



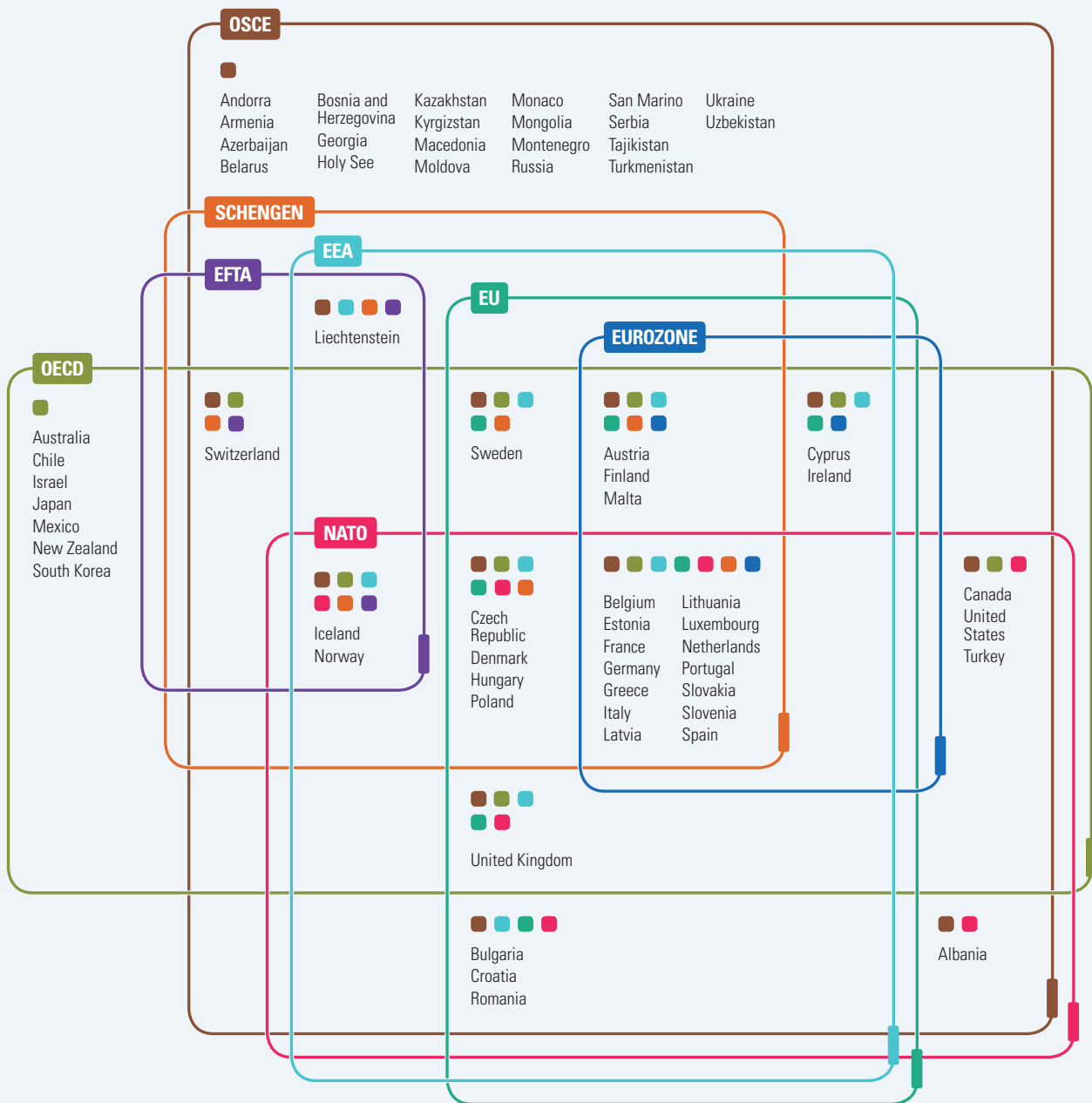
MINISTRY FOR FOREIGN AFFAIRS

ICELANDIC FOREIGN AFFAIRS 2018



Excerpt from the report by the Minister for Foreign Affairs to Parliament 2018

International cooperation: Economics, trade, defence, and politics





100 Years Sovereignty in Iceland / Nordic Council flag / Embassy shield of the Kingdom of Iceland, used until 1944 / Minister for Foreign Affairs with António Guterres, SG of the UN

From Home Rule to Sustainable Development Goals



This year we are commemorating the centenary of Iceland becoming a free and sovereign nation with the passage of the Danish–Icelandic Act of Union in 1918. It was then that Iceland formally entered the community of nations and began its shared journey with Western countries that enjoy freedom, democracy,

and an open economy. From the outset, Iceland’s foreign policy objectives have been clear: To ensure security and defence for the country, to protect Iceland’s trade interests and cultural independence, and to honour the fundamental values of human rights, humanitarianism, and equal rights.

We ensure our security through active participation in Western defence cooperation, NATO, and through the Defence Agreement with the United States. Sound defence and participation in effective monitoring of the North Atlantic are of paramount importance in this regard. Upon gaining sovereignty, Iceland began its successful collaboration with its Nordic neighbours. Next year, Iceland will lead this Nordic cooperation and will assume the presidency of the Arctic Council.

Ever since Icelanders took charge of their own foreign affairs, the Foreign Service has attempted to protect export interests and work towards free trade for the benefit of the Icelandic people. This includes membership of the European Free Trade Association (EFTA) and the European Economic Area (EEA). Iceland has been fortunate enough to navigate these matters successfully, and the Government’s clear position is that Iceland’s interests are best protected by remaining outside the European Union (EU). On the other hand, we need to take advantage of the opportunities we have under

the EEA Agreement to make an impact on new EEA rules and to communicate Iceland’s views early in the process. Significant effort is needed in this area.

