



Speech by
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at FAO headquarters

HOW PROSPERITY AND WELFARE CAN BE CREATED
IN A FISHING AND AGRICULTURAL ECONOMY –
THE ICELANDIC SUCCESS AS AN EXAMPLE AND
INSPIRATION TO OTHERS.

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Mr. Director General Dr. Jacques Diouf
Distinguished FAO staff
Ladies and gentlemen

Frustration in the face of failure. Despair. Deaths from starvation and diseases. Such are the emotions and experiences marking the prayers by the millions who go hungry to bed every night.

It takes courage to continue the fight against poverty and malnutrition, to march onwards seeking food, health care and education for the billions of our fellow citizens of the world who are still struggling to achieve what we would consider a minimum standard of living.

The examples of success can be valuable sources of wisdom and guidelines, providing lessons, inspiration and hope.

Often the search for models is restricted to the countries of the southern latitudes. We are blinded by the wall of mirrors created by the modern media where the countries of the North are judged to be unique in their outstanding achievements.

Certainly the Nordic countries have obtained the highest income levels in the world, outstanding welfare systems, universal education and health care, solid democracy and respect for human rights.

Indeed, my own country, Iceland, has the fifth highest per capita income in the world, nearly 25,000 USD. Our life-expectancy is among the highest, the number of doctors per population also one of the highest and the use of computers and the Internet in the top global category. The equality in living standards, availability of education and health services is such that all families in the country – in rural areas and fishing villages as well as in urban areas – are offered the same opportunities and access.

In examining this achievement it tends to be forgotten that until a few decades ago the Icelanders were primarily a nation of poor farmers and fishermen who for more than a thousand years had fought food shortages, poverty, hardship and the destructive forces of nature. Plagues and natural disasters often took a severe toll and the population size therefore remained at a low level.

Every generation of Icelanders, up to and including the generation of my own grandparents, knew food shortages, even at times hunger. My parents were familiar in their youth with the struggle to maintain sufficient food levels throughout the hard winter. In my own childhood, staying with my grandparents in a small fishing village of 300 – 400 people in north-western Iceland, I helped with harvesting potatoes, drying the fish, smoking and salting the meat to make sure the family had enough provisions of food to last the dark winter months.

The history of the Icelanders in the second half of the 20th century is a lesson in how to transform a nation of poor farmers and fishermen into one of the most affluent, high-tech oriented societies in the world, how resources from fishing and agriculture were used to build the foundations for economic progress and social welfare.

Indeed this transformation was achieved primarily during a period of only a few decades – from the 1940s into the 1970s – and the odds against such success, the odds created by the tough terrain, glaciers, volcanoes, deserts, lava fields and the merciless storms of the cold North Atlantic Ocean were certainly formidable.

I believe that Iceland can offer some important lessons and guidelines for the development of agricultural and fishing communities in other parts of the world. Although conditions are different everywhere there is a sufficient universality in the course of development to offer frameworks of wisdom and general principles.

Furthermore a small country is often a suitable field to examine the interactions of crucial factors. It is closer to a laboratory situation, to being a model case for study, than the larger nations and states where the boundaries of bureaucracy and the complexities of external factors make it difficult to formulate key conclusions. We in Iceland have therefore in recent years been pleased to welcome officials and specialists from Asia, Latin America and Africa who decided to test their own views and strategies for development by examining the Icelandic experience.

In this respect Iceland will become even more useful as a model in the 21st century since mankind has to face the task of how to preserve and utilise the vast ocean resources in order to provide food and ensure ecologically sound economic progress. Iceland is probably the only country in the world where fishing stocks have been preserved and also used in a constructive way to advance a highly profitable, globally oriented and market-based fishing industry without the state subsidies so dominant in most other developed countries.

A broad analysis of the Icelandic experience can provide us with 10 principle guidelines or lessons which have contributed to the successful transformation of our agricultural and fishing economy:

1. Education, primary and advanced, has always been an essential pillar of Icelandic culture and our social and economic development. Although the farmers and fishermen were in earlier times poor and hard working, all of them could read and write. Thus the distribution of technical knowledge and new skills was made easier in the early part of this century.
2. Women have always, even from the early centuries of settlement had a strong role in Icelandic society. They kept their maiden name in marriage and their own family links, achieved education and position of influence at the farms and in the fishing

communities. Their independence is ingrained in our cultural tradition.

