

# At Crossroads: Iceland's Defense and Security Relations, 1940-2011

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## Introduction

It is a pleasure to introduce this very interesting and relevant paper written by my colleague and friend, Ambassador Einar Benediktsson. In this paper, Ambassador Benediktsson looks at security policy from the standpoint of the totality of Icelandic national security as distinct from a single portion of it. His tough-mindedness, his extensive knowledge of security issues, and his remarkable refinement in dealing with political matters make him an invaluable commentator on Iceland's security policy. His paper offers some insights that should help the next generation of Icelandic leaders address the problems that they will face in the future. He understands that there are practical obstacles and limits for a small state like Iceland to overcome as it conducts and develops its security policy, fully understanding that excessive expectations must be avoided. In sum, Ambassador Benediktsson addresses the misconception among many in Iceland concerning the extent of Iceland's influence in the security policy arena.

Military bases are no longer an issue. Particular locations and military bases can be studied in detail on a good map, but there are more important issues at stake than bases on rocky islands. Iceland's destiny lies within Europe. Iceland is not part of the continent of Europe, but it is a close neighbor. There has been a common tendency in Iceland to exaggerate the power of this small state. In the post-2008 crash of Iceland's economy, her prestige reached a low point. As a new generation of politicians and financiers came of age at the turn of the century, they brought with them misconceived notions on how to better manage the affairs of the country, thus causing more harm than ever before. The reality is that the country's image abroad is not as pleasant as Icelanders would like to believe, and Icelanders lack the capacity to perceive themselves as they appear to others.

The current pace of events in Iceland has caused a problem which will confound Icelandic policymakers for years to come — how to best manage the independence and sovereignty question. The call is for caution at home and cooperation abroad. Security policy issues, however, do not attract much attention. Icelandic policymakers have appreciated the overriding importance of geography for Iceland's security in past centuries when the Atlantic Ocean was the best defense against attack. But airpower has diminished the significance of distance, and nuclear weapons mean that immovable forces, such as the great oceans, are now insufficient to provide an

adequate defense against attack. I hold the view that in security policy, Iceland has no choice for the foreseeable future but to be firmly on the side of the United Kingdom (UK) and the United States (U.S.) within highly respectable and secure institutions such as the North Atlantic Treaty Organization (NATO), the United Nations (UN), the Organization for Security and Cooperation in Europe (OSCE) and the European Union-European Economic Area (EU-EEA). Iceland should avoid close ties with countries such as the People's Republic of China for good reasons.

How does Iceland deal with the ongoing interests of the United States? It is simple, really. It does not deal with them at all. Iceland is so weak that it must either follow U.S. leadership or abandon the notion of any substantial bilateral relationship at all. The United States is no longer able to dominate international discussions as it did after the collapse of the Soviet Union in the 1990s. None of the dangers confronting the United States can be overcome by the assets in which America is still unmatched; namely, the massive use of military force. American leadership is not yet openly challenged by a comparable rival, but it will be. The United States needs patience to be effective, and it must be prepared to take the long view. American leadership is still essential. But the relative power of America has slipped away. The opportunities for Iceland lie in the country's position within four circles of international institutions. These are the power structures under which we in Iceland will live for some time to come. Geography and history give Iceland the unique advantage of cooperating with Iceland's nearest neighbours, the UK and the United States.

Róbert Trausti Árnason

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### **A Brief Historical Note**

Was it Talleyrand who once said that geography shapes politics of countries? Whoever the author, this statement is well-illustrated in the case of Iceland. One should, however, also consider the dimension of time. Geography is not a static science. Iceland's position in the North Atlantic remains the same, but the country's significance has fluctuated over time both from a strategic and economic point of view. Iceland's history, which stretches over 1,100 years, shows how the country's position has changed and, just as importantly, how perceptions of that position have changed.

Iceland was settled from Norway in the 9th century. A unique parliamentary commonwealth was created, which survived until 1262 when independence was lost to Norway and not fully recovered again until 1944. This ancient period of independence was a time of extraordinary cultural activity and close contacts with neighboring countries. In the Viking Age, Icelanders traveled far afield. A strong storytelling tradition developed into written prose which grew in output, quality, and artistry and

became known as sagas. These writings contain the history of the Icelandic nation from the beginning and are great literary achievements. In earlier times, Icelanders were both recipients and contributors to an integrated cultural community of North Western Europe that shared a common language. The importance of the saga literature in Iceland's national life derives from the fact that the ancient language in which they were written closely resembles modern Icelandic. This language defines Icelanders as a nation. The question may be asked whether mythological moral statements found in the sagas are still in some way a part of the national psyche. If ancient Greece is a part of modern Greece, the same would certainly be true of Iceland and its so-called Golden Age. The Icelandic heritage is in some ways reminiscent of the Homeric poems.

In 1380, Iceland, like Norway, came under Danish rule. During several centuries when sailings to Iceland often failed, the country experienced severe isolation. Wars raged in mainland Europe and kings died, but those events only marginally affected Iceland which, by the 19th century, had started to experience strong nationalistic sentiments. A raid by Algerian pirates in the 17th century did little to change the perception of being safe in their isolation, somehow immune from war and only concerned with the battle against the elements and the fight for survival. The result was that in the 19th and 20th centuries, when the fight for full independence was the great common cause, there was a strong underlying neutralist tendency in Iceland. Independence from Denmark was won in stages. On June 17, 1944, the Republic of Iceland was reestablished at the place where it had originally been founded in 930 — the national shrine of Thingvellir.

With a population of merely 80,000, Iceland was one of the poorest countries in Europe at the end of the 19th century. Most people were farmers or fishermen, and technology had not changed from age-old patterns. There were no ports except natural harbors, and the horse was the chief means of transport. However, at the turn of the 20th century, there was a burst of development when new technology was incorporated following the adoption of home rule. The first decade and a half of the century was a period of faster economic growth than previously experienced, but Iceland was still a poor country by European standards and lagged far behind its Scandinavian neighbors. After World War I, economic development was uneven, and the country was ill-prepared for the disastrous turn in its fortunes when export markets for fish products, the mainstay of the economy, swiftly failed with the onset of the worldwide depression of the 1930s.

For Iceland, the 1930s were traumatic. While fishing was favorable, prices on export products fell steeply, and market access was impeded by bilateral trade and payment restrictions in the European countries with which Iceland conducted all its trade. The result was heavy unemployment and poor living standards which persisted until the 1940s. Iceland was to have the legacy of extensive government restrictions for the next several decades. A further consequence of the Great Depression was the rise of an active extreme left.

## Nonbelligerent Ally in World War II

When World War II began, Iceland was a sovereign kingdom in a union with Denmark, and King Christian X was the head of state. The country declared itself to be neutral in the war. This was also the course taken in vain by Denmark. If, however, Icelanders still cherished the image of their country as a peaceful, faraway, North Atlantic island whatever the troubled circumstances in the rest of the world might be, that was forever shattered on May 10, 1940. The author, then 9 years old, was awakened by an unknown din, which turned out to be the noisy engine of a *Walrus* seaplane from the destroyer HMS *Berwick*, which had anchored just off Reykjavik harbor at 4:00 that morning. The British occupation of Reykjavik by Royal Marines quickly followed. The occupation of Iceland was formally protested by Prime Minister Hermann Jonasson as a violation of the country's neutrality, however, the Royal Marines received no resistance. Whatever facilities were available were offered, and Iceland maintained full cooperation with the Allies throughout the war. Albeit formally neutral, Iceland was a de facto nonbelligerent ally.

Icelanders had a sense of great relief that it was the British and not the Germans who had arrived. Before the war, Nazi Germany had shown considerable interest in Iceland and sent Werner Gerlach, an SS officer, to Reykjavik as their Consul. By May 1940, the Germans had occupied Denmark and Norway, and their *Blitzkrieg* against the Low Lands and France was conducted with great success.

After a brief period of time, the Royal Marines were replaced by a larger British Army force, which in a few months totaled 25,000 British and Canadian troops. The Royal Air Force had about 500 men, with five Sunderland flying boats and six Lockheed Hudson bombers for antisubmarine patrol. In addition, Iceland was host to a squadron of Norwegian Navy Northrop patrol seaplanes. By the late spring of 1941, Britain's back was against the wall. The British had suffered a military disaster in Greece, difficulties in North Africa, and were in urgent need of the troops that were tied down in Iceland. The Icelandic Government was formally notified by the British Government that the British troops in Iceland had to be withdrawn, and the defense of Iceland would be secured by the United States.