I have often, both verbally and in writing, drawn attention to the fact that Icelanders must adapt its working methods to changes in global trade patterns. Trade channels that were once straight and wide are now subject to a different set of ground rules in a fast-moving, technology-driven world. In order to gain a foothold in export markets in far-flung corners of the world and increase our export revenues, we must use all of the tools at our disposal, not least the Foreign Service. Following the publication of a new report entitled Foreign Service for the Future, Protecting our Interests in a Constantly Changing World, we are implementing 151 proposals, and it is safe to say that we are now in the midst of the most extensive changes in Foreign Service in a long time.

The Foreign Service is a living tool whose purpose is to protect Iceland’s wide-ranging interests abroad. Interests and points of focus change, of course, and the Foreign Service must take this into account. Iceland’s Diplomatic Missions benefit from local knowledge and networks, and they provide companies with a diverse range of services. Currently, emphasis is not least on strengthening services to innovation companies, the high-tech industry, creative fields, and the image of Iceland and its people.

As Minister for Foreign Affairs I have worked to further the values Iceland stands for: human rights, equal rights, LGBTQ rights, development cooperation, and environmental protection. Over the course of the journey we embarked upon in 1918, Icelanders have navigated dire straits successfully. We have created an open, diverse society with connections around the world, and are participants in a global community determined to reach the United Nations’ Sustainable Development Goals.

Guðlaugur Þór Þórðarson, Minister for Foreign Affairs

FOREIGN SERVICE FOR THE FUTURE

The report "Foreign Service for the Future, Protecting our Interests in a Constantly Changing World" is the result of extensive work taking place within the Ministry and in consultation with a large number of other stakeholders. It presents 151 proposals for ways to strengthen Foreign Service work, its objectives, and its vision for the future. It is safe to say that this project is the largest undertaken in a long time in connection with changes in Iceland's Foreign Service.

Home-based Ambassadors

Within the new Office of the Permanent Secretary of State is a Division for Home-based Ambassadors and special envoys. Representation vis-à-vis many countries has now been moved to Iceland and put in the hands of experienced ambassadors who will carry out these tasks from the MFA in Reykjavík. The practice of entrusting home-based ambassadors with certain specified themes has been reinstated and could therefore create stronger ties to Iceland's business community and strengthen business relationships, innovation, and the country's image. Seven home-based ambassadors are currently accredited to a large number of countries and focus as well on subjects as disarmament, geothermal energy and equal rights.

Division for Internal Review

A new Division for Internal Review monitors administrative execution with the aim of fostering streamlined utilisation of human and financial resources. The activities focus mainly on internal monitoring to ensure compliance with laws - including fiscal budgets - rules, instructions, criteria, and procedures according to which the Foreign Service operates, and to ensure that non-discrimination and modern administrative practice are applied in human resources affairs.

Division for Information and Analysis

The Foreign Service's information disclosure aims to strengthen Iceland's position and image internationally. The Information and Analysis Division has been transferred to the new Office of the Permanent Secretary of State of the MFA and has been assigned the new role of overseeing various analytical work on behalf of the Ministry. With increased emphasis on analysis of information and disclosure of information to the business community and the public, the intention is to make better use of the knowledge possessed by the Foreign Service and to hone foreign policy. A special effort will be taken in furthering the use of new social media within the Foreign Service.

Defence Directorate

A separate Defence Directorate was reinstated in the Ministry, reflecting the strong emphasis placed on defence and security issues. A strong

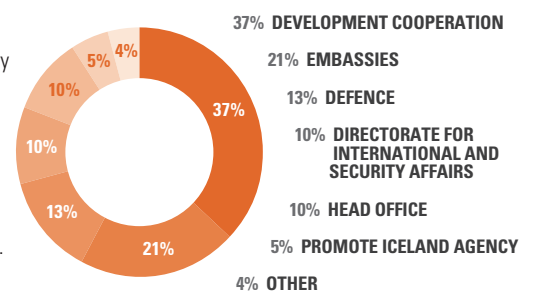
Defence Directorate will be prepared to address the current uncertainty concerning security matters in our part of the world. Supported by the National Security Council and the National Security Policy, it extends to effective foreign policy, defence policy, and civil security. Furthermore, the peacekeeping activities of the Iceland Crisis Response Unit (ICRU) have been placed under the aegis of the new Defence Directorate.

Honorary Consuls

In order to strengthen communications with Iceland's honorary consuls, a new Division for Consular Affairs was established under the Protocol Department. The Department oversees Iceland's 220 honorary consuls in nearly 90 countries. Honorary consuls are important outriders for the protection of Iceland's interests all over the world. The aim of the changes is to develop even stronger relationships with honorary consuls, through

Ministry for Foreign Affairs, budget 2018

Budgetary allocations to the Foreign Ministry for 2018 nearly 15 billion ISK, or 1.8% of total Treasury expenditures. About half of the total is used for development cooperation and international organisations. Allocations to diplomatic missions and the Foreign Service's Head Office total about 5 billion krónur, or 0.61% of total Treasury expenditures.





From the Council of Europe Foreign Ministers' meeting in Cyprus / The Minister for Foreign Affairs being interviewed by foreign journalists / About 30,000 requests for citizens' services are received annually

improved communications, clearer procedures, and increased exchange of information. In this context, particular emphasis is placed on business matters and citizens' services. A Consular Conference will be held in September 2019.

Citizens' Services

Each month, about 700 citizens' service queries are received by the Ministry's head offices, and another 2,200 are received by diplomatic missions offices. It is estimated that

a total of over 30,000 queries are received by the head offices and mission offices each year. Enhanced citizens' services go hand-in-hand with the rise in Icelanders' overseas travel. The Ministry for Foreign Affairs operates an emergency phone line 24 hours a day year-round for Icelanders needing urgent assistance, no matter where they may be located. Citizens' services comprise about 30% of the tasks of embassies in locations with the largest Icelandic population.