3. Entrepreneurship in the classical sense of the term, demonstrated by the opportunities for individual farmers and fishermen to advance to new levels of income and production, has been a key ingredient of social and economic development in Iceland. Nearly all major companies in the field of processing, marketing and distribution of agricultural and fishing products before the middle of this century and in the decades thereafter were founded by individual farmers and fishermen and their families, either on their own terms or within a co-operative framework.
4. Importance was placed on developing strong enterprises either as family concerns or as co-operative companies. The leading enterprises in nearly all communities throughout the country were from the 1930s to the 1980s of either of these two types; in some communities both types prevailed.
5. From the early part of this century a close co-operation and interchange was developed between the networks of local communities and the central administration. The decision-makers in the ministries and other national institutions received constructive inputs from the local leaders. Some would even argue that the primary task of the central institutions was to serve the initiatives and the directions provided by the local enterprises, private or co-operative, that were responsible for economic progress in the farming and fishing communities.
6. Entrepreneurs and producers in both the farming and fishing sectors established strong associations and companies dedicated to making the distribution and the development of consumer products more business-oriented and efficient, both

in the national and the global market. Farmers and individual fishing entrepreneurs had strong influence over the entire development process from primary production through the processing and marketing companies to the more advanced form of global sales organisations.

7. In the fishing sector the requirements of foreign markets, first from the 1950s the European and the American markets and then later the Asian market, had a strong influence on the forms of production and on technological advances with regard to processing different consumer products. The development of the fishing sector was always highly market-oriented in the broadest sense of the term.
8. In the agricultural sector the primary emphasis for most of this century was on meeting the food requirements of the Icelandic nation, on being self-sufficient in dairy and meat production. These concerns of the farming communities were until the 1980s a dominant feature of regional development in all parts of the country.
9. The pride taken in the excellent quality of Icelandic fish and agricultural products, has been ingrained in our culture and also in market and technological development of both the agricultural and the fishing sector. To fail to fulfil the strictest quality standards was both a national and personal disgrace. So advanced has this obsession with quality become in modern times that if an American or an Asian consumer buys, for example, Icelandic cod or shrimp products in his or her own supermarkets and finds the quality lacking, that specific product can be traced to the plant of origin in an Icelandic fishing village and also to the specific worker who initially handled it.

10. Finally, the emphasis on preserving fish stocks and on controlling the utilisation of ocean resources in a responsible way, has always been of primary importance to the Icelandic nation. The advice of marine scientists and the quotas formally recommended by the Marine Research Institute have always been the foundation of government policy. The long-term sustainability of the natural resources has been as important to the Icelandic nation as sovereignty itself. Every Icelander knows that without preserving the natural resources of the oceans and in the valleys and the highlands, the nation would not survive. Responsible ecological management, sustainable use of natural resources, is as fundamental as our own political independence.

Although Iceland has, like all countries, to some degree special characteristics I believe our experience offers an important model for developing agriculture and fishing in other parts of the world, lessons of how to achieve there as in our country economic progress, prosperity, welfare and a balanced and an environmentally responsible growth.

Referring again to the image of the Nordic countries within the global community, you could argue that it is easy for the Nordics to achieve success. Then I remind you again, that just a generation or two ago the Icelandic nation consisted primarily of poor farmers and fishermen who mostly lived in rural areas and small coastal villages of less than 1000 inhabitants; only a few towns numbered more.

Furthermore, the forces of nature had over the centuries been tough and merciless masters, requiring sacrifices and regularly offering a banquet of natural disasters, volcanic eruptions and destructive storms. When judging the living conditions in Iceland from afar, many people wonder that anything actually survives there at all. I have often had great difficulties in convincing my Indian friends that they would not on arrival in Iceland be transformed to pillars of ice.

It is quite possible to take the view that if such a success can be achieved in Iceland there are not many areas in the world where progressive development cannot take place.

The adverse Icelandic climate has over long periods reduced the vegetation cover and weakened the soil. The forests were cut for building material, fuel and making charcoal. Combined with the grazing of sheep the result was very serious soil erosion. Iceland now has some of the greatest deserts in Europe.

Since the beginning of this century the Icelandic soil conservation service and our forestry service have fought a valiant battle to restrain the rate of deforestation and soil erosion, being in fact remarkably successful in reclaiming the deserts and restoring the woodlands.

Therefore we have offered FAO to share our experience and knowledge in this field with countries that are facing similar problems in their highland ranges. We would like to give them on-the-job training in using the methods that we have developed and which have served us so well.

Many people find it strange, because of Iceland's northern location and name, that we have such thriving agriculture. The dairy and meat industries are strong and self-sufficient in all livestock products – indeed we claim to have the world's best milk and milk products and the most delicious lamb meat available anywhere in the world. We are proud that our farmers and food processors are not permitted to use any growth promoting substances, hormones or antibiotics. Because of our climate we use pesticides very sparingly and our food safety standards have always been very strict.