President Franklin Roosevelt consented to the request of Prime Minister Churchill to send American troops to Iceland to replace the British, but it was contingent upon the full consent of the Government of Iceland. This had, in fact, been the subject of negotiations between the United States and Iceland, and subsequently, an agreement for the protection of Iceland was concluded. It stipulated *inter alia* that the United States was committed to withdraw its troops from Iceland at the end of the war. On July 7, 1941, the agreement was made public, and on that very day the 6th U.S. Marine Regiment with 204 officers and 3,891 men arrived in Reykjavik. It is to be noted that at that time, the United States was still not at war. The question, therefore, may be asked whether moving American troops to the war zone in Iceland did not constitute a de facto entry into World War II. The war was, in any case, impressed upon the Marines when on July 6 their convoy went through the flotsam and jetsam of the

British battleship HMS *Hood*, which had been sunk by the German pocket battleship *Bismarck* on May 24, 1941. In August 1941 Churchill visited Iceland, reviewed the forces in a big parade, and addressed an enthusiastic crowd of Icelanders from the balcony of the Parliament building.

At the height of the war, U.S. forces in Iceland reached 50,000 in strength. The impact of these friendly, fully armed newcomers in an isolated and modest community of 120,000 was bound to have mixed consequences. One positive effect was that the foreign military presence provided an antidote to the misery of unemployment. Many Icelanders obtained well-paid work for the construction of Nissen huts and for other construction projects. In 1940-41, the labor unions, which were left-wing dominated, tried to organize action against working for the British forces to show solidarity with the Soviet Union, who was at that time in alliance with Germany. This ended abruptly with Hitler's invasion of Russia, but some of the Icelanders responsible for this agitation were deported and detained in England. The troops settled in every corner of the country, but mostly in Reykjavik, then a town of 40,000. The Army huts became whole villages in and around Reykjavik, which at times had more military personnel around than Icelandic men. Although the relations generally were good, any foreign military presence, however benign and protective, creates tension as well as opportunity. There were inevitably some incidents, including a few involving shooting of civilians. There were also some undesirable aspects of the social life sought by young men in uniform. Furthermore, economic measures were inadequate to contain excessive wage increases and high inflation. The war created a social upheaval in Iceland, particularly with the heavy migration to Reykjavik. On the other hand, new trade and economic ties with the United States were created. In addition, beginning with the war, a steady flow of Icelandic students received quality university education in the United States. Many enjoyed generous scholarships at American universities.

For Iceland, the horrors of the war occurred primarily at sea where many Icelandic victims lost their lives to the activities of German U-boats, which continued until the last month of the war in 1945. The worst year was 1941, when 139 seamen were lost. On March 11, 1941, the small trawler *Frodi*, with a crew of 11, was attacked by a U-boat using machine gun and cannon fire after it surfaced. The captain of the *Frodi* and three of the crew were killed and the boat was damaged, but able to make it back to harbor. I personally saw the bullet-riddled fishing boat in Reykjavik harbor along with the coffins on the deck draped with the Icelandic flag; a memory which cannot be erased. It is estimated that as many as 230 Icelanders lost their lives in the war, which equates to 0.2 percent of the population, mostly at sea. Comparable figures are roughly 0.2 percent for the United States, 0.4 percent for Canada, 0.7 percent for the UK, 0.2 percent for France, and 0.3 percent for Norway, of which a third were seamen. In my experience, the worst moments from that time were the all too frequent evening radio reading of the names of Icelanders who had lost their lives because in the war. After the war ended, it came to light that Hitler had at least twice considered invading Iceland under a plan codenamed *Ikarus*. A sizable armada was to carry the invasion force, including Austrian Alpine units. Taking Iceland was considered quite feasible by the German high command, however, keeping the country under German control was seen as impossible because of the naval and air supremacy of the Allies. Luckily

for Iceland, that opinion prevailed, otherwise the country would have been most likely laid to waste.

The Icelandic trawler fleet took the place of British trawlers to provide the UK with fresh fish during the war years. The British trawlers were used by the Royal Navy for such tasks as minesweeping. The German blockade on the UK ports meant that this activity could only be carried out at a horrible cost in lives. There were remarkable rescues performed by Icelandic fishing vessels. Perhaps the most outstanding was in June 1940 when the trawler *Skallagrimur* saved the entire crew of the HMS *Andina*, which was sinking after a torpedo attack. The 353 men and officers of the *Andina* crew overcrowded the small trawler and packed into every space they could — the bridge, the deck, and everywhere below, even in the coal boxes. They endured these miserable conditions for 33 hours in worsening weather before the thankful survivors could be transferred off the vessel.

Iceland's national experience in the war was certainly of great importance to the country's own history, but was only incidental in the larger picture of the colossal war that ravaged the world for 6 years. Still, Iceland merits a chapter in the history of World War II as the dictum of the importance of the country's geopolitical position was forcefully brought home. This was well-described in the *Oxford Companion to World War II*: “Whoever controlled Iceland commanded the North Atlantic sea lanes and the naval exits into the Atlantic from Europe, and it proved an invaluable Allied air and escort base during the battle of the Atlantic.”<sup>1</sup>

After the fall of France in June 1940, the German Navy (*Kriegsmarine*) had a clear and simple strategic objective with potential war-winning results: defeat of the UK by severing her maritime connections. It was this battle, begun in earnest in the late summer of 1940, that Churchill dubbed the battle of the Atlantic. It was, in fact, the only time in the war when the Germans were within a measurable distance of victory at sea. The German U-boat operations, under the command of Admiral Karl Dönitz, had achieved great success in 1940-41. The losses in some of the British convoys were alarming. At that time, the Royal Navy was unprepared to deal with the search and attack tactics which Dönitz had developed. This changed in 1941 when the United States assumed responsibility of the western Atlantic. Steps were taken in 1941 to extend the range of naval and air anti-submarine escort, culminating in the establishment of a major naval base at Hvalfjörður, Iceland. The Reykjavik airfield became crucially important for antisubmarine activities. With the bases in Iceland, convoy protection could now be provided much further to the west, however, there was still a gap between the limits of Iceland and Newfoundland based aircraft, a gap which would exist for another 2 years. The Keflavik airfield complex became one of the largest in the world during the war. As the gap in air cover was closed, the Allies could abandon Iceland as a relay point for transatlantic escorts. The Allied confrontations with U-boats achieved decisive results in 1943; nearly 100 were sunk in the first 5 months of the year. Air power held the U-boats in check for the remainder of the war. Winning the battle of the Atlantic, to a large extent fought from Iceland, prevented the fall of Britain and made it possible to ship the desperately needed manpower and supplies from the United States to England for the invasion of

France.

Victory in Europe was achieved on May 8, 1945. The First President of Iceland, Sveinn Björnsson, announced this to a large crowd assembled before the Parliament, saying that now Denmark and Norway were free. This was an emotional occasion, with a shared feeling of enormous relief. Toward the end of the war, the Icelandic Government declined Allied proposals to declare war on Germany so as to become a founding member of the UN. This is the reason why Iceland's UN membership was delayed for a year.

## **NATO Member in the Cold War**

Before the end of World War II, the United States decided that agreements should be reached with Iceland for peacetime security cooperation. The experiences of World War II had, according to the view held in Washington, indeed proven that the security of the United States, particularly in the context of that of the UK, would be best served if a long-time lease could be obtained on some of the existing military facilities in Iceland. The proposal for a 99-year lease on military bases met with general opposition in Iceland and was turned down. However, in 1946 an agreement was reached under which the United States was authorized to use the Keflavik Airport in support of its military occupation of Germany. When the new threat posed by the aggressive actions and intentions of the Soviet Union led to the establishment of NATO in 1949, Iceland became one of the founders as a signatory to the treaty in Washington. The Icelandic Government shared the view, which was also held by the fellow Nordic governments of Norway and Denmark, that participation in NATO's collective commitments was necessary if security of the North Atlantic region was to be assured. Iceland's contribution as the only nonarmed founding member turned out to be highly significant.

NATO membership was opposed by many in Iceland and remained the most difficult and divisive political issue in the country for a long time. The leadership for the pro-Western policy of bringing Iceland into NATO and securing bilateral cooperation with the United States was provided by the Independence Party and its Foreign Minister and later Prime Minister, Bjarni Benediktsson. The final adoption of Iceland's membership caused a major riot directed against the Parliament building, which had a level of vehemence unknown since the 1930s. NATO membership was opposed by a vocal minority who believed that Iceland's security was best guaranteed by being free of any entanglements in foreign military alliances. This argument was then used by the extreme left who opposed NATO in general, which they believed had the sole aim of destroying the historic "socialist" undertaking of the Soviet Union.

