

1. Preface

The Minister for Foreign Affairs and International Development Cooperation, Guðlaugur Þór Þórðarson, appointed by terms of reference on 19 September 2019 a working group on the reinforcement of relations between Iceland and Poland. The terms of reference state that the objective of the group is to analyse the bilateral relations between the two countries in a comprehensive manner and produce proposals for actions that could be implemented in the next few years in order to safeguard Icelandic interests with respect to Poland.

Political, economic and cultural relations between Iceland and Poland have increased substantially in the last few years and Poles are by far the largest group of foreign residents in Iceland. This substantial and fast increase in the bilateral relations of the countries is evident both in the establishment of a Polish embassy in Reykjavík, replacing a consulate general's office and in discussions within the Foreign-affairs service and the Icelandic commercial sector on the importance of establishing a diplomatic mission in Warsaw.

In spite of different circumstances in Iceland and Poland and different viewpoints of the governments on various issues, both countries share common interests on many matters in international forums. The size and geographical position of Poland ensures that the country plays a key role within the European Union and NATO.

According to Statistics Iceland there were around 21 thousand Poles living in Iceland in early 2020. In the last few years on average some 240 Poles have acquired Icelandic citizenship, of whom a sizeable number have been born and raised in Iceland. According to figures from the Polish Directorate of Immigration (p. Urząd do Spraw Cudzoziemców) only 53 Icelanders are living in Poland.

According to information from Statistics Iceland on transnational resettlement just over 36 thousand persons moved from Poland to Iceland in the years 2005-2019. It is clear that a large portion of this group has adapted well to society and settled in Iceland permanently. In the same time period just over 18 thousand persons moved from Iceland to Poland. In light of the information on Icelandic citizens in Poland one can assume that these are mostly Polish citizens who had been living in Iceland for a longer or shorter period.

The increased communication between Icelanders and Poles and better transportation links have resulted in more business- and cultural opportunities. This creates room for expansion for Icelandic export companies in Poland, in addition to the opportunities created by the increased prosperity in the country along with an increase in gross national product which has been among the highest in Europe for several years now. Economic growth in Poland was 4,5% in 2019 and there are numerous indications that the country ranks among the top members of the EU in dealing with the economic challenges posed by the pandemic. Poland is increasingly becoming an important export market for Denmark and one of the markets Denmark plans to emphasise on after the pandemic.

The gross trade in goods between Iceland and Poland amounted to just under 37 billion ISK in 2020. The gross trade in services between the countries in 2019 reached almost 15 billion ISK.¹

¹ A more detailed explanation of the business between the countries can be seen in the Annex.

