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The Future of Europe

Views from the Capitals

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Active Participation, an Icelandic-German Alliance and United Nordic Front

Baldur Thorhallsson

Iceland is closely associated with the European Union through its membership in the European Economic Area (EEA) and the Schengen Agreement, as well as other cooperation agreements. The structure of the EEA Agreement makes it difficult for the EFTA (European Free Trade Association)/EEA states to shape the future direction of the EU and the EEA. Their future direction is inherently intertwined due to the hegemonic role of the EU and its member states vis-a-vis the EFTA/EEA states within the EEA framework.

The current coalition government, which took office in Iceland on 30 November 2017, firmly opposes membership to the EU. However, the government's platform does not mention the possibility to formally withdraw Iceland's EU membership application submitted in 2009, which was put on hold in 2013. Iceland's accession process began nine months after the country's economic crash in October 2008. In early 2015, the government stated that it no longer regarded Iceland as a candidate country to join the EU but did not withdraw its EU membership application.

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Accordingly, Iceland is not in the groups of the EU's candidate countries, but the EU has stated that Iceland would be welcomed to resume the accession process at any stage and it has never stated that Iceland is not a candidate country.

In any case, the government is firmly committed to the EEA Agreement. In fact, it regards the management of the Agreement as one of Iceland's most important foreign policy objectives. Importantly, there is a cross-party consensus about the EEA Agreement, and politicians rarely criticise the country's Schengen membership.

Despite this commitment, Iceland has not been able to have a say on the future direction of the EU and the EEA. Therefore, Iceland has to find a new strategy in order to influence the future of the EU/EEA.

CONCRETE RECOMMENDATIONS

We propose a new threefold strategy for Iceland.

First, Iceland should set up a special team of European experts within the Ministry of Foreign Affairs, which would be responsible for scrutinizing proposals from EU member states and EU institutions on the future of the EU, if such proposals may have any bearing on the EEA Agreement. The team could draw upon the expertise in other ministries and governmental institutions in order to evaluate the pros and cons of the proposals in Iceland's interests. Accordingly, Iceland would identify key areas or issues of interest (such as the role of the European Commission, the Brexit negotiations, free movement of people, and enlargement), prioritize them, and present a policy response to the EU, EFTA member states, and EU institutions. Iceland would become active in the debate on the future of Europe and attempt to have a critical voice on the future structure of the EU and the EEA. The team could work in a similar manner as the Brexit team within the Icelandic government.

Second, Iceland should make Germany its main ally in Europe. Iceland and Germany were close during the post-war period, and there are considerable German interests in Icelandic political and cultural affairs, which was noticeable during the Icelandic accession process to join the EU. Iceland should take advantage of this interest and further utilize its new political niche, its newly discovered Arctic identity, and its strategic location in the High North (both in regards to the Arctic sea road's opening and Russia's increased military activity in the Arctic and the North