A change in the perceived threats of the Cold War, particularly with the advent of the Korean War, led to the establishment of the bilateral U.S.-Icelandic Defense Agreement in 1951. The agreement provided for a renewed American military presence in Iceland, the Iceland Defense Force, which over time adapted to meet evolving strategic needs. The 1960s resulted in a greatly enhanced role for Iceland in

NATO's efforts to avert war. There was a quantum leap forward in the development of missile technology which not only had permitted man to reach into space, but also to develop an intercontinental capability of delivering bombs, conventional or nuclear. As far as the NATO countries were concerned, an entirely new threat came from the Soviet ballistic-missile submarine fleet and other naval nuclear capabilities deployed with their Northern Fleet at Murmansk. The Kola Peninsula was also the site of several major airfields which hosted long-range bombers and fighter aircraft. This meant that the Atlantic east and west coasts of Iceland became the focal points of interest for the Alliance's strategic considerations and plans. The principal area of concern was the vast ocean area north of the Greenland-Iceland-UK (GIUK) gap. Soviet naval power was seen as a threat to the Atlantic sea lines of communications and viewed with the utmost seriousness, particularly since all defense plans of the European Allies depended on reinforcements and supplies from the United States.

NATO's strategy was to prevent any hostile Soviet air, surface, or subsurface transit through the GIUK gap. The primary mission of the 3,000 or so military personnel at Keflavik became antisubmarine warfare (ASW) and air defense. A critical part of this defense system was the so-called Sound Surveillance System (SOSUS), consisting of sound detecting devices placed on the ocean floor east and west of Iceland and transmitting data to Keflavik. This control was further carried out by the aerial surveillance of a squadron of P-3C Orion maritime patrol aircraft. The Iceland Defense Force also had at the time a squadron of F-15 fighter-interceptors. On the basis of the defense agreements, a large air defense radar installation at Keflavik was linked to smaller long-range stations on the other three corners of the country. The system was called the Icelandic Air Defense System (IADS). These IADS were integrated into NATO's Europe-wide air defense system. The radars, which originally were manned by the U.S. military, were over time transferred to the control of Icelandic civilians. This IADS arrangement continued until 2006 and was the only instance of such an installation being manned by non-U.S. civilians.

The 1960s-70s continued to witness controversy over the implementation of the Defense Agreement. Icelandic center-left political parties twice declared in election campaigns in the 1950s and 1960s that they intended to terminate the Defense Agreement. However, once in government they did not carry out this threat, because their coalition partners had a different view of Iceland's security requirements. As time passed, particularly in the 1980s, a very different political and popular view emerged with respect to NATO and the American presence in Iceland.

On a fine day in London in October 1986, when the author was preparing to leave his post as Ambassador there for new duties in Brussels, Belgium, he was alerted to truly astounding news. This was the decision that Iceland would host a meeting between U.S. President Ronald Reagan and then Secretary General of the Communist Party and soon to be the President of the Soviet Union Mikhail S. Gorbachov. The author was present on the 10th anniversary of the Reykjavik meeting held at the Ronald Reagan Library in California, which hosted eminent speakers from both sides of the historic meeting. Many of the participants in California had also been in Reykjavik for the unprecedented event, including former Secretary of State George Shultz. The

attendees of the 10th anniversary of the meeting agreed that this encounter marked the turning point in the long sequence of events which led to the end of the Cold War. However, whether one was in Reykjavik in 1986, as was the case of the author, few saw the event in such a positive light. Information provided by hundreds of reporters, commentators, and spokesmen who came to Iceland were mostly negative. When I returned to London and attended a conference at the Royal Institute for International Affairs, the British participants were somewhat baffled at the prospect of total nuclear disarmament as discussed in Reykjavik. The UK, under the leadership of Prime Minister Thatcher, had just won a major political battle to secure the UK's and NATO's defense position by having Pershing missiles based in the UK to counter the threat posed by the Soviet SS-20 missiles.

The Soviet military presence in the North Atlantic had been constantly augmented in the 1980s, both with respect to naval power and the capacity of the military bases in the Kola region. The Soviet presence around Iceland was most heavily felt in 1985 when they staged their most extensive naval exercise ever. At that time, there were an increased number of Soviet aircraft incursions into the Icelandic Military Air Defense Zone (MADIZ). A greater threat was posed by a new generation of larger, faster, and more silent nuclear submarines armed with long-range missiles. Consequently, the number of U.S. Air Force fighter-interceptors was increased from 12 to 18 at the Keflavik Air Base, and airborne warning and control system (AWACS) aircraft maintained a constant surveillance of the MADIZ. NATO military exercises were also of great importance. In 1988, the author attended Exercise Arrowhead Express in Northern Norway, during which he was afforded the unforgettable experience of landing on the aircraft carrier USS *Theodore Roosevelt* in foul weather. By that time, the Intermediate-Range Nuclear Forces (INF) arms limitation talks between NATO and the Union of Soviet Socialist Republics (USSR) were making headway, and there were Soviet observers present in Norway.

During this period, the facilities at Keflavik were upgraded *inter alia* with new, hardened aircraft shelters, a new command and control center, and the greatly expanded oil storage facilities at Helguvik. This was the final, and undoubtedly the most costly, of the upgrades made to the military facilities in Iceland, estimated to have cost \$1 billion in NATO and U.S. funds. Did any of Icelanders foresee that the time would soon come when the United States would decide to leave the Keflavik base? The answer, of course, is no, but the U.S. departure was indeed coming. This author and many others were firmly of the opinion that such a move would imply a renegotiation or termination of the 1951 treaty and, in any case, a consultation in NATO.

## **Departure of U.S. Forces**

The fall of the Berlin Wall in 1989 marks one of the great historical turning points in European history. We who were permanent representatives on the North Atlantic Council at the time witnessed this somewhat unbelievable turn of events manifested by the presence of Foreign Minister of the Soviet Union Eduard Shevardnadze, later

President of Georgia, in the office of Manfred Wörner, the Secretary General of NATO. All were most cordially introduced in this informal welcome to the Warsaw Pact at NATO headquarters. As far as Iceland was concerned, the security landscape was entirely changed as the Soviet military threat disappeared. After the September 11, 2001 (9/11) attacks on the United States and the subsequent military engagements in Afghanistan and Iraq, U.S. security policy priorities understandably centered on fighting terrorism and achieving peace and stability in the Middle East. Previous policies to reduce the Iceland Defense Force in stages presumably accelerated with the new political landscape. On September 30, 2006, the United States unilaterally withdrew the last of its military force from Keflavik.

Icelandic governments after 1991 were firmly of the view that the bilateral defense cooperation with the United States was anchored in common political values. Iceland had dutifully supported U.S. foreign policy after the Cold War, and the Defense Agreement had to be seen in the proper historical perspective. Of course, Russia was not going to attack Iceland, but what about the other threats? Could a small band of terrorists take over and hold hostage a full-fledged NATO member country? The presence of the world's greatest military power was thought to have a deterrent value that would ward off such dangers, and this was seen as being of the highest value. Iceland's insistence that the United States should at least maintain a symbolic air defense in Iceland, in retrospect, may be seen to have delayed the withdrawal of U.S. forces. However, after the U.S. departure, the appearance of Russian military aircraft in Icelandic air space became a fairly frequent event which had not occurred while U.S. F-15s were still there.

Historians are sometimes fond of explaining a course of events as logically inevitable. Thus, it has been argued that the American military authorities, particularly the U.S. Air Force, had decided a decade or two before 2006 to withdraw from Iceland and close the Keflavik base. It was therefore only a question of time before the President and the American Government would give their consent thereto. Having served as Ambassador in Washington from 1993–97, this author has a different perspective. There were certainly competing views for maintaining or closing Keflavik as a base. It was my impression that I had a sympathetic hearing with the State Department and with members of both houses of Congress; however, this was not the case with the Air Force, who strongly supported their departure from Iceland apparently for budgetary reasons. Thus, there were from the beginning of my tour lively discussions with the military, which centered on the differing threat assessments and the consequences with respect to air defense in Iceland. My line of argument was that it was neither a question of an Icelandic or American threat assessment. It was a joint assessment of NATO's highest organ, the Council. At the political level, NATO agreed that Iceland needed air defense; the question was whether having a few fighter-interceptors in Iceland was in itself a problem.