It is, however, in fishing technology, fish processing and marketing, and in the control and preservation of fish stocks, that Iceland has most to

offer with respect to the management of global food production in the 21st century.

Iceland is certainly prepared to play a significant role to further international dialogue and the necessary decision-making with respect to managing the resources of the ocean.

This Icelandic contribution was the major subject of my meeting with the Secretary General of the United Nations, Kofi Annan and other high level UN officials in New York earlier this year. Our Foreign Minister devoted his address to the UN Assembly this autumn to these issues and during a recent visit by FAO's Director General Dr. Jacques Diouf to Iceland we emphasised our willingness to share our experience with others. Indeed the decision to make Iceland the home of the new Fisheries Training Program of the UN University is a formal recognition by the UN of the significance of the Icelandic contribution in the field of fisheries.

Iceland is probably the only developed country which has succeeded in building a highly profitable market-oriented fishing industry without a system of state subsidies and without destroying the fish stocks in the process. In fact the global market orientation and the absolute emphasis on sustaining the fish stocks are the two fundamental pillars of the Icelandic success story.

We have consistently advocated responsible stock management and tried to lead other nations in that direction. Our primary argument during the Law of the Sea process and in the campaign for the recognition of the 200 mile economic zone was that these international regimes were prerequisites for preserving the ocean resources.

The importance of scientific knowledge, research by marine biologists and the formal advice from respected ocean research institutions must be the firm basis of both international and national policy-making. The system of quota controls must furthermore be economically

viable, and based on sound market premises and solid principles of economic growth. All elements of national and international fishing regimes and control systems must also be based on mutual confidence, transparency and the most advanced systems of open information gathering.

The international community faces monumental tasks in the 21st century: how to obtain the necessary knowledge regarding the nature of the oceans and how to conclude multilateral agreements in order to preserve the ocean resources in a responsible way.

The great explorer Thor Heyerdal of Kon Tiki fame told me two years ago that due to the direction of scientific research in recent decades mankind now knows far less about the oceans than we know about the Moon. Maybe we need for the 21st century a similar inspiration and efforts with respect to the oceans as was given to the space programmes from the 1960s onwards.

Fish products are likely to become an ever more important part of the Earth's food provision. The sustainability of the fishing stocks is therefore a fundamental part of a global food strategy for the new century.

We believe that four conditions are especially important with respect to international fishing and oceanic co-operation and management.

1. To conclude multilateral and especially regional agreements on preserving those fish stocks which go beyond the national boundaries of the 200 mile economic zones. It is of utmost importance to build up the stocks that pass through international waters.
2. To abolish the various systems of state subsidies to the fishing sectors, which exist in both developed and developing countries. There is for example a direct correlation between the

excess capacity of the fishing fleets and the volume of state subsidies. The abolition of these subsidies should therefore be a specific topic in the next round of WTO negotiations.

3. To establish a global system of free trade in fish and fish products, and abolish import quotas, custom duties and technical trade hindrances. This is in fact also an important task for the next round of WTO negotiations.
4. To secure the interest and wellbeing of fish consumers by introducing throughout the world sound systems of quality controls.

Within this fourfold framework and in the light of the urgent need to give ocean food resources fundamental priority in the 21st century we believe that FAO's role must be strengthened even further:

- ?? Priority has to be given to more systematic information gathering and scientific research in the field of fishing and ocean management. FAO is uniquely placed to integrate such efforts.
- ?? It is important to make lessons of success available to others, to train officials and technical staff, to inform policy makers and political leaders. In this respect FAO can be the key facilitator and co-ordinator.
- ?? More agreements, treaties and codes of conduct must be negotiated and approved. To initiate and further such results, no other institution is as well placed as FAO.

It is the purpose of my visit here today, with a delegation which includes the Icelandic Minister of Fisheries, to emphasise our willingness to play a major part in the evolution of successful and responsible global and regional fishing regimes for the 21st century and to encourage FAO to seek bold leadership in these efforts.

We have been greatly encouraged by our discussions with the Director General of FAO, Dr. Jacques Diouf, and other FAO officials and are looking forward to our future co-operation.

I salute your efforts and your service to the well-being of mankind. To help others to a better life, to help them to obtain food and shelter, to achieve education and health is indeed a noble endeavour; the greatest gratitude will be seen in the glorious eyes of the child who knows that its tomorrows will be secure.