

**INTERGOVERNMENTAL CONFERENCE OF ICELAND
AND THE EUROPEAN UNION**

**Third conference on deputies level
Brussels 24 October 2012**

**Address of Stefán Haukur Jóhannesson,
Chief Negotiator and Chairman of the Icelandic Negotiation Committee**

1. Introduction

Mr Chairman,

Distinguished representatives of Member States and the European Commission.

It is a great pleasure to be here today at the third intergovernmental conference at deputies level on the accession of Iceland to the European Union. I would like to thank the Cypriot Presidency for organising today's meeting and thank the EU Member States as well as the Commission for their cooperation.

The Commission's Enlargement Strategy and Main Challenges 2012-2013 and the accompanying Iceland 2012 Progress Report have recently been published. Iceland is satisfied with the report and it confirms Iceland's already highly integrated structures with the European Union through its long established democracy, its membership of the European Economic Area and the Schengen area.

Today, we are opening three more chapters in the Accession negotiations and closing one; Chapter 9 on financial services, Chapter 18 on statistics, and Chapter 29 on the Customs Union.

2. Negotiations on the following chapters:

- **Financial services (Chapter 9)**
- **Statistics (Chapter 18)**
- **Customs Union (Chapter 29)**

Mr Chairman,

Allow me to summarise the position of Iceland regarding the chapters that we are opening today. You have already received Iceland's negotiation positions.

On chapter 9, **financial services**, Iceland has since 1994 applied the EU *acquis* in this field under the framework of the EEA-Agreement. Following the financial crisis in 2008, extensive reforms have been made on the banking sector's regulatory and supervisory framework. These reforms are based on the Basel Committee Core Principles and include, strengthened cooperation between the Central Bank of Iceland and the Icelandic Financial Supervisory Authority (FME), as well as a substantial increase in the Financial Authority's capacity. In fact, the number of FME staff has more than doubled since 2008 and the current budget is almost double the budget from 2008. We have applied for IPA assistance for FME in order to further increase its administrative capacity and to implement its Action Plan on Reforms for the years 2011 – 2014. Included in the Action Plan was to change the organisational structure from a sector based structure to a functional based structure focused on oversight, both off-site and on-site.

For full participation in the internal market for financial services, Icelandic participation in the new European Supervisory Authorities and the European Systemic Risk Board is crucial.

Under the framework of the EEA Agreement, Iceland is currently reviewing and preparing the implementation of the regulations establishing these bodies. The approach for the incorporation of these regulations into the EEA-Agreement is complex due to the institutional setup of the Agreement and constitutional restraints for the delegation of such powers to these bodies.

We appreciate the EU's position on exempting Viðlagatrygging Íslands from the provisions of the Solvency II Directive (2009/138/EC).

Chapter 18, **statistics**, is also a part of the EEA-Agreement and Iceland has already transposed a large part of the *acquis* in this chapter and has started systematic work on the basis of an action plan to ensure full compliance for which a transitional period is requested. In this task as well as in many others Statistics Iceland enjoys and benefits from an extensive cooperation with Eurostat.

Under the framework of the EEA, Iceland has been granted special arrangements due to its specific geographical and demographic circumstances. These include exemptions from statistical returns in respect of the carriage of goods by road and from carrying out the Continuous Vocational Training Survey.

Mr Chairman,

The third chapter we are opening today is Chapter 29 on the **customs union**. Despite not being a part of the EEA Agreement, Iceland's customs legislative framework is largely in line with the *acquis*. In order to ensure that Iceland is fully aligned with the *acquis* by the date of accession, a legislative task force has been established. Not only is the task force intended to prepare the necessary legislation, but also to set forth a detailed time and action plan which includes the necessary actions and measures that we plan to undertake in this respect, in several phases.

We have a few reservations that are linked with requests in other chapters, which will have to be addressed at a later time.

With respect to reservations due to chapter 30, and without prejudice to other claims in that chapter, I should mention that it is of paramount importance that the flow of raw materials and inputs to our core industries are not disrupted upon accession, so as not to impair the competitiveness of the sectors. Impaired competitiveness would not only affect Iceland but other countries in the EU as well. For example with respect to the car industry in some Member States, as around 20% of aluminium imported to the EU comes from Iceland.

With respect to Chapter 11 on agriculture, it should be noted that tariff protection is one of the principle instruments of the domestic agricultural policy. This will need to be addressed under the agricultural chapter before the closure of this chapter, and Iceland reserves its right to return to the tariff issue in that context.

3. Final remarks

Mr Chairman,

Iceland remains committed to opening all remaining chapters as soon as possible. We have come far from the beginning of the negotiations, with twenty one chapters having been opened and the provisional closing of ten of those chapters, and we look forward to opening the more challenging chapters, most notably on fisheries, agriculture, regional affairs and monetary policy.

I once again want to thank the Cypriot presidency for its efficient and ambitious chairing of this process as well as the other Member States and the Commission for your great effort, and we look forward to meeting you all again in December.

Thank you Mr Chairman.