As I came to understand this issue, a main difficulty was the seemingly unacceptable requirement that would tie up a whole Search and Rescue (SAR) mission in Iceland. These consisted of several combat rescue helicopters and a tanker with their exceptionally highly skilled flying crews and maintenance staff, which were urgently

needed elsewhere. I had to wonder if an arrangement similar to that of the Icelanders operating the IADS radar system could not also be made for SAR tasks; i.e., have Icelanders fly the SAR helicopters? In 2005, in the last phase of the fruitless negotiations over the F-15s, the Icelandic Government in fact offered to provide the necessary helicopters, which it had been agreed were not classified as the combat rescue type. That was, however, of no avail as the decision for total withdrawal had already been made. There are all kinds of “what if” speculations with respect to the relationship between the two countries. Mine is whether an initiative to start by negotiating over the helicopters in the 1990s and leaving aside the F-15s until later might not have contributed to a satisfactory outcome for both parties. In 1994 and 1996, agreements in the form of Agreed Minutes were made to reduce the number of the fighter-interceptors to a minimum of four, along with a SAR mission. This was wrongly interpreted in Iceland as a confirmation that the United States intended to maintain a military presence in Keflavik irrespective of external conditions.

It is not the purpose of this paper to relate the history of the Icelandic-United Defense negotiations of 2002-06, which had in fact been ongoing in the 1990s. Political leaders in Iceland, notably David Oddson, Halldor Asgrimsson, and Geir H. Haarde, worked hard to have meetings or contacts at the highest level in the United States. As these negotiations progressed, they turned increasingly to the cost-sharing aspect. The Icelandic attitude had been that costs would normally be borne by the United States, since the airfield was primarily used for military purposes. However, as civilian air traffic grew and became predominant, Icelandic governments nevertheless turned down requests to take on normal costs relating thereto. This attitude was lamentable particularly because maintenance and other construction activity were both a source of employment and profit for the Icelandic contractors.

Prime Minister Haarde presented new Icelandic proposals in a December 2005 meeting with Deputy Secretary of State Nicholas Burns, and again in a February 2006 meeting with Secretary of State Condoleezza Rice. These proposals included the commitment that Iceland would take over all operational costs of the airport, starting with fiscal year 2006-07, which included the fire brigade, snow removal, and the air traffic control equipment. Similarly, Iceland would bear the cost of SAR helicopters, including the requirements of the U.S. Air Force, beginning in 2008. It was assumed that Iceland would purchase two helicopters under the U.S. military foreign military sales program. Further costs relating to military construction activity connected to the operation of the airport would be met by Iceland. Iceland's negotiators and government members expressed optimism; however, that was an unfounded assessment. On March 15, 2006, Burns informed Haarde that President Bush, on the recommendation of Secretary of Defense Donald Rumsfeld, had decided that the fighter-interceptors, the SAR mission, and all other military assets present in Iceland were to be withdrawn before October 1, 2006. In their place, a new defense plan for Iceland was to be agreed upon, high level strategic consultation was to be held, and the United States would continue to conduct the annual Northern Viking military exercises in Iceland.

In Iceland, there remains a legacy of disappointment on the part of those who exerted themselves to secure a continued American military presence, which they firmly

believed was a common cause for the stability of a vitally important area, the Atlantic High North. For the past 6 decades, the Icelandic–American relationship, which included a significant U.S. military presence in the country, was not obstructed by any lack of capacity or desire by Iceland to participate in the essential Alliance activities. The political consultations concerning the defense dialogue with the Soviet Union, particularly regarding the INF-negotiations during the author's time in NATO, were of the highest value. There were regular and close bilateral consultations with the United States, both on military and political levels, on all matters relevant to Iceland's status in the overall defense requirements of the Alliance, specifically with reference to the threat posed by the Soviets in the North Atlantic.

There is a temptation for Icelanders to be angry over the U.S. withdrawal in 2006. These emotions should be resisted. This was a decision, arguably unwise, taken by the United States, and one that serves as an excellent example of the fact that Iceland has no decisive influence over others in such matters. On the other hand, this history is important for demonstrating that, for over a half century, there were close and friendly relations between these two nations as they engaged in a remarkable bilateral defense and security cooperation relationship. In 2011, we should look forward and revive these bilateral ties under the new conditions in the High North of the 21st century.

## **Defense and Security After 2006**

### **High North Developments.**

The strategic importance of the European Arctic, hence forth referred to as the High North, clearly diminished in the early years of the post-Cold War. There was a period of Arctic bliss after the dissolution of the Soviet Union. Strategic confrontation was replaced by an agenda of climate change, research, and economic interests. These aspects were emphasized at a high level NATO/Iceland seminar in Reykjavik in the beginning of 2009. There was a difference between NATO and Russian perspectives with respect to the High North; NATO's main considerations were “out-of–area” threats, and the process for the enlargement of the Alliance; NATO moved its command and control structure from Northern Europe to the Mediterranean and, since the late 1980s, major U.S. surface vessels seldom sailed into the area.

While Russia insisted that a cooperative future in the region could be achieved through the work of the Arctic Council, their strategic planning continued. The Russian military posture in the High North declined as elsewhere in the early 1990s, but that did not undermine strategic considerations. The Russian Northern Fleet continues to play a role with its nuclear capacity as does the massive infrastructure in the Kola Peninsula. Subsequently, Iceland witnessed the renewed training sorties of strategic bombers starting in 2007, and Russia's ambitious rearmament programs give high priority to the expansion of the Northern Fleet, including aircraft carriers.

In the years immediately following the 9/11 terrorist attack, the European Arctic did not appear on the foreign policy agenda of the United States. The withdrawal from

Keflavik in 2006 was, at the time, taken as a signal that the region was peripheral to U.S. strategic interests. However, in January 2009, the outgoing Bush administration published a directive on an Arctic Region Policy which had been in preparation since 2007. This document addresses U.S. security issues in the circumpolar Arctic and therefore those of the European High North. The directive emphasizes the fundamental security and homeland interests which the United States has in the region: freedom of the seas, deployments of sea and air systems, missile defense and early warning, and other policy elements more directly affected by the retreating Arctic ice-cap, such as maritime activity, energy security, and environmental sustainability. The directive remains in effect under the Obama administration with two policy dimensions particularly highlighted: First, the importance of cooperation with Russia in the Arctic, as a part of broader efforts to reset relations with Moscow. Second, the Obama administration more thoroughly underlines environmental security and sustainable development in the region. The ratification of the UN Convention of the Law of the Sea is yet another aspect emphasizing the role of the United States in the Arctic region.

The NATO Parliamentary Assembly Sub-Committee on Transatlantic Defense and Security Cooperation issued an extensive report in October 2010 entitled “Security at the Top of the World: Is there a NATO role in the High North?” As the report points out, no state actions in the Arctic in recent years have received more attention than those of Russia. In August 2007, a Russian deep-water submersible reportedly planted a titanium flag on the North Pole seabed 4,300 meters below the ice-covered surface of the Arctic Ocean. The lead explorer and Parliamentarian, Artur Chilingarov, proclaimed: “The Arctic is ours.”<sup>2</sup> A general increase in Russian military activity, including naval exercises and patrolling of Arctic waters by their Northern Fleet, was increased. This assertiveness had also manifested itself in Icelandic airspace. In recent years, Russian military planes have flown through NATO's air surveillance space around Iceland as many as 64 times without following international rules of giving prior notification of flight plans and having active transponders. In 2009, Russia held Arctic exercises in the northern Barents Sea in which supersonic Tu-160s and older Tu-95 bombers dropped precision bombs and missiles. However, ministers of NATO countries and former Secretary General Jaap de Hoop Scheffer have chosen to downplay these activities as not constituting a threat, ironically, that is contrary to what Russia's foreign minister has said about NATO's Arctic intentions.

The Sub-Committee's report contains several conclusions provided by its rapporteur, Ragnheidur Elin Arnadóttir MP, emphasizing the importance of a regional institutional and legal framework for the Arctic. The former chairman of NATO's Military Committee, General Klaus Neumann, is quoted as saying: “the Nordic Area [Iceland, Norway, and Denmark] . . . was, is, and will remain of crucial importance for NATO . . . as an integral part of NATO's efforts to provide undivided security for all its member nations and throughout the Atlantic area.”<sup>3</sup> With the radar installations in Greenland and Iceland, NATO is “in” the High North. With other priorities on the agenda, Canadian authorities are content with the current Arctic relations. The rapporteur states that NATO can offer added value in the Arctic as a forum for dialogue and information sharing, particularly as a focal point for coordinating disaster

relief through NATO's Euro-Atlantic Disaster Response Coordination Center.