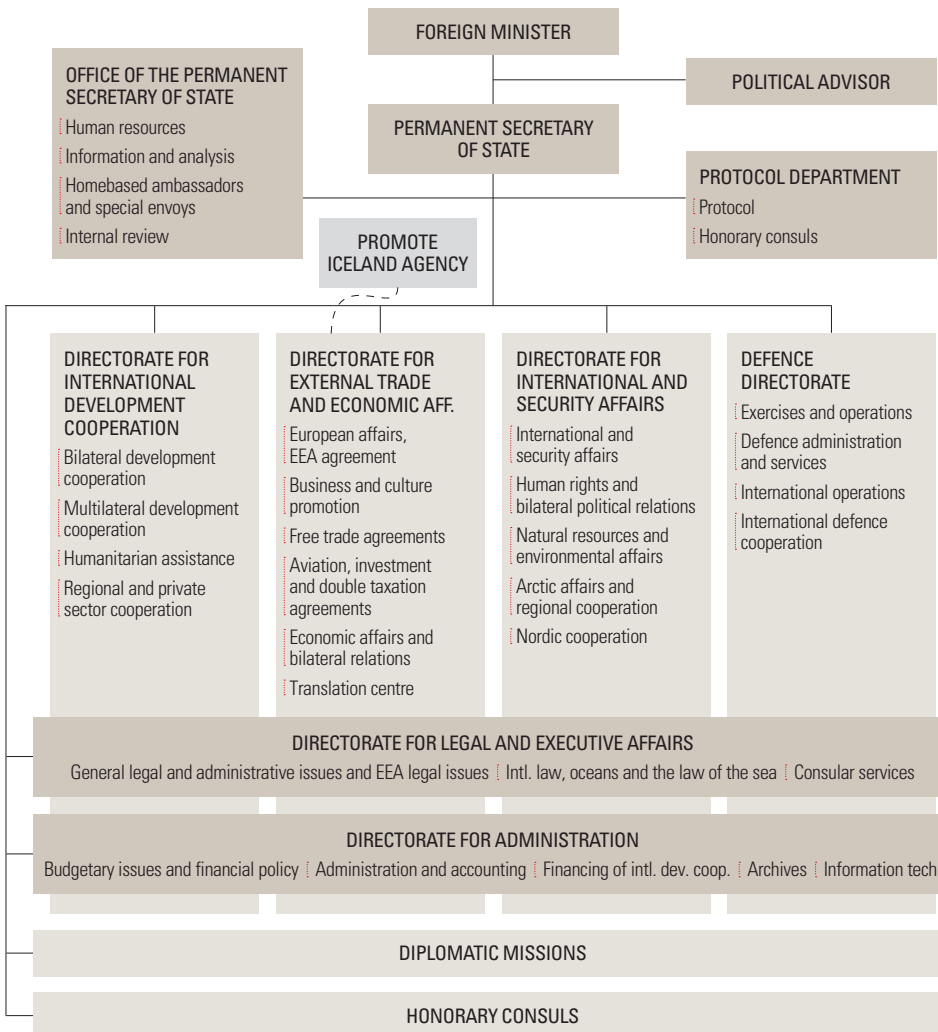
EMBASSY IN COPENHAGEN ICELAND'S FIRST EMBASSY

The Embassy was established in 1920 and is the longest-operating of Iceland's embassies. Iceland's sovereignty centennial is now being celebrated in various ways in Denmark. Iceland and Denmark have virtually indissoluble historical ties, which have provided a strong foundation for communications between the countries during the period after Iceland gained sovereignty and later founded the Republic. Copenhagen remains Icelanders' first and most popular destination abroad. An estimated 12,000 Icelanders currently live in Denmark, including some 4,000 students.



Citizens' services in Denmark are the most comprehensive provided by Iceland's embassies. Icelandic culture – literature in particular – is particularly revered in Denmark. The Embassy's experience is that cultural activity is the best means of strengthening Iceland's image and reputation in Denmark. The Embassy has therefore held and sponsored a large number of cultural events in Denmark in recent years. In addition to serving Denmark, the Embassy is accredited to Bulgaria, Rumania, and Turkey. There are a total of 22 consuls in these countries. In addition, 19 foreign embassies located in Copenhagen are accredited to Iceland.

Foreign Service Organisational Chart



SECURITY AND DEFENCE

Through the 1951 Defence Agreement with the United States and membership of the North Atlantic Treaty Organization (NATO), the Icelandic authorities have ensured that there are credible and visible defences in Iceland. The Government platform states as follows: "The government regards it as a priority to have national security issues on a firm foundation. The National Security Policy approved by the Althingi is essential in this area." A separate Defence Directorate has been reinstated within the Ministry for Foreign Affairs.

Airspace Policing

NATO policing of Iceland's airspace is unchanged, and in 2017 Italy, Canada, and the US participated in it. In all, nine countries have carried out projects over 29 designated time periods since 2007. Airspace policing is an element in monitoring NATO's northern area and in enhancing participating countries' cooperation and responsiveness.

Improved Defence Infrastructure in Iceland

Operation of both defence structures in the security area at Keflavík Airport and the radar system, which covers a large area in the North Atlantic, is an important part of Iceland's contribution to joint NATO defences. In recent years, Iceland has increased its contribution to security and defence both domestically and within NATO, in accordance with member countries' obligation to enhance preparedness and share the burden more equally so as to address the changed security outlook for Europe. Emphasis has been placed on renewing and improving defence infrastructure in Iceland, strengthening host state support for airspace policing, contributing to a NATO support fund, and increasing civil experts' participation in projects. The Icelandic Coast Guard operates and maintains defence structures on behalf of the MFA.

