



Keynote Address

by

the President of Iceland

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at

"A COUNTRY OF PROGRESS –  
A WORLD OF OPPORTUNITIES"

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Distinguished Danish friends  
Ladies and Gentlemen

We have listened this morning to excellent presentations by outstanding leaders and innovators who have transformed the Icelandic business scene in recent years and demonstrated how companies can at one and the same time be deeply rooted in Iceland and profoundly global in the nature of their success.

Certainly the transformation of Marel from its roots within the university research community in Iceland to its position at the outset of the 21<sup>st</sup> century as one of the most interesting food processing technology companies in the world shows how innovation which originates within the fishing sector can be applied in meat processing plants all over the United States and Europe. In addition to Marel many other companies with backgrounds in Iceland's fisheries sector now sell their technology around the world and some of them have set up plants and branches in other countries to increase their production and strengthen their position.

The evolution of Pharmaco from a small Icelandic company to a major player in the global pharmaceutical business with operations in southern and central Europe, sales networks in Russia and the United States and fascinating partnerships in Asia is perhaps the most dramatic proof of how the transformation of the global economy has opened up new opportunities for Iceland. Our exports of pharmaceutical products to Germany now exceed our export of redfish to that large country which traditionally has been one of the most important markets for Icelandic fish.

If someone had predicted twenty years ago that Iceland could become a prominent player in the international pharmaceutical, financial and banking markets, that visionary would have been deemed completely crazy and he would probably have been voted down in every Danish business seminar. The success of Pharmaco and Kaupthing-Bunadarbanki is therefore an interesting basis for examining the opportunities offered to us in the coming years. Kaupthing-Bunadarbanki has within a decade developed into one of the ten largest banks in the Nordic countries with successful operations on both sides of the Atlantic.

The foundation of deCODE and the development of genetic research in Iceland has gained worldwide attention and the director has spoken at so many conferences and given so many interviews with media in Europe and America that he probably has long ago lost count of the number. deCODE demonstrates how Iceland can serve as the basis for medical research business which is at the forefront of the evolution of the health sector in the 21<sup>st</sup> century, an area which will keep on growing in importance and turnover.

It is also highly appropriate here in Copenhagen to present the evolution of Eimskip, the oldest Icelandic public limited company with ties to Denmark, into a strong multi-dimensional force in the modernisation of the Icelandic economy with commitment to the communication and transportation sector but now also well placed to encourage the increasing globalisation of the Icelandic fishing sector.

We could indeed have included many other companies here today, presented an even broader picture of the globalisation which increasingly characterises the Icelandic business scene, given you insights into other sectors where Icelandic companies have now established a strong and sometimes leading position in the world market.

Let me just mention a few other examples as an illustration. Fifteen years ago the prosthetics company Össur was housed in confined premises in the oldest part of Reykjavík but has now become probably the largest and the fastest-growing company of its kind in the world. Two years ago the group took over the US company Flex Foot. The spread of diabetes means that the prosthetics market is continually growing and this company is a classic example of how a small nation can assume a strong position globally for healthcare products.

Leading Icelandic operators of food store chains and shopping malls have recently shown that such a business background in the small Icelandic market can equip them to make their presence felt in the tough home markets of large countries. They have bought the famous British toy store Hamleys and made last year a strong bid to acquire Arcadia which operates well known stores such as Miss Selfridge, Top Shop, Wallis, Burtons and Dorothy Perkins. These Icelandic operators also last year opened the new Debenhams store in Stockholm, the first such store to be opened there in more than four decades, and they plan to open another one here in Copenhagen in the coming months. These entrepreneurs argue that the skills they have acquired in the Icelandic home market have made them capable of competing in larger markets, perhaps even more capable than others because of how tough a schooling they have been given by its close contact and transparency.

The airline Atlantic, which thirteen years ago owned only one small plane, is now the largest company in its niche in the world with successful specialised air services in Europe, China, the Middle East, Malaysia, Latin America and elsewhere, demonstrating once again the remarkable Icelandic achievement in aviation which is equally reflected in the fact that Icelandair operates daily more flights from Reykjavik to the United States than are available from Oslo, Stockholm and Helsinki combined.

A number of Icelandic software companies have developed products in recent years which have attracted the attention of major corporations and governments around the world. Icelanders have been engaged in such cooperation with IBM, Ericsson, INTEL, Cisco, Vodafone and Motorola, to name a few examples. On my recent State Visit to Russia the authorities there showed a strong interest in Icelandic software for an emergency telephone network linking ambulance, fire, police and rescue teams. A company that has earned the President of Iceland's Export Prize has developed a document storage application in which local government authorities, government agencies and major corporations in other countries have expressed an interest. Cooperation with the Icelandic administration played a key role in developing this software. Although Iceland's governmental apparatus is small, its scope is nonetheless sufficiently wide to reflect most of the problems that need to be tackled in larger societies, making Iceland a promising site for developing interesting products.

Many other examples can be cited to show how Iceland has managed to establish itself in a world market with innovations in diverse fields, and this success is to a significant extent based on research and development which has been conducted in the small home market. Something that gains a foothold in Iceland seems to prove competitive elsewhere in the world. Iceland can serve as a kind of training centre for penetrating larger national markets. Companies are no longer held back by the boundaries of the small state. The entire world is their playing field. Industrial growth is not restricted. Icelandic businesses can now become the best in their fields in the world.