The rapporteur agreed with those calling for NATO to take a comprehensive approach to challenges in this area and to work with the Arctic Council, the UN Convention on the Law of the Sea, the International Maritime Organization, and the EU. Finally, the rapporteur called for an awareness of the increase in military activity and interest in the region and stressed the importance of having the means to see and understand developments there. Being optimistic about the perspective of keeping the High North as an area of low tension, NATO should first maintain its collective awareness of rapid change in a strategically important region. Second, NATO can and should fill gaps in the existing regional security architecture by providing a forum for dialogue and information sharing among Allies, cooperation with Russia, and the coordination of assistance with littoral States for consequence management.

Prime Minister Johanna Sigurdardottir attended the London Nordic-Baltic Summit on January 19-20, 2011, at the invitation of British Prime Minister David Cameron, which also included his counterparts from Denmark, Finland, Iceland, Norway, Sweden, Estonia, Latvia, and Lithuania. The idea of a Nordic military pact was taken up by Thorvald Stoltenberg, former Norwegian Foreign and Defense Minister, in a 2009 report entitled “Nordic Cooperation on Foreign and Security Policy.” The report focused on 13 areas of potential closer cooperation, one of which is security in the High North. At a meeting of the Nordic Council in Reykjavik in November 2010, a decision was taken to sign a statement on security policy in April 2011. At that time the Norwegian Foreign Minister stated that increased cooperation in Nordic and Baltic defense was a step in the right direction and that: “It's now time to formalize this cooperation and confirm Nordic unity in defense.” [4](#)

At a meeting of the Fifth Arctic Conference in Tromsø on January 23-28, 2011, Ossur Skarphedinsson, the Minister for Foreign Affairs of Iceland, delivered a comprehensive statement on Icelandic Perspectives on the Arctic. The essence of this statement is summarized as follows:

First, Iceland aims to assert her position as a coastal state in the Arctic and is committed to ensuring that all international discussions and decisions about the future of our region reflect the interests and aspirations of Arctic interests.

Second, Iceland will actively encourage inclusive high level political cooperation within the Arctic Council with a strong focus on the human dimension.

Third, in international fora, Iceland will actively seek to ensure, that the interests and concerns of Arctic residents are put to the front in the global effort against climate change, transboundary pollutants, and in developing agreements that will contribute to the sustainable development of the Arctic region. [5](#)

The seventh ministerial meeting of the Arctic Council held at Nuuk, Greenland, on May 12, 2011, was attended by Foreign Ministers of most of the seven participants, including Secretary of State Hillary Clinton. Foreign Minister Ossur Skarphedinsson emphasized the importance of the Nuuk Declaration as the first legally binding agreement reached under the auspices of the Arctic Council; it provides for cooperation in search and rescue efforts in the Arctic. A further decision reached in Nuuk was the establishment of a permanent secretariat in Tromsø, Norway. On this occasion, the presidency of the Council was passed to Sweden.

## **2006-08: Defense Efforts by Two Coalitions.**

As previously discussed, NATO membership and maintenance of the U.S. base in Iceland were at times difficult and divisive issues. However, in the last decade or so of the defense relationship, these two issues ceased to be such confrontational stumbling blocks. Presumably, Icelanders reached the opinion that these relationships would continue to be necessary protections in the turbulent world of the 21st century, as they had been since the 1940s. However, after the U.S. withdrawal in 2006, Icelanders were left with the uncomfortable necessity of having to agree among themselves what the future held for their own security. Undeniably, those who had been faithful advocates of NATO and the U.S. presence in Iceland had suffered a humiliating setback. They, and in particular Prime Minister David Oddsson, had firmly believed that the Americans would in some measure meet Iceland's demands. Notwithstanding a political fiasco, the view of the majority was that efforts should be made to somehow rebuild traditional defense. Of course, there were those who steadfastly denied that, saying that we had entered a new world devoid of threat and that relations with previous opponents had become peaceful.

The coalition governments in 2006-07 and 2007-09 were headed by Prime Minister Geir H. Haarde, leader of the conservative Independence Party (Sjálfstæðisflokkur), and their partners, the Progressive Party (Framsóknarflokkur) and the Socialists (Samfylking), with their respective leaders Halldor Asgrímsson and then Ingibjorg Solrun Gísladóttir as Foreign Ministers. Their parties were old allies who supported NATO membership and the American presence in Iceland. Until October 2008, the political landscape was stable, and the country was seemingly prosperous. The Prime Minister had made particular efforts in the negotiations with the United States, and it was thanks to his initiative that the NATO-Iceland high-level seminar was held in Reykjavik in January 2009. Unfortunately, the Icelandic word *Hrun*, meaning crash or collapse, evolved to a new meaning with the financial crash of October 2008, which plunged the country into its deepest recession in living memory; the three main commercial banks all collapsed in 1 week. Aside from the dire economic consequences, there was heavy political fallout, which had an impact on foreign relations, including the national defense arrangements. The following brief discussion provides an account of measures taken in defense and security policy in the 2 years preceding the 2008 financial crash.

To follow Iceland's previous policies and practices, the government sought to secure a

continuation of the surveillance and policing of Iceland's air space now that there were no U.S. assets permanently located in Iceland for that purpose. In order to reinforce military cooperation and secure air policing, bilateral agreements in the form of Memorandums of Understanding (MOUs) were reached with Denmark, Norway, and the UK. At the NATO Riga Summit in November 2006, Prime Minister Geir Haarde requested that Iceland's NATO Allies assume responsibility for protecting Iceland's airspace. The North Atlantic Council agreed to this request at its July 2007 meeting. An average of three deployments are made per year, with each lasting from 2 to 3 weeks, and on occasion they have had to escort aircraft from the Russian Air Force 37th Air Army out of the Icelandic air protection zone. The first deployment began on May 5, 2008, when four French Air Force Mirage 2000 fighters began patrols from Keflavik. Subsequent deployments have included U.S. Air Force F-15 Eagles, Royal Danish Air Force F-16 Fighting Falcons, and German Luftwaffe F-4 Phantom IIs. A planned deployment of British Royal Air Force Eurofighter Typhoons in 2008 was cancelled because of the Icesave dispute between Iceland and the UK. The fighter aircraft are routinely accompanied by a NATO AWACS aircraft to enhance the Iceland Air Defense System, which is integrated into NATINADS, NATO's integrated Air Defense System.

The Northern Viking exercises were outlined in the agreements Iceland had with the United States and were last held in 2011. They were intended to test the capabilities of Iceland and her NATO allies in the various aspects of the country's defense. Northern Viking 2008 was held by the Icelandic Defense Agency and the United States European Command (EUCOM) and consisted of both an air and maritime defense components. More than 400 foreign troops were deployed as was a Danish warship. In the air defense exercise, the Icelandic Coast Guard contributed two SAR helicopters, the U.S. Air Force provided four F-15 fighters with three refueling planes, the Royal Norwegian Air Force provided five F-16 fighters, the Royal Canadian Air Force provided six CF-18 fighters, and NATO provided two E-3 AWACS planes. For the maritime defense exercise, Iceland contributed one Aegis class patrol vessel and one helicopter, the Royal Danish Navy provided one Thesis class frigate, and the U.S. Navy provided two P-3 Orion ASW aircraft. Iceland, as the host country, is committed to bear a certain share of the costs. Due to the extreme budgetary constraints following the 2008 banking crisis, Northern Viking 2009 and 2010 were cancelled, but were resumed with Northern Viking 2011.

In 2007-08, two important policy decisions emanating from the Ministry for Foreign Affairs under Ingibjorg Solrun Gissladdottir were initiated; the establishment of the Icelandic Defense Agency and the appointment of a commission to submit a comprehensive risk assessment for Iceland. The Defense Agency came under the authority of the Foreign Ministry and had the task of running Iceland's air defense system; managing all operational ties with NATO; and building expertise in security and defense. The Left-Green Party (Vinstri Graenir) was adamantly against establishing the new agency and so were some members of the Independence Party.

The risk assessment commission, of which this author was one of 13 members, was appointed in October 2007 and delivered its report in March 2009. The work was

delayed by the October 2008 banking collapse, which with all of its ramifications, pushed other matters off the Icelandic national agenda. Economic and financial security had not been the main concern of the commission's work in 2007-08, and its work was nearly completed by the time of the crisis. However, given the turn of events, the report emphasized the serious consequences of the crisis on the entire economy as well as the relations with the outside world, in the first instance with the British and Dutch governments over what became known as the Icesave dispute. Financial security would obviously be a main concern for some time to come.

Within a group of so many, there were bound to be differing views, but compromise was sought on the wording of the findings of the risk assessment commission, particularly in reference to the threat assessment and the importance of military security. The report contributed to informing the security debate in Iceland to the fact that its security, like that of neighboring countries, depended on meeting a number of security functions. Thus, many vulnerabilities and concerns which needed to be addressed were enumerated. With respect to terrorism, the view was expressed that Iceland could be used to organize terrorist attacks in other countries. Attention was drawn to threats emanating from possible cyber attacks, the vulnerability of information systems by actions of hackers, organized crime, oil spills, accidents involving nuclear-powered submarines in the North Atlantic, risks of collisions in Iceland's air space by Russian bomber flights not subject to the Reykjavik air control authority, and the ever present serious risks stemming from natural disasters including earthquakes, volcanoes, floods, avalanches, mudslides, and glacier bursts.

## **2009-Present: Government Policies.**

At the turn of the century, the economic prospects for Iceland appeared to be at their very best. Optimism, if not euphoria, regarding strong economic growth and prosperity continued in the first 7 years of the new millennium. Iceland was celebrated as one of the richest countries of the world. The record was convincing, because real GDP growth from 2003-07 was 6.3 percent on average. Indeed, the Organization for Economic Cooperation and Development (OECD) concluded in February 2008 that the Icelandic economy was prosperous and flexible. These expectations were shattered in the autumn of 2008 when disaster, likened to an economic hurricane, struck Iceland, plunging it into a deep recession. The enormity of the sudden financial crash became a new and ever present reality for Icelanders which dominated the national debate with even greater intensity after the publication a Special Investigation Report in April 2010.

The Special Investigation Report has been recognized as a realistic analysis of extremely serious failures in the management of Icelandic banks abroad, as well as inadequate official supervision. Government ministers were charged with gross negligence and the Central Bank and the Financial Supervisory Authority faced the possibility of indictments. In September 2010, the Parliament (Althingi) voted by a narrow margin that charges should be filed only against former Prime Minister Geir H. Haarde in a special Court of Impeachment, which was established in 1905, but never

previously convened. The decision was the subject of intense controversy. Furthermore, a special prosecutor issued legal charges against a number of business and bank executives.

The crisis was to have dramatic political repercussions. Public demonstrations of hitherto unknown strength, and at times dangerously violent, gained momentum in Reykjavik. These demonstrations created increasing pressure on the government resulting in new elections and ultimately forced the head of the Central Bank to resign. The crash became one of the favorite themes of foreign media, and Iceland's international image plummeted. Worst of all for the country's reputation was the decision by the Prime Minister and Chancellor of the Exchequer of the UK to use terrorist legislation to freeze the assets of London's Icelandic banks. This was seen in Iceland as a totally unjustifiable outrage. The International Monetary Fund (IMF) and the EU received strong criticism for seemingly having sided against Iceland. NATO was considered worse than useless now that Iceland had economic warfare on its hands. The question frequently asked was: Who were Iceland's real allies? The economic crisis overshadowed the debate concerning defense and security matters.

In January 2009, Haarde resigned on behalf of his coalition, and an election was called in April. A minority caretaker government comprised of the Social Democrats and the Left-Greens was formed under the premiership of Johanna Sigurdardottir, with Ossur Skarphedinsson as Minister for Foreign Affairs. A temporary appointment of a Governor of the Central Bank replaced David Oddsson, who had been a primary target of the popular protests. The Social Democrats gained substantially in the election and became the leading political party. Together with the Left-Greens, they now commanded a Parliamentary majority and formed a new government with Sigurdardottir as Prime Minister and with Skarphedinsson continuing in his post. In the 2.5 years which have passed, there has been an intense debate over domestic policy, particularly over the economy, which is not the subject of this paper. However, it should be noted that the OECD review of April 2011 concluded that Iceland is viewed as resolving the economic problems that caused the financial crisis. Although the Icesave issue did not find resolution through negotiations — the results were twice rejected in national referenda — the Government remains convinced that the British and Dutch governments will recover their outlays for Icesave deposits from the estate of the failed bank, thanks to the emergency legislation enacted on October 8, 2008.

An historic foreign policy initiative was taken in May 2009 when the Foreign Minister submitted a resolution to Parliament proposing an application for membership in the EU. The application was approved by Parliament on July 16, 2009. After approval by the European Council, the European Commission in February 2010 issued its opinion that Iceland was fully qualified to become a member of the EU. Membership negotiations are in full progress and expected to conclude in 2012. An important phase in the negotiations will be reached when the screening of Icelandic legislation in relation to that of the EU is completed, which was scheduled to occur by June 2011. Once the review is complete, full negotiations will begin.

The establishment of the Iceland Defense Agency was subject to controversy and lost

political support with the formation of the current coalition government. The Agency worked provisionally in 2010 under an Act of Parliament which provided that it would close down at the end of the year. The Ministry for Foreign Affairs remains responsible for the relations with NATO and provides the permanent representative on the North Atlantic Council. In 2011, the defense-related functions previously carried out by the Icelandic Defense Agency were allocated to the National Commissioner of the Icelandic Police and the Icelandic Coast Guard under the Ministry of the Interior. A working group which submitted proposals for these changes had consultations at NATO headquarters over various difficult technical aspects of this change. The Control and Reporting Center (CRC) in the Keflavik security zone has specially equipped facilities relating to data security and other matters and its functions will continue to be carried out by the Coast Guard in the same way as previously accomplished. The new arrangements will in all respects meet NATO standards and retain the full credibility that Iceland had with the arrangements under the Iceland Defense Agency.

The report of the working group's visit to NATO headquarters contains this interesting observation:

It was revealed that Russia had increasingly elected to display its military strength in the North Atlantic Area in the last 4-5 years, owing, among other things, to improved economic conditions in Russia, climate change, the opening of shipping routes, the importance of the Arctic Region and competition for control over the region. Iceland's importance was therefore not diminishing. The representatives of the Military Command expressed their hope that the proposed changes to the Icelandic administrative arrangements of defense related tasks would not disrupt their conduct or scope, which is based on the joint assessment of NATO and the Icelandic government. [6](#)

In April 2011, Foreign Minister Ossur Skarphedinsson submitted a Resolution to the Althingi providing for the formulation of a national security policy for Iceland. The proposal calls for the establishment of a Parliamentary commission of 10 members who are to submit a report no later than June 2012.

A Northern Viking military defense exercise sponsored by NATO was held again in June 2011. The purpose of these exercises is to test the capability of fighter jets in their intercept and air defense roles relying on communications and command post functions. The participants in this exercise were from the air forces of the United States, Denmark, Italy, and Norway. The Swedish Air Force had to cancel plans to send six of their newly designed *SAAB JAS 39 C* and *D Grippen* multistrike fighters of very high capability, because they participated in the NATO-led air strikes in Libya.

### **Security And Defense: Implications of EU Membership.**

The goal of a common EU defense policy appeared for the first time in the Maastricht

Treaty in 1992. However, when this policy was first put to the test, it failed to meet the challenge to keep peace in the Bosnian war in the 1990s. With the Amsterdam Treaty of 1997, the EU overtook the so-called Petersberg tasks of the Western EU (WEU). These were humanitarian, rescue, peacekeeping, and crisis management tasks, including peacemaking. But the EU's weakness became apparent when Serbian forces initiated their activities in Kosovo in 1998. There was a sense of general frustration over the incapacity of the EU to manage the crisis, especially one in their own backyard. However, the real start of a European Security and Defense Policy (ESDP) occurred when the UK and France agreed in St. Malo in 1998 that the European Council would be responsible for deciding on the progressive framing of a common defense policy. This was followed in 1999 by the establishment of various bodies dealing with national defense and the goal of being able to deploy 60,000 troops a year. Finally, the Berlin plus Agreement of 2002 between the EU and NATO allowed the use of NATO's assets and capabilities for EU-led operations. France has returned to the NATO integrated command structure, removing a major block to NATO-EU relations.

The mission of the ESDP does not include territorial defense of the European Union, which is the task of NATO for 21 of its Member States. The ESDP has for its primary purpose crisis management in third countries, conflict prevention, and the improvement of post-crisis situations. In order to complement the military side of crisis management with a civilian side, goals were set for the deployment of police forces, specialists to restore civilian administration, judicial officials, and civil protection intervention teams. The basic assumption is that threats such as terrorism, regional crises, and failed states cannot be met by the use of military force alone. Since 2003, the EU has conducted operations of a military and/or civilian character in the following countries, and in some more than once: Macedonia, the Democratic Republic of Congo, Bosnia-Herzegovina, Chad, the Central African Republic, Somalia, the Darfur region of Sudan, Georgia, Iraq, Indonesia, Palestine, Afghanistan, Moldova, Ukraine, and Kosovo. In 2007, the ESDP became the Common Security and Defense Policy (CSDP) and continued to be an integral part of the Common Foreign and Security Policy (CFSP).

Mutual assistance and solidarity clauses were introduced with the Lisbon Treaty. Thus, there is now an obligation by all of the Member States to give aid and assistance by all the means within their power, in accordance with Article 51 of the UN Charter, to another Member State which is the victim of armed aggression within its sovereign territory. Exceptions are made in the case of neutrality so that the provision does not transform the EU into a military alliance. The provision also specifies that these commitments shall be consistent with the NATO Treaty. This solidarity clause is considered to be of the utmost importance for the EU. It does not change anything in positions of Member States vis-à-vis NATO. There is another solidarity clause that covers terrorist attacks or natural or manmade disasters.

The European Council decided on June 17, 2010, to open negotiations with Iceland. A ministerial meeting opening the Intergovernmental Conference on the Accession of Iceland into the European Union was convened in Brussels on July 27, 2010. Iceland

was represented by Foreign Minister Össur Skarphéðinsson who delivered a statement on the “General Position of the Government of Iceland.” In reference to foreign and security policy, the statement included the following:

Iceland has for decades embodied the transatlantic link through its NATO membership and the Bilateral Defense Agreement with the U.S. The government is committed to participation in the EU's Common Foreign and Security Policy and the European Security and Defense Policy. Yet decisions regarding matters of security and defense must remain with the member states.

Iceland is proud of its non-military tradition, and will not establish a military in the future. Thus we will have to look at the relations with the European Defense Agency in that context.

In the field of foreign and security policy Iceland has worked well with the EU member states within the framework of various international organizations. We have participated in peacekeeping and other crisis management efforts in cooperation with e.g. the United Nations and its various agencies, NATO, and the OSCE, as well as within the Nordic cooperation. Within the EU framework, Iceland has participated in the EUFOR Concordia and EUPM missions<sup>7</sup>

This brief statement reflects the assumptions of the Icelandic Government which the European Commission fully supports. The Commission's opinion, or “avis,” concerning Iceland dated February 24, 2010, states that “Iceland should be ready to fully and actively participate in the CFSP and the ESDP and be able to assume the obligations of membership in these areas.”<sup>8</sup> In this context, Iceland's long-time standing as a member of NATO is relevant, as well as the practice of associating Iceland with CFSP positions and EU groups in international organizations. This also applies to Iceland's inclusion in the Schengen arrangements as far as internal security is concerned.

A Negotiation Committee, headed by Chief Negotiator Ambassador Stefan Haukur Johannesson, was established with sub-groups for each of the areas of the negotiations. The negotiations started with the so-called screening process, which is an in-depth analysis of the EU laws in relation to Iceland. For this phase, a schedule of meetings for all the negotiating areas was established from November 2010 to June 2011. The group dealing with External Relations and Security Affairs, headed by Maria Erla Marelsdottir, Director in the Ministry for Foreign Affairs, submitted an extensive report on the screening of the relevant EU legislation in March 2011 with the bilateral discussions with the European Commission scheduled for May 2011.

Should Iceland join the EU, the country would be within the common boundaries of a close union of states. Indeed, it may be said that Iceland belongs in the EU for reasons of history, its ancient language, and its rich cultural heritage. Unfortunately, the EU

chose to emphasize the field of fisheries, which excluded both Norway and Iceland as partners. This marginal EU policy has been a failure for its participants and had unfortunate outward political consequences. Thus European integration has not fully reached the north, while expanding by leaps and bounds to the south and east. To say that Iceland, and by extension Norway, is not a highly valuable strategic asset for the EU must be dismissed. The President of Iceland, Ólafur Ragnar Grímsson, has maintained that Iceland's geographic position is of greater significance now than ever before. The French government has entrusted Michel Rocard, former Prime Minister, with the task of Ambassador for Arctic matters and in that capacity, he visited Iceland in 2010 and emphasized its importance as a prospective EU member.

Iceland enjoys a commanding position in the Atlantic at the edge of the High North, offering the EU a valuable new foothold in a vast space opening up to increased economic, transport, and tourist activity. It should be noted that Iceland is an active member of the Arctic Council of the EU's Northern Dimension, and the EU-supported Barents Euro-Arctic Council. As the key player in the West Nordic cooperation, Iceland has very close relations with the Faroe Islands and Greenland. Iceland has normal relations with Russia, although it does object to Russian military flights in close proximity to its air defense zone. Iceland's policy toward the Arctic emphasizes the environment, sustainable exploitation, and peaceful relations. This is in harmony with the EU objectives. There is thus mutual benefit and possible gains to be derived from investments in such a process. As far as Iceland is concerned, the EU's foreign and security policy is thus fully acceptable. EU membership should strengthen Iceland's position in NATO and the bilateral relationship with the United States.

## **The Transatlantic Relationship and Iceland.**

Iceland is a founding member of NATO, and for over 60 years Iceland's defense has rested on NATO and the related bilateral agreement with the United States. Iceland's geographic position made the country a vital link in the transatlantic relationship between the United States and the European allies and was the indispensable location for providing security in the North Atlantic when that security was threatened by the Soviet Union. In the 21st century, NATO allies face altogether different threats which are not defined by geography and defy borders. This poses the twofold question for Iceland as to whether the transatlantic relationship is intact and if, in that context, the same may be true of the bilateral relationship with the United States, the core element in its security.

A statement on the subject of U.S. relations with Europe, was given by the Assistant Secretary of State for European and Eurasian Affairs, Philip H. Gordon, to the House Foreign Affairs Subcommittee on Europe and Eurasia on March 10, 2011. Three basic objectives were noted that stand out in the U.S. engagement with Europe and the significant progress in each area:

1. The United States works with Europe as a partner in meeting global challenges:
  - In Afghanistan, Europe has contributed additional troops, training teams, and funds for the Afghan Army and police.

- On Iran, the EU has supported stronger sanctions in the UN Security Council.
  - Allies have welcomed U.S. missile defense system in Europe.
  - On North Africa, the U.S. is consulting and cooperating with NATO, the EU, and their member states.
2. The United States is still working with Europe on Europe, that is to say, working to complete the historic project of helping to extend stability, security, prosperity, and democracy to the entire continent: The U.S. strongly supports the EU's Eastern Partnership and the idea that the Western Balkans should become full EU members. A joint response to the events in Belarus was important as well as the efforts in the Caucasus.
  3. The United States has sought to set relations with Russia on a more constructive course. President Obama recognized that he had inherited a relationship that was in a difficult place and that this situation did not serve the interests of the United States. Therefore, the goal has been to cooperate with Russia, where there are common interests but not at the expense of U.S. principles or its friends. The results speak for themselves:
    - Most significantly, the conclusion of a new START Treaty.
    - An agreement for the transit of troops across Russia to Afghanistan.
    - Cooperation with Russia on Iran and North Korea's nuclear programs.

Furthermore, work of the Bilateral Presidential Commission and its 18 working groups has paid dividends with the U.S. engagement of Russian society. Polls show a significant increase in the positive view of the United States in Russia.

The conclusion that can be drawn from these efforts is that the U.S. agenda with Europe demonstrates that there is close work with Europe on nearly every issue, both internationally and within Europe. However, much needs to be done to translate this agenda into concrete steps toward the security and prosperity of both Europe and the United States. There is a need to creatively adapt to budget austerity by finding ways to make collective defense spending smarter and more efficient.

Whatever the merits of its integration process and defense cooperation, Europe can have no collective or single view on these questions. However, the concerns for NATO as a whole were voiced at the 47th Munich Security Conference in February 2011 by Anders Fogh Rasmussen, the Secretary General of the Alliance. He saw the danger of not investing in defense because of the current crisis confronting Europe as a credible security actor. The need was to preserve the ability of the transatlantic community to act as one:

. . . First, we risk a divided Europe. . . . Second, we risk a weaker Europe. Without the hardware to back up its soft power, Europe's potential to prevent and manage crises would be seriously diminished. . . . And third, we risk a Europe increasingly adrift from the United States. If Europe becomes unable to make an appropriate contribution to global security, then the United States might look elsewhere for reliable defense partners. . . . This may sound like a very gloomy scenario. Indeed, I am concerned. If

current trends in Europe continue, the gap between the defense capabilities across the Atlantic will continue to widen. We risk a weak and divided Europe — more than 20 years after the fall of the Berlin wall<sup>2</sup>

An answer to these challenges, according to the Secretary General, is cooperation in building greater security with fewer resources to avoid the financial crisis becoming a security crisis. In this context, a strong, strategic NATO-EU partnership is seen as having many benefits, in political and operational terms, as well as financially.

This leads to the positive conclusions that the transatlantic relationship is very much in place in 2011. Within the framework of the existing institutions, NATO and the EU, and thus on a dual track, the United States maintains close bilateral cooperation with its European allies. One cannot be had without the other. The new challenge is for Iceland and the United States to find ways and means to maintain the bilateral security ties that have been built over so many years of cooperation. The goodwill and, above all, the trust should be revitalized and preserved. Iceland cannot afford to let it erode. This relationship should be well-defined as Iceland moves forward to join the EU. Not to be forgotten is the fact that these relations are also bolstered by a whole web of contacts, aside from those of government channels. This is very much the case because of long-standing important trade, economic, and cultural relations, and also in recent years, significant American industrial investments in Iceland.

## **Iceland at Crossroads**

Over the last 60 years, Iceland has been of varying geopolitical importance. In World War II, the country was driven out of isolation and neutrality because of its pivotal geographic position that allowed the Allies to meet a vitally strategic objective: the protection of the sea lines of communication between America and Europe. Iceland became an unarmed yet active war participant with the Allied nations when the United States established a military presence in Iceland in 1941. During the Cold War, both the ocean and air space of the High North was equally central to the security of the United States and the European Allies. The Keflavik base was the main geostrategic counterpoint to the greatly increased Soviet military presence in the North Atlantic. Iceland was a full NATO member throughout the Cold War, particularly with its defense relations with the United States. After the fall of the Soviet Union and the Warsaw Pact, the strategic importance of Iceland and the High North declined sharply in the 1990s. This was particularly clear when the United States abandoned the Keflavik base in 2006.

A political turning point in the internally contested participation by Iceland in NATO was reached in 1951. In that year, a bilateral treaty was concluded with the United States, on behalf of NATO, for Iceland's defense. A considerable military presence was established at the Keflavik base, which became the nerve center for the new Early Distant Warning System comprised of sophisticated long-range radars and seabed installations. This required extensive aircraft surveillance — a squadron of the latest fighter-interceptors to ward off steady Soviet incursions — and a military force

designated for ground defense. This evolving arrangement lasted for 55 years until the American presence in Iceland came to an end in 2006. Iceland became the only NATO country with no indigenous or homeland defense and no contiguous neighbors.

Like other countries, Iceland is faced with a number of new threats, with which this author has been concerned since his time with the aforementioned Risk Assessment Commission. An example is Iceland's particular vulnerability from cyber attacks. Aside from the fact that over 90 percent of households have internet connected home computers, there is the reliance on computer networks for virtually every aspect of the daily lives of all Icelanders: countrywide central heating; electricity; water; food distribution; health services; banking to include ATM machines, credit cards, and passwords; communications with the outside world, particularly the vital air traffic, etc. Cybersecurity is said to be on the uncoordinated agendas of some 30 multilateral organizations. Iceland's limited manpower and other resources make it difficult, particularly in times of high budget cuts, to follow and implement new policies and measures in this and many other fields. The task of reviving economic activity after a severe 2-year contraction — 10 percent negative growth — and high unemployment, absorbs resources and political attention. Questions relating to the country's security, on which there was a lively debate a few years ago, are now low on the national agenda.

As interesting as the 20th century history may be, it is not a guide for the future, unless there are no changes in the relevant circumstances. It is not difficult to claim that a new age has been ushered in causing fundamental changes in the geopolitics of the world. Obviously, the limited case of Iceland has to be considered in a context broader than military security or the balance of forces in the High North. However, the stark fact is that in the 2nd decade of the 21st century, the geopolitical importance of Iceland in the High North is again clear and visible. This notwithstanding, historical developments have seemingly left Iceland's defense partners at crossroads in terms of High North defense and security policy and their implementation. Steps that have been taken by Iceland in recent years to maintain national security can be summarized as follows:

- Bilateral strategic consultations with the United States should continue. A post-2006 relationship between the two partners is clearly of the highest importance. Efforts should be made to broaden these consultations by contacts between parliamentarians.
- The Northern Viking military exercises are an important part of the defense cooperation with the United States. An exercise was recently conducted in June 2011 after a lapse of 2 years, and these exercises should continue.
- Iceland's active participation in NATO has resulted in the decision of the Alliance to provide the country with temporary air policing. Important bilateral agreements have been made with European NATO partners.
- The government has taken an active part in the consultations on security issues under the aegis of the Nordic Council started by the Stoltenberg report.
- The present government coalition has initiated a historic negotiation process for membership in the EU. If successfully concluded and accepted on both sides, Iceland, as an EU member, would gain in terms of its security.

## A Way Forward?

The North Pole ice cap is a remnant of the last Ice Age, which withdrew from North America and Europe about 10,000 years ago. Evidence of this geological period is still visible in the glaciers of Iceland. They are, however, retreating year by year; so is the great Greenland glacier and, indeed, all of the vast polar ice field. Due to the accelerated climate change, the High North is thus increasingly becoming ice free. If this development continues, as strong indications support, a revolutionary change will occur in the High North. Obviously new transport routes will open. However, of greatest significance is that climate warming and the melting ice will make the great riches in natural resources of the polar regions more accessible. The area holds vast oil and gas resources for which there will be high demand to support the world economy. According to a U.S. Geological Survey scientist, the Arctic could hold up to one-fourth of the Earth's remaining hydrocarbons. With respect to oil reserves in the region, it is estimated that the region holds 9 percent of all the hydrocarbons remaining. To whom do these resources belong?

In May 2008, the five Arctic circumpolar nations, the United States, Russia, Canada, Norway, and Denmark-Greenland issued the so-called Ilulissat Declaration, which states that there is no need to develop a new comprehensive international legal regime to govern the Arctic Ocean. By virtue of their sovereignty, sovereign rights, and jurisdiction in large areas of the Arctic, the five states claim a unique position to address the possibilities and challenges of the region at the threshold of significant changes. The Law of the Sea provides, in their view, for important rights and obligations concerning the delineation of the outer limits of the continental shelf, the protection of the marine environment, including ice-covered areas, freedom of navigation, marine scientific research, and other uses of the sea. This framework provides a solid foundation for responsible management by the five coastal states and other users of this ocean through national implementation and application of relevant provisions, according to the Iluissat Declaration.

While not all eight members of the Arctic Council (Iceland, Sweden, and Finland) were invited to be party to the declaration, the five that were present in Iluissat declared that they will continue to actively contribute to the work of the Arctic Council. Thus, the applicability of the UN Convention on the Law of the Sea (UNCLOS) is ensured: all of the land and sea beyond the Northern Rim (north of 45° north latitude) held or claimed by Russia, Finland, Sweden, Norway, Iceland, Greenland-Denmark, Canada, and the United States is sanctioned by international law.

This essay has been an effort to review history from an Icelandic viewpoint. Iceland's defense and security policy decisions in war and peace have been shaped by outside circumstances. Since the beginning of World War II, coinciding with Iceland's full independence, the position taken has been to participate, to the country's capacity, in the defense efforts of other Western democracies. Seemingly, those directly and geographically concerned in the security of the North Atlantic are now at crossroads in

terms of national policies. Any kind of an arms race is meaningless, while a collective effort toward security and stability promises mutual benefits. The successes in dealing with earlier crises and events which have been outlined here should give confidence for future stability in the Arctic. There is every reason to follow the historic trend and proceed toward further close cooperation between Russia and NATO in defense and security in the High North aiming, if conditions permit, at NATO's further enlargement.

Iceland is not only the smallest participant but also the least significant stakeholder in the new Arctic venture. That will not preclude Iceland from voicing opinions. Let it not be forgotten that UNCLOS became a reality not least because of Iceland's struggle to create a 200-mile limit. Once again, geography is shaping Iceland's external relations in the fashion of Talleyrand.

## Endnotes

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