Defence Exercises

Credible defence calls for active participation in defence exercises and broad-based consultation among key institutions involved in implementing security and defence measures in Iceland. The Dynamic Mongoose submarine surveillance exercise was carried out in Iceland's territorial waters in June 2017, with the participation of nine NATO member countries plus Iceland. Some 15 ships and submarines came to Iceland for the exercise, together with submarine search aircraft and a helicopter. The Trident Juncture defence exercise is scheduled for autumn 2018. In addition to these, Iceland participates annually in NATO's Northern Challenge exercise, whose objective is to rehearse bomb disposal and responses to acts of terrorism. In 2017, 33 teams from 15 countries participated in the exercise. The total number of participants was about 300.

Leadership of the Missile Technology Control Regime

In recent years, emphasis has been placed on active participation in disarmament. Iceland and Ireland are joint Chair of the Missile Technology Control Regime (MTCR) in 2017-2018. The MTCR's goal is to curb the spread of missile technology for carrying weapons, including weapons

of mass destruction. Iceland will host a NATO conference on disarmament and weapons of mass destruction in autumn 2018.

Icelandic Peacekeeping

Last year, 10 individuals participated in projects on behalf of the Iceland Crisis Response Unit's (ICRU) peacekeeping efforts in the area of security and defence. They worked in Afghanistan, in a liaison office in Georgia, and in the NATO Force Integration Unit in Estonia. In addition, an appraisal has been done of the bomb disposal training project in Iraq, and it is planned that representatives of the Icelandic Coast Guard's bomb disposal unit take further part in it. Experts from headquarters and from the Supreme Headquarters Allied Powers Europe (SHAPE) have worked on matters relating to participating countries. An expert also worked on planning in Poland. It is important to support NATO's work as well as strengthening Iceland's capacity and expertise in security and defence matters.



The Minister of Foreign Affairs with Sebastian Kurz, Foreign Minister of Austria and Thomas Greminger, SG of OSCE / New NATO Headquarters in Brussels / From NATO Ministerial Meeting in Brussels

Organization for Security and Co-operation in Europe (OSCE)

The Organization for Security and Co-operation in Europe (OSCE) plays an important role in ensuring security and peace in Eastern Europe by promoting basic human rights, democracy and the rule of law, territorial integrity, and peaceful resolution of disputes. This role has been put to the test in the recent past, as the situation

in Ukraine is the main focus of OSCE's efforts to ensure security in its area. At present, some 700 international monitors are involved in OSCE monitoring projects in Ukraine. Member countries encourage compliance with the Minsk Protocol in East Ukraine, which is intended to pave the way to peace in the country.



The Dynamic Mongoose submarine surveillance exercise was carried out in Iceland's territorial waters in June 2017

PERMANENT MISSION IN BRUSSELS

NATO HAS SAFEGUARDED SECURITY IN EUROPE SINCE 1949

Iceland was one of 12 founding members of the North Atlantic Treaty Organization (NATO) in 1949. The Permanent Mission has been operating since 1952. It protects Icelandic interests and represents Iceland vis-à-vis NATO, with particular emphasis on security and defence, political consultation, and military consultation. The Permanent Mission has an office at NATO headquarters in Brussels, where it employs six mission staff members and two local employees.

For years, the Mission has emphasised protecting Iceland's interests as regards security and defence, security in the North Atlantic, and collaboration with neighbouring countries and partner countries on security matters. Iceland's largest contribution to NATO security projects is the operation of the radar system in the airspace in Iceland and environs. Since the US Naval Base closed in 2006, Iceland has taken on a larger role in protecting the structures and infrastructure used by NATO at Keflavik Airport, in cooperation with NATO partner countries. NATO carries out regular air policing of the airspace above Iceland several times a year, and Iceland participates in exercises and training with the involvement of the Coast Guard and the National Commissioner of the Icelandic Police, which oversee defence-related issues.

EXTERNAL TRADE

The Icelandic authorities place a priority on ensuring that the relationship between Iceland and the UK remains strong after Brexit and that Icelandic interests retain the ready access to the UK and its markets that they currently have under the EEA Agreement. A key to protecting Icelandic interests during drafting of EEA legislation is to communicate Iceland's views early in the process. A vigorous campaign is needed in this area.

Protecting our Interests in Connection with Brexit

The task of Icelandic authorities is twofold: on the one hand, to ensure the effectiveness of the EEA Agreement during the period immediately after the UK's exit from the EU. Britain will leave the EEA at the same time. It is therefore in the collective interests of Iceland and the other EEA/EFTA countries, Norway and Liechtenstein, to bring about a favourable agreement on involvement in UK-EU contracts on the transition period. The other main task is to ensure that Iceland's future interests are protected in a broad-based economic and trade agreement with the UK after the transition period has passed.

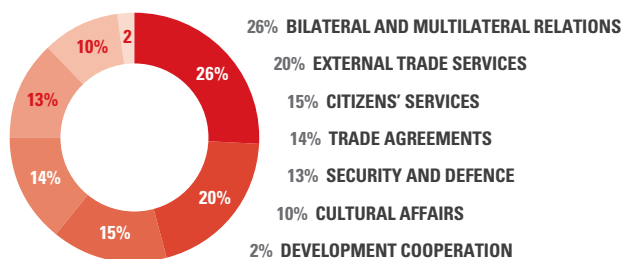
Implementation of the EEA Agreement

In recent years, the Icelandic administration and legislature have faced significant problems in implementing the EEA Agreement. Adoption and implementation of EEA acts has been delayed, and the scope to affect such acts during the formative stage has narrowed. Work is currently underway on implementing proposals from 2015, prepared by a task force on the EEA Agreement under the leadership of the Prime Minister's office. The proposals include recommendations for strengthening and streamlining Iceland's participation in EEA cooperation and in assessing how Iceland can protect its interests most effectively.