In fact, there is much to suggest that, in the new economy, the small state can be a profitable basis for business innovations. In small states it is easy to see the way that different elements link up, establish cooperation between different fields, gain access to information and experience, grasp solutions to difficult tasks. Although Iceland has a small population, it has all the characteristics of developed Western societies, its market is similar and its government administration disciplined – plus the fact that the general public are ready to embrace

technological innovations and eager to cooperate with experts and researchers in all fields. Experience shows that the small state can serve as a kind of laboratory or research station in precisely the sectors of industry that are increasingly dominating the economy of the new century. In this respect, the new economy can truly open up new horizons for small states.

In addition to the opportunities which small states now enjoy there are other characteristics, like the nature of Icelandic business culture, which I believe are already contributing, and will contribute even more in the future, to making Iceland an interesting and a successful partner for investors in other countries.

Business culture in Iceland is dominated by six strands which make it especially amenable to successful cooperation with others in the global market.

First, Icelandic business culture is strongly interactive and offers opportunities for people from different sectors to establish cooperation without great difficulties or major bureaucratic hindrances. The extensive knowledge that business leaders have of the capabilities of others in different fields has enabled them to draw people together into promising projects.

Secondly, our business culture is very result-oriented, the tendency is to go directly to solving the task at hand, without emphasis on bureaucratic procedures or without extensive memo writing. The story about the Icelander and the Swede who were travelling in Africa when their car broke down illustrates this clearly. The Swede started to write a memorandum to headquarters but the Icelander got out of the car and started to repair it and soon they were able to drive on.

Thirdly, the Icelandic tradition of doing things is not very bureaucratic, maybe because we simply do not have enough people to fill all the parts in big bureaucratic structures, and this has given entrepreneurship in our country more freedom to manoeuvre and excel.

Fourthly, Icelandic business relationships are very personal, the trust established between individuals in leading business positions is the essence of our community, a trust which is classical like the old saying: My word is my bond. This has enabled companies, large and small, to proceed more speedily and more effectively than their competitors in other countries where business structures have become more bureaucratic.

Fifthly, the entrepreneurship which was fostered in the traditional society of farmers and fishermen when the initiative of individuals was

critical for successfully battling with the forces of nature, has in modern times become a strong driving force. In this sense Iceland is more of a "frontier society" than the old continental countries in Europe, more influenced by a spirit similar to that which has been a key element in the American success.

The sixth dimension is creativity. As we know, Icelandic culture has always respected the talents of individuals who compose poetry and tell stories, who are creative participants in their companionship with others. People who were original in their choice of words always enjoyed great respect and the nation has regarded poets as superior to officials. These attitudes have been passed on to the business community today – the Icelandic term used to describe a pioneer or entrepreneur is “athafnaskáld”, which literally means “poet of enterprise”. Admiration of creative people has been transplanted from ancient times into the new age, and originality is one resource that our small nation’s culture has handed down. Such qualities can prove decisive in the globalised economy.

In addition to these factors I believe that the need for Icelanders to seek specialised education in other parts of the world has turned out to be a formidable driving force, contributing continuous pressure for new thinking and innovation. Students returning home have passed on their knowledge to a society which has thereby incorporated cultural features from many different directions. Experts who studied at some of the world’s leading educational establishments have assumed leadership positions in various fields. On account of its small population, Iceland has become a kind of melting pot where cultural movements from various countries are engaged in a creative flux. In larger countries there is a tendency to acquire education exclusively on the home front, but small states are compelled to look farther afield. This can become a valuable resource, especially when education is an increasing precondition for economic growth, and the impact has been felt not only in the transformation of the Icelandic economy but also in the development of science and the health service, activities of financial institutions and in other fields.

This transformation of our country and education shows how far we have journeyed from the times when Copenhagen was the only centre of advanced education for Icelanders. In many ways it is a remarkable story how the small nation out in the Atlantic, a nation which at the beginning of the 20<sup>th</sup> century was still a Danish colony without any executive or governmental powers of its own, has developed into an independent state which now enjoys one of the highest per capita incomes in the world, is in the forefront of important aspects of the highly advanced information

society of the 21<sup>st</sup> century, and is now in the process of consolidating firm business partnerships all over the world.

The overview of the international and global dimensions of the Icelandic business evolution which I have briefly submitted here is noteworthy in many respects, but let me conclude by drawing your attention to one striking feature. That is the absence of extensive Danish involvement. In the light of the historical ties between Iceland and Denmark and the excellent relations we enjoy in many fields, and with respect to the Danish desire to be a strong business player in diverse fields the world over, it is quite remarkable that Danish companies have not actively explored the possibilities of partnerships in Iceland, of developing strategic relationships with innovative Icelandic companies with the aim of bringing new products into the global market.

There is a wealth of good-will in Iceland towards establishing joint ventures with Danish partners and towards developing strategic Icelandic-Danish alliances in the global market. Danish investors would certainly be welcomed in Iceland; our joint cultural heritage creates a favourable atmosphere of trust and mutual confidence.

In the years to come there are many opportunities for increased Danish-Icelandic business cooperation and I hope our discussions here today will convince our Danish friends that the island in the north offers interesting perspectives for the future, that together we can benefit from initiatives and new ideas with which our nations are blessed in abundance.