on this vital component of the European economy, and we look forward to draw on that experience.

Chapter 21 – Trans-European Networks

We also welcome the opening of Chapter 21 on Trans-European Networks. This is a chapter partially covered by the EEA.

At this stage we can only negotiate on current legislation. So at this point I am happy to close the chapter on a provisional basis. It is clear, however, that aspects of the new policy are still in development in which we will participate, and to which we as members shall bring proposals of Icelandic projects. The new legislation is a moving target and we need to ensure that our interests are taken into account, as this is a particularly challenging area for Iceland. We may need to address the new legislation at a later point. I am confident that solutions will be found and we should be able to resolve any outstanding issues in the budgetary chapter.

Chapter 23 – Judiciary and Fundamental Rights

On chapter 23, on the judiciary and fundamental rights, I am proud that it can be opened and provisionally closed today. This is yet another illustration of our high level of alignment with the EU. Our democratic and legal institutions are deeply steeped in the European tradition. It should come as no surprise that Iceland does not request any special arrangements under this chapter.

I emphasize, that Iceland continues to place herself firmly alongside the EU and its Member States in the promotion of human rights at home, - and abroad placing principles of freedom of expression and non-discrimination, not least on grounds of gender and sexual orientation, at the very forefront of our policies.

Chapter 33 – Financial and Budgetary Provisions

We also welcome the opening of chapter 33 on financial and budgetary provisions. This chapter is, for understandable reasons, likely to be closed only towards the end of the negotiations.

Like many member states, Iceland has experienced a sovereign and private debt crisis. In our case it was tackled by a rigorous implementation of an IMF programme. As I described in my opening remarks we are now firmly on course to solid recovery. However, caution and prudent policies remain important. Therefore, we have requested a transitional period following accession to allow us to adjust State finances to new realities as a member state.

Final remarks by the Minister for Foreign Affairs of Iceland

Mr Chairman,

as your Foreign Minister, my good colleague Radoslaw Sikorsky, stated in his visionary speech in Berlin just a few weeks ago, the current crisis is first and foremost a crisis of confidence and credibility. This we need to re-build.

I think the decisions made at last week's Summit go a long way, as I believe they ensure the two main things needed: Firstly, they have created the tools to eliminate the present problem with a combination of common financial instruments. Secondly, they provide a mechanism to repair the deficiencies in the construction of the common currency and euro-zone,

History shows, that the Icelanders have since almost the inception of the Republic been ready to strengthen their sovereignty by sharing it, both in terms of defence and security with a foreign power; with Europe through the EEA and Schengen; and with our fellow Nordic countries through a common labour market and a passport Union.

It is my firm belief, that a stronger euro would in future enable the people of Iceland to reclaim the sovereignty over their very lives and wellbeing that has of late been lost to invisible un-elected financial market makers.

It is also my belief that a stronger eurozone strengthens Iceland's bid for membership.

Mr. Chairman,

Today we have taken yet another positive step towards an Icelandic Accession Treaty. Next year will be decisive. The Accession Treaty – and solutions to the challenging issues - will begin to take shape. The goal remains clear; to find solutions that meet our mutually legitimate concerns and interests.

Here, as I always state, fisheries will be a key issue and we are closely following developments in the reform of the CFP. Commissioner Damanaki and her team deserve credit for their ambitious reform proposals, and I am confident that the Member States will rise to the challenge.

Finally, on a different note but related to last weeks events, allow me to use the opportunity to congratulate the Commissioner, his able staff at DG Enlargement, and indeed the EU as a whole, for the historic achievement secured by the signing of the Accession Treaty of Croatia last week.

This was a welcome sign of the significance small nations attach to the advantages of becoming full members of the Union. Quoting Foreign Minister Sikorsky again: “Enlargement has truly created growth and wealth all over Europe – for both old and new members. “

To my absent Croatian friends I say: Congratulations. I wish you success, and Iceland looks forward to join you at the family table.

Allow me to re-iterate our thanks to the Polish Presidency, the Member States and the Commission. I look forward to working closely with the incoming Danish Presidency, and congratulate them in advance on the assumption of the important duties of chairing the Council.

Thank you, Mr Chairman.