The Minister for Foreign Affairs has an ongoing efforts to improve EEA Agreement implementation and has presented them to the Government for approval. The Ministry for Foreign Affairs continues to analyse how Iceland communicates its views during the formulation of EU legislation; furthermore, it keeps abreast of discussions on issues pertaining to Iceland's interests within EU institutions. The Government's list of priorities for protecting its interests in EEA cooperation have been reviewed for 2018. The list identifies the matters of greatest importance to Iceland among those in the EU legislative process. It is vital to take advantage of the opportunities Iceland has under the EEA Agreement in order to affect the formulation of new EEA rules.

Main tasks in Iceland's Diplomatic Mission

In connection with the preparation of the report entitled Foreign service for the future, the Ministry for Foreign Affairs had a variety of information and statistics on diplomatic mission activities compiled, including the scope of the key tasks undertaken there. The figures are based on information available in 2017.





120 member countries of the World Trade Organization call for increased economic empowerment of women and increased business participation / From the EFTA ministerial meeting in Svalbard / The Minister for Foreign Affairs presents a gift of a collection of the Icelandic Sagas during the presidential visit to Sweden in 2018

External Trade Service in Far-away Markets

The Foreign Service's Division for Business and Culture Promotion emphasises cooperation with the business community and supports international campaigns and promotions of Iceland's culture and image. This year, the most prominent events are Iceland's sovereignty centennial and its participation in the football World Championship in Russia. Attempts are made to use such opportunities to draw attention to trade and investment possibilities and to share information on Iceland's success in various areas, such as sustainable harnessing of natural resources.

Iceland's diplomatic missions are involved in business services, cultural promotion, and networking. Trade representatives work in diplomatic missions in Denmark, Finland, Norway, the UK, Russia, Germany, the US (New York), India, Japan, and China. Regional marketing teams have recently been established at mission offices in Europe, North America, and Asia, with the aim of coordinating

services more effectively. It is planned to increase the number of trade representatives during the year. Currently, emphasis is on strengthening services to innovation companies and the global sector, such as high-tech industry and creative fields.

International Cultural Promotion

Artistic creation and a vibrant cultural scene are not only been one of the main themes of promotional campaigns and cultivation of Iceland's image in recent years, they have been one of the pillars of a creative and progressive international business community. Icelandic artists and intellectuals are increasingly in the limelight in international media. The same can be said of successful athletes, boosting confidence in people and things from Iceland. Culture and the arts are an increasingly important aspect of diplomatic mission's activities. The Foreign Service as a whole is involved in hundreds of cultural projects each year. Iceland's embassies have developed the skills and expertise to lend their support to cultural projects and networking for the benefit of Icelandic artists.

EMBASSY IN TOKYO ESTABLISHED BUSINESS AND POLITICAL COOPERATION ON NATURAL RESOURCE MATTERS

The Icelandic Embassy in Tokyo, opened in 2001, has a staff of three local employees and the Ambassador, the only employee from Iceland. Bilateral political cooperation between Iceland and Japan has long been fruitful, and collaboration between them has been successful in a group of like-minded countries represented in multinational institutions, not least as regards sustainable utilisation of marine resources. Cooperation on matters relating to the Arctic has increased since Japan joined the Arctic Council as an observer. An Icelandic friendship association has been active in the Japanese national legislature since 1998.



Japan and Iceland maintain strong business ties, as Japan has been the largest export market in Asia for Icelandic goods. A dual taxation treaty between the two countries was signed in January 2018. Iceland is keenly interested in commencing free trade negotiations with Japan, as well as discussions on a reciprocal air travel agreement. Both countries have strong chambers of commerce. They maintain wide-ranging scientific collaboration, and an average of 70-100 Iceland, most of them students, live in Japan. Queries about travelling to Iceland are numerous, and tourist arrivals have risen with increased coverage by the Japanese media.

NORDIC COUNTRIES AND REGIONAL COOPERATION

The Government platform stresses Nordic cooperation and Iceland's unique position as an Arctic country, as much of its economic jurisdiction is within the Arctic region. It emphasises that increased sea travel and other activities bring opportunities, but also challenges as regards the environment, the marine biosphere, and human communities. The Arctic strategy reiterates that Arctic cooperation continues to be characterised by stability, sustainability, and cooperation. Preparations for Iceland's Chairmanship of Nordic cooperation in 2019 and the Arctic Council in 2019-2021 are underway, with emphasis on matters relating to the oceans. Work on other regional cooperation is also underway.

Chairmanship of the Nordic Council of Ministers

The most important task ahead in the field of Nordic cooperation is Iceland's chairmanship of the Nordic Council of Ministers in 2019. A chairmanship plan for 2019 will be presented this autumn, outlining Iceland's points of focus and the chairmanship projects that will be launched. The strength of Nordic cooperation lies in shared values and similarity of social structure across the Nordic region.

Arctic Region

The Government platform states the following on the Arctic region:

"Increased sea travel and other activities bring opportunities, but also challenges as regards the environment, the marine biosphere, and human lifestyles. Vulnerable Arctic ecosystems must be given the benefit of the doubt. Arctic affairs touch on virtually all aspects of Icelandic society and are a priority in Iceland's foreign policy." Iceland's policy covers, among other things, the importance of the UN Convention on the Law of the Sea, climate change issues, sustainable resource utilisation, and security and

trade. Also emphasised is cooperation with the Faeroe Islands and Greenland and the interests of indigenous peoples.

Chairmanship of the Arctic Council

Preparations for Iceland's leadership of the Arctic Council for the 2019-2021 term are well underway. Chairing the Council is an extensive undertaking, as the topics under its purview are numerous and diverse. Chief among them are sustainable development in the region, climate change, and resource utilisation and conservation, as well as social change, job development, and the position of indigenous peoples. In cooperation with the Ministry for the Environment and Natural Resources, the MFA is preparing a chairmanship plan that will extend to the entire Government as well as a number of stakeholders.

The Council of the Baltic Sea States

Iceland held the presidency of the Council of the Baltic Sea States (CBSS) until mid-2017. A meeting of the foreign ministers of the 11 member countries and the EU was

held in Reykjavík, the first one since 2013. Due to the situation in Ukraine, no consensus had been reached about ministerial meetings. It was therefore extremely important for Iceland to break the ice. At the meeting, it was decided, among other things, to appoint a policy-making group and to implement the UN Sustainable Development Goals. CBSS activities include projects on combating human trafficking, sustainable development, innovation, cooperation with civil society organisations, and child protection, where Iceland has long been in the forefront.

The Barents Euro-Arctic Council

The Barents Euro-Arctic Council is the cooperative forum for the five Nordic countries, Russia, and the EU. A meeting of the countries' foreign ministers was held in Arkhangelsk in October 2017. The Council cooperates on issues of shared interest in the region, such as combating damage to the environment and sensible resource utilisation, with particular attention to the interests of indigenous peoples.



The Minister for Foreign Affairs at the Arctic Circle Forum in Scotland in 2018 / Arctic Council logo / Consulate General in Nuuk, Greenland

The Northern Dimension

The Northern Dimension is a consultative forum of the EU, Iceland, Norway, and Russia on affairs relating to Northwest Europe. Four areas of focus have been defined: public health and social well-being, transport and logistics, culture, and environmental affairs. There is also business council and an information portal on the activities of the Northern Dimension.

Fishery Management in the Arctic

At the end of 2017, a milestone agreement was reached among 10 countries concerning fishery management in Arctic waters outside national jurisdictions, following discussions that had begun in December 2015. The signing of a binding agreement is planned for mid-2018. The agreement includes the open sea and entails a pledge by signatories not to authorise fishing in the area concerned until scientific research has laid the groundwork for sustainable

fishing. Iceland's participation in the agreement will ensure its involvement in decision-making and research in this vital part of the ocean.

Chair of the Nordic coordination on the FAO Council

In mid-2017, Iceland completed a three-year term as the Nordic countries' representative on the Governing Council of the UN Food and Agriculture Organization (FAO). Cooperation between Iceland and the FAO Fisheries and Aquaculture Department increased markedly over this period, which is important in terms of advancing Iceland's interests and working to protect the sea. This applies in particular to Global Goal no. 14 on conservation and sustainable use of marine resources. Aquaculture accounts for a rapidly growing share of fish production worldwide, accounting for 45% of the total, as opposed to 56% for wild capture.

CONSULATE GENERAL IN NUUK SIGNIFICANT GROWTH OPPORTUNITIES IN GREENLAND

Greenland is the most sparsely populated country in the world, at two million square kilometres – twenty times the size of Iceland – and a population of 56,000. Given the developments in the tourism industry, it is certain that untouched wilderness areas will capture attention abroad. Greenland has bountiful fishing waters, and fishing is now carried out in areas previously covered by ice. The new situation changes the fishing industry in Greenland, and again there is a need for foreign collaboration in an area where Icelanders have much to offer.

Iceland's location in the North Atlantic Ocean calls for close cooperation between the two countries in matters relating to trade, culture, administration, and politics. Cargo and passenger flights between Greenland and Iceland have grown more frequent year by year. Icelandic firms are in an ideal position, with a global marine transport network and passenger flights all over the world. Regular flights to Greenland are only from Denmark and Iceland.

The Consulate General in Nuuk, which opened in 2013, attempts to maintain close contact with Icelanders engaged in business operations in Greenland. Currently working there are the consul and a locally hired half-time employee. The office is in daily contact with Greenlandic administrators and politicians and keeps well abreast of the work of the West Nordic Council. It acts as an intermediary for wide-ranging cultural activities and is open to the dozens of Icelanders residing in the country, offering social activities and various types of assistance.

DEVELOPMENT COOPERATION

The Government supports active development cooperation, increased public contributions to projects in developing countries, and systematic attempts to involve the Icelandic business community in such projects. Considerable funding is allocated to humanitarian assistance, including through Icelandic civil society organisations.

Allocations to Development Cooperation

The Government intends to increase its contributions to development cooperation in coming years and has set a five-year target of 0.35% of GNI. For comparison purposes, the average contribution from the OECD Development Committee (DAC) members is 0.31% of GNI. Overall Icelandic contribution to official development assistance in 2018 is foreseen to be ISK 6.9 billion and 0.26% of GNI.

Cooperation with the Business Community

There is a need to engage the business community in more active participation in development cooperation in accordance with appeals from the international community, encourage investment and trade, and offer Icelandic expertise for projects undertaken by international organisations. It is planned to utilise Icelandic expertise and experience, such as in geothermal power and sustainable fishing, for the benefit of poor countries. A new Division for Regional and Private Sector Cooperation has been established within the Ministry's Directorate for International Development Cooperation.

Regional cooperation on geothermal power

The Icelandic authorities have spearheaded cooperation on geothermal power research in East Africa with the Nordic Development Fund in order to assist partner countries with preliminary geothermal research, thereby determining whether there is geothermal heat that can be harnessed. If the findings are positive, experimental drilling will begin, with the participation of the World Bank, the African Union, and other entities, so as to help minimise the risk associated with experimental drilling. In 2017, primary emphasis was on cooperation with Ethiopia, Kenya, Tanzania, and Djibouti. In Ethiopia, preparation of a project entailing the

set-up of dehydrators is nearly complete, for the purpose of using geothermal heat to dehydrate foodstuffs. This project offers interesting possibilities that could benefit neighbouring countries as well.

UN University Programmes

For decades, the training programmes associated with the UN University (UNU) in Iceland have played an important role in Icelanders' development cooperation, as the programmes provide technical and specialised knowledge transfer to developing countries. Each year, experts from developing countries come to Iceland for a six-month training programme. To date, around 1,200 people have attended UNU training programmes in Iceland and about 3,500 have participated in courses held abroad. The programmes utilise uniquely Icelandic expertise in international development cooperation work, thereby facilitating the benefits of private sector participation.

World Bank

Iceland participates actively in multinational work undertaken by the World Bank through the Nordic-Baltic Office. The eight countries share a seat on the board of the bank and develop a harmonised position on the issues concerned. In 2019, Iceland will lead the Nordic-Baltic Office's work for a term of two years. This entails that Iceland will have a full member of the World Bank Board on behalf of the eight countries, and that a team at the Ministry for Foreign Affairs will coordinate Nordic-Baltic harmonisation efforts in the participating countries' capital cities. The Minister for Foreign Affairs will have a seat in the development cooperation committee of the World Bank and the International Monetary Fund in 2019. Preparations for this wide-ranging project has already begun.



Graduation at the Land Restoration Programme of the UN University in Iceland / The signing of an agreement with the UNFPA supporting the fight against female genital mutilation / The Embassy of Iceland in Kampala

Humanitarian Aid

Prolonged war, violence, and persecution, as well as various adverse effects of natural disasters and climate change worldwide have further increased the need for humanitarian aid. The number of global refugees continues to grow. Iceland cooperates with a number of UN humanitarian aid programmes, such as the World Food Programme (WFP), the United Nations High Commissioner for Refugees (UNHCR), and the United Nations Children's Fund (UNICEF). Contributions to humanitarian aid in 2017 totalled just over ISK 530 million. Grants to Icelandic civil society organisations' humanitarian projects totalled ISK 202 million.

Civil Society

The Ministry for Foreign Affairs allocated funding totalling ISK 96.1 million to eight development cooperation projects undertaken by civil society organisations. Seven long-term projects are now supported by the Ministry, including three approved in 2017. In all, the Ministry allocated ISK 202 million to 11 humanitarian projects on behalf of Icelandic civil society organisation. Most of the projects focus on the war in Syria. The Ministry allocated a total of ISK 115 million to six projects aimed at responding to the emergency there.



Drilling in Rwanda. Iceland and the Nordic Development Fund participate in geothermal projects in East Africa

EMBASSY IN KAMPALA MORE POLITICAL COOPERATION AND TRADE IN EAST AFRICA

The sphere of activity of Iceland's embassies in Uganda and Malawi will be developed, first by appointing an Ambassador to serve in Kampala, Uganda. This will strengthen the Embassy's ability to carry out a wider variety of tasks than before, particularly those involving political relations and trade in East Africa. This is an element in assisting Icelandic companies to engage in business activities on the continent. There is great potential for the utilisation of geothermal power in East Africa. The plan is for the Embassy in Kampala to build up a strong network of Honorary Consuls in East Africa who will foster Icelandic business interests and provide citizens' services. The Embassy will also be a representative vis-à-vis Ethiopia and the African Union, whose headquarters are in Addis Ababa. This representation will make it possible to reach all of the countries on the continent and to cultivate political relationship with regional groups of nations.

In Uganda, work is underway according to a collaboration plan for 2014-2019, which focuses on regional development in fishing communities in two districts, Kalangala and Buikwe. Local citizens will oversee the projects in cooperation with the embassy, which will provide technical assistance with policy formation and planning relating to project phases.

OBJECTIVES AND MEASURES

Foreign Service and Foreign Policy Administration

1 To better protect the interests of Icelandic citizens living abroad for longer or shorter periods and to develop and maintain contact with Icelandic citizens abroad.

2 To better protect the fundamental values of Iceland's foreign policy: democracy and respect for the rule of law and international law, humanitarianism and protection of human rights, equal rights for all and sustainable development, and disarmament and peaceful resolution of disputes.

3 To better protect Iceland's special interests, particularly as regards the law of the sea and sustainable resource utilisation.

#	RELATED TO	MEASURE	TIMETABLE	RESP.
1	1	Ensure that Icelandic and locally employed staff members receive training and education on citizen services.	2018 - 2023	MFA
2	1	Begin preparing to receive applications for passport visas in Icelandic embassies in London, Washington, and New Delhi.	2019 - 2021	MFA
3	1	Increase mission offices' social media use so as to enhance efficient, swift information disclosure.	2017 - 2020	MFA
4	2 3	Strengthen advocacy work, cooperation, and participation in international organisations and regional cooperation; increase consultation within the Foreign Service and Civil Service offices as a whole.	2017 - 2023	MFA
5	2	Support institutions, projects, and events that promote increased respect for human rights, equal rights, national law, and humanitarianism worldwide, both in cooperation with others and on its own initiative; cf., for instance, barbershop events, and ratify and confirm international agreements.	2017 - 2021	MFA
6	2	Ensure active participation in regional cooperation, including via the Nordic Council of Ministers and the Arctic Council, and ensure effective leadership of Nordic cooperation (N5+NB8) in 2019 and the Arctic Council in 2019-2021.	2017 - 2021	MFA
7	3	Protect Iceland's interests in matters concerning sustainable resource utilisation, including those pertaining to the law of the sea, with active participation in negotiations, international events, and regional cooperation, with sufficient human resources and effective policy formation across ministries.	2017 - 2019	MFA
8	3	Protect Iceland's interests in international cooperation on environmental and climate issues, including contractual negotiations with the EU and Norway on internal distribution of responsibilities for climate-related matters.	2017 - 2019	MFA
9	1 2 3	Strengthen the preparation and communication of basic information on Iceland's urgent interests, which will help ministries and diplomatic missions to enhance knowledge of the public in Iceland and abroad concerning the Ministry's functions, via domestic and foreign media, social media, reports, and meetings in Iceland and abroad.	2017 - 2021	MFA

External Trade

1 Improve the Icelandic business and cultural community's access to foreign markets, including through free trade agreements, and enhance the competitiveness of Icelandic firms.

2 Strengthen marketing and promotional work in cooperation with firms and the public sector.

3 Implement all EEA rules in a timely manner so as to ensure that Icelandic businesses always operate according to the same ground rules as their EEA competitors.

#	RELATED TO	MEASURE	TIMETABLE	RESP.
1	1 2	Strengthen cooperation between diplomatic missions and the Promote Iceland Agency and strengthen cooperation with the business community, including a review of legislation on the Promote Iceland Agency.	2017 - 2020	MFA & PI
2	1 2	Establish an export and marketing council and set long-term policy on export assistance and marketing.	2017 - 2018	MFA & PI
3	1 2	Strengthen cultural activities of missions in cooperation with the Promote Iceland Agency, the Ministry of Education, Science and Culture, and stakeholders.	2018	MFA & PI
4	1	Protect Iceland's interests in negotiations deriving from Brexit, including with sufficient human resources.	2017 - 2018	MFA
5	1	Present free trade agreements to the business community and step up consultation with stakeholders.	2017 - 2018	MFA
6	1	Formulate a comprehensive policy for external trade, including with the objective of strengthening the trade agreement network.	2017 - 2021	MFA
7	2 3	Ensure more active Icelandic participation in formulating EEA legislation.	2017 - 2018	MFA
8	2 3	Complete the implementation of the EEA database and make it the authorities' chief tool for administration of EEA-related affairs.	2017 - 2018	MFA
9	3	Step up cooperation with other EFTA states during the early stages of the adoption process.	2018	MFA

Responsible party: MFA = Ministry for Foreign Affairs / PI = Promote Iceland Agency / CG = Coast Guard

Security and Defence

1 Ensure that Iceland has credible and visible defences based on international cooperation, particularly through NATO and OSCE, the defence agreement with the US, and effective security-related cooperation with neighbouring countries.

2 Ensure the operation and maintenance of the Icelandic air defence system, NATO systems, Icelandic defence structures, and ensure that clear situational pictures of Iceland's airspace and territorial waters are always available.

3 Ensure that there is always satisfactory host state support and preparedness and security so as to receive military personnel during peacetime, wartime, or times of danger if the need arises.

#	RELATED TO	MEASURE	TIMETABLE	RESP.
1	1	Ensure that Iceland participates actively in security and defence work within NATO, the OSCE, NORDEFCO, and the UN.	2017 - 2021	MFA
2	1	Ensure sufficient budgetary allocations to the function, both from the Icelandic Government and from NATO, in accordance with obligations.	2017 - 2021	MFA & CG
3	1	Update the defence plan for Norway, Iceland, and the North Atlantic and prepare a defence plan for Iceland. Participate in the Dynamic Mongoose 2017 and Trident Juncture 2018 exercises. The aim is that parts of the exercises take place in and around Iceland.	2017 - 2018	MFA & CG
4	2	Maintain defence structures and systems in Iceland, including updating the radar system and the Air Command and Control System (ACCS).	2017 - 2020	MFA & CG
5	2	Ensure the operation and regular maintenance of equipment and systems relating to Iceland's participation in NATO's integrated airspace monitoring and policing efforts in and near Iceland, and supervision of the sea, including updating the radar system and ACCS.	2018 - 2021	MFA & CG
6	2	Step up training and build the skills of employees working in airspace policing and radar system operations.	2017 - 2021	MFA & CG
7	3	Strengthen the Icelandic Coast Guard's operations to enable it to respond to increased air policing and defence-related projects.	2017 - 2020	MFA & CG
8	3	Improve facilities and security and increase accommodation space in security areas.	2017 - 2021	MFA & CG

Development Cooperation

1 Strengthen basic services and support organisation's ability to improve living standards and provide increased opportunities to those living in poverty and inequality.

2 Improve food security and stimulate economic development on the basis of equality and sustainable resource utilisation, as well as taking action to combat climate change.

3 Enhance societies' resilience and expedite reconstruction through increased coordination of humanitarian aid and development cooperation.

#	RELATED TO	MEASURE	TIMETABLE	COST 2018	RESP.
1	1	Equal rights: Support for UN Women, UNFPA, World Bank Umbrella Facility for Gender Equality, and the UN University Gender Equality Studies and Training Programme.	2018 - 2019	ISK 525m	MFA
2	1	Education: Cooperative project on basic education in Uganda (Buikwe and Kangala) and Malawi (Mangochi).	2018 - 2019	ISK 610m	MFA
3	1	Health: Cooperative project on healthcare services with district authorities in Mangochi district, Malawi. Support for UNICEF in Palestine.	2018 - 2019	ISK 183m	MFA
4	1	Water: Cooperative project on water and hygiene services with district authorities in Uganda (Buikwe) and Malawi (Mangochi). Support for UNICEF in Mozambique (Zambesia).	2018 - 2019	ISK 423m	MFA
5	2	Fishing: Support for the UN University Fisheries Training Programme in Iceland and fishing cooperation within the World Bank.	2018 - 2019	ISK 336m	MFA
6	2	Geothermal energy: Support for geothermal research in East Africa and expert consultancy services to the World Bank, the UN University Geothermal Training Programme in Iceland, ESMAP within the World Bank, and SE4ALL.	2018 - 2019	ISK 466m	MFA
7	2	Land restoration: Support for the UN University Land Restoration Programme in Iceland.	2018 - 2019	ISK 138m	MFA
8	3	Humanitarian aid: Contributions to OCHA, CERF, UNHCR, WFP, UNRWA, UNICEF, UNFPA, and ICRC. Framework agreements with civil society organisations and focus institutions. Earmarked contributions and staffing to focus institutions, ICRC, and the Icelandic Association for Search and Rescue (ICE-SAR).	2018 - 2019	ISK 840m	MFA

The list above is not exhaustive and does not reflect all of Iceland's official development cooperation work.



MINISTRY FOR
FOREIGN AFFAIRS