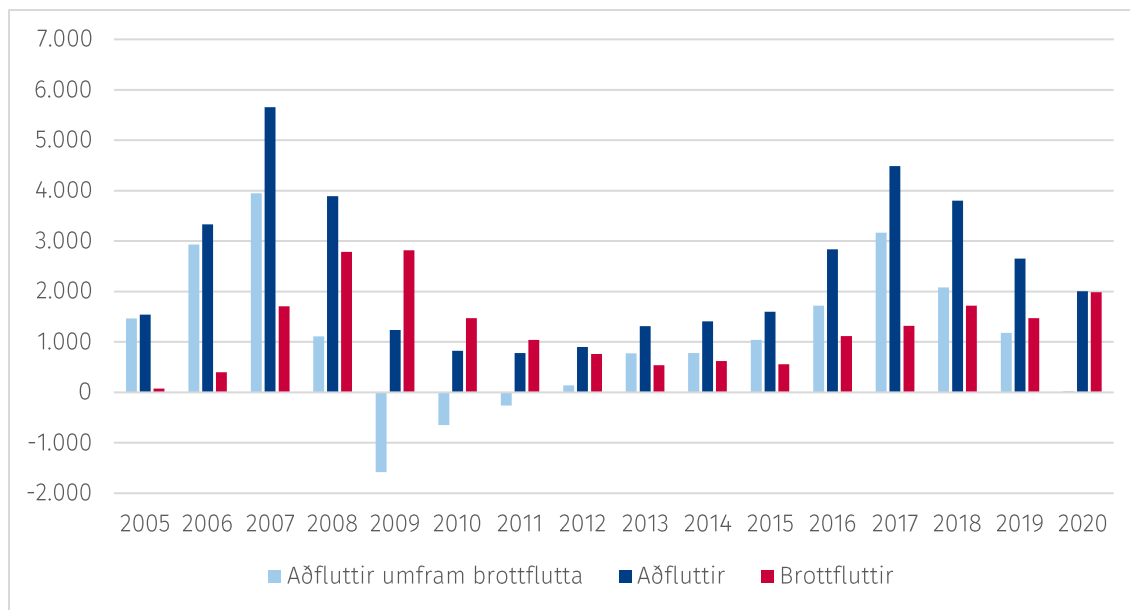


Image 1: *Resettlement between Iceland and Poland (Source: Statistics Iceland).*

This report will describe in a comprehensive manner the bilateral relations between Iceland and Poland and on the basis thereof estimate how Icelandic interests with respect to Poland can best be safeguarded. The working group suggests that the Minister for Foreign Affairs and International Development Cooperation take into consideration eleven proposals pertaining to on the one hand further establishing the bilateral political relations between Iceland and Poland and on the other hand the general measures for increasing the relations between the countries.

2. Proposals on actions

By definition the working group is to provide proposals for actions and projects that can be implemented in the next few years with the intention of strengthening even further the relations between Iceland and Poland.

2.1 Proposals to establish further the political relationship between Iceland and Poland and on bilateral relations.

The working group finds it important to increase support to the Icelandic embassy in Berlin, which also represents Iceland in regard to Poland. The Polish embassy has been operating in Iceland since 2013, but the first ambassador took office in 2018. Therefore there is no reciprocity in accordance with Article 2 of the Vienna Convention on Diplomatic Relations which provides for the establishment of permanent embassies to be implemented as part of a bilateral agreement.

Proposal 1. Establishing a diplomatic mission

Reciprocity is a tacit basic principle in diplomatic relations between countries. It is indeed rare, especially within Europe, to establish an embassy without the receiving State establishing an embassy in the relevant country in due time. Polish authorities have on several occasions asked Icelandic authorities about their stand regarding a possible establishment of a diplomatic mission in Warsaw. The working group is of the opinion that it would be a major setback in Icelandic-Polish relations if Poland would close its embassy in Reykjavík due to breach of reciprocity. The working group therefore proposes setting up a diplomatic mission in Warsaw. The main arguments in addition to the reciprocity rule is the importance of fostering the substantial and growing economic- and cultural relations already in place between the countries as well as making better use of the funding made available to Icelandic parties through the EEA Grants. Therein are significant, currently unused, opportunities in strengthening bilateral relations between the countries.

Proposal 2. A branch from the embassy in Berlin, a diplomatic representative, a consul general, honorary consul in Gdansk.

Another possibility proposed by the working group is to send one of the posted officials in the embassy in Berlin to Poland for regular periods of time. This would facilitate utilising at least some of the opportunities listed above, even if this solution does not qualify as complete reciprocity with respect to Poland. The working group emphasizes that an evaluation of cost and feasibility is performed and whether such a solution is possible and what the benefits thereof would be in comparison with opening a diplomatic mission.

The possibility of reappointing a consul-general in Poland should also be assessed. Such a position was in place a number of years ago and Poland had a consul-general in Iceland for a long time prior to opening up an embassy in Iceland.

The working group also proposes reiterating to Polish authorities that they accept the appointment of an honorary consul in Gdansk, which would in turn strengthen the defence of interests for Iceland and Icelanders in Poland.

Proposal 3. Employee of the embassy in Berlin

Yet another possibility proposed by the working group in this context is to look into whether the role of the trade counsellor in the embassy in Berlin can be strengthened with regard to Poland. It can also be taken into consideration to enable a particular employee of the embassy to work on matters regarding Poland, nearly full-time or exclusively. This employee could be one of the posted workers of the embassy who could acquire specialist knowledge and be present in Poland for parts of the year or on several occasions during the year for shorter periods at a time.

As a minimum the working group is of the opinion that the activities of the embassy in Berlin should be stepped up with respect to Poland.

2.2 Proposals to increase relations between the countries

Proposal 1. Support increased trade between the countries and the activities of the Polish-Icelandic Chamber of Commerce.

The Polish-Icelandic Chamber of Commerce was established in 2019. This collaboration platform could lead the way for many opportunities in the business and economic sectors. Both parties have shown substantial and growing interest. The Ministry for Foreign Affairs plans to support the activities of the Chamber of Commerce, i.a. through annual bilateral economic- and business collaboration and through links to events of the Chamber of Commerce by active participation of the Icelandic Honorary consuls in Poland.

Many large Icelandic companies are operating in Poland or have established links to associate partners in that country. The EEA Grants provide many opportunities for collaboration projects and market penetration to Icelandic companies, organizations and institutions. The importance of Poland as a business partner is growing and therefore it is feasible to consider especially how the Foreign Service best can provide support for Icelandic interests. As long as a diplomatic mission has not been opened in Warsaw it is suggested that the work and role of the Icelandic trade counsellor in the embassy in Berlin is supported, so that local knowledge is increased and real-time information acquired to estimate or foresee the services the Icelandic business sector may need in Poland.

Proposal 2. Support for increased cooperation in the fisheries industry.

It is clear in light of official communication between Iceland and Poland in the last few years that there is substantial interest in collaboration in the fisheries industry. Recent examples of official communication where fisheries were a major subject for discussion are the visit of the President of Iceland to Poland and mutual visits by the ministers for fisheries of both countries.

Proposal 3. Increased emphasis on projects financed by the EEA Grants.

The working group finds it very important to look into even more active participation by Iceland in projects financed by EEA Grants. Poland receives the highest contribution of all recipient countries from the EEA Grants. There are great opportunities for Icelandic parties in this field. In comparison Norway has one employee specialising exclusively in this field, as well as disposing a considerable part of the ambassadors work for assisting Norwegian parties in establishing relations needed for acquiring projects.

The working group found that there is considerable interest in the work by the EEA Grants in the field of energy, not least regarding district heating and environmentally sound technology. The total contribution of the contributing countries in the current term amounts to 140 million Euros, which rises to 280 million Euros if the contribution by Poland and possible debt financing of projects are taken into account. The National Energy Authority has been an active liaison to the EEA Grants and Poland in the field of geothermal energy.

The working group is of the opinion that increased weight should be put on using the project plans of the EEA Grants with regard to renewable energy and environmental and climate issues. The Foreign Service should especially take into consideration the contractual mechanism for the next period of financing, as the projects of the current period are to be finished by the end of 2024.

Furthermore great strides have been made in increasing collaboration in the field of education- and culture between the countries, which already have strong ties in those fields. As mentioned above the funding of the EEA Grants in these fields amount to around 100 million Euros in the current period. The Icelandic Centre for Research works with the EEA Grants on a 20 million Euro training scheme in Poland. In the previous call for proposals to the EEA Grants in Poland, Icelandic parties participated in nineteen projects for 1.1 million Euros, but the gross funding for the grant amounted to over 7.2 million Euros. The latter call for proposals of the training scheme ended in spring 2021 and the gross amount of the proposed funding is 14.4 million Euros. Icelandic parties responded very well to the call for proposals and are party to 83 applications that are expected to receive funding. This active participation of Iceland in the training scheme in Poland provides Icelandic educational institutions, companies, municipalities and others with important opportunities for occupational and vocational studies as well as for education in general in the long term.

There are rich cultural ties between Iceland and Poland and therefore the 75 million Euro cultural programme of the EEA Grants in Poland provides many opportunities in the current period. There has been considerable interest in this field and over thirty Icelandic parties have already taken part in project applications along with Polish counterparts under the cultural programme.

The working group also finds it important to look into projects supporting the work of non-governmental organisations in Poland, having the Icelandic Human Rights Centre as liaison for the EEA Grants in this country. As mentioned before the gross funding of the EEA Grants to non-governmental organisations amounts to 57 million Euros. Via the EEA Grants the Foreign Service has an opportunity to convey the opinion of Icelandic authorities in this field as human rights and fundamental freedoms are the basic principles of Icelandic foreign policy.

Proposal 4. Geothermal projects

As mentioned earlier there are already in place projects in the fields of energy and geothermal use in Poland. In Poland there are for the most part low-temperature geothermal areas, which can still be utilized. The export of Icelandic ingenuity and working knowledge has already commenced and such projects can clearly be very profitable for

Icelandic business, especially within Europe. It is imperative that the Foreign Service monitors closely such opportunities and provides assistance when needed as well as using its influence within EEA Grants to facilitate projects in this field.

Proposal 5. Increased cooperation in the fields of security, defence and Schengen

The view of the working group is that Iceland and Poland have common interests in the fields of security and defence. Further cooperation should be considered both within international institutions like NATO, where Poland has been actively engaged, or on a bilateral level, such as in airspace patrolling, where Poland already has participated both here in Iceland as well as in other European countries (i.a. in the Baltic countries). Cooperation in this field provides opportunities to increase further still the communication of the two countries with regard to a priority area in Polish foreign policy. Both countries are outposts to the Schengen-area and therefore play a crucial role, each at its end. Border control is vital to both countries and with the general strengthening of European border controls it has never been more important to engage in positive relations with the countries also patrolling the external borders of the Schengen-area.

Proposal 6. Increased cooperation in education and culture

Cooperation in the field of education and culture is an important part of Iceland's foreign policy. In light of the declarations signed by the Minister of Education, Science and Culture in March 2020 the working group finds it important that the Foreign Service produce a vision for the future in these matters in collaboration with the Ministry of Education, Science and Culture.

The residence and social participation of people who have moved from Poland to Iceland has had considerable effect on the cultural life of Iceland. It is therefore important that the Icelandic Foreign Service promotes further still the support of cultural cooperation between the countries.

The education of Polish citizens and Icelanders of Polish heritage living in this country creates an opportunity for increased cooperation between the countries, reduces the risk of social isolation and strengthens the possibilities for people to participate in an active manner in society. This lays the foundation for establishing equal bonds for people of Polish origin to Iceland as well as their country of origin and in that manner support diverse friendship-, economic-, business- and cultural relations to the benefit of both countries. Such relations need to be nurtured and developed, as personal relations are useful for improving inter-state relations and supporting economic development in a diverse manner. This could also be achieved by supporting and strengthening national friendship leagues both here and in Poland.

Proposal 7. Human rights

The working group sees it as important that by increased relations the basic principles of Icelandic foreign policy on human rights and respect thereof are upheld. Iceland has guarded basic principles in the platform of the EEA Grants, where a large portion of the projects are dedicated to supporting human rights and basic principles in democratic governance and by the focus items Iceland has stressed in the platform of the Council of the Baltic Sea States. The participation of Iceland in business- and cultural projects in Poland must continue to be based on these basic principles.

Proposal 8. Increased collaboration in the field of health

Taking into account how many Poles and individuals of Polish origin are living in Iceland, special consideration must be placed on this group in uncertain times such as during an epidemic. It is important for the Foreign Service to provide information and take part in cooperation with other countries such as Poland. The working group finds that increased cooperation between Iceland and Poland in the fields of health care, infectious disease control and transport is of major importance for the thousands of Poles residing in this country, in case a similar situation should arise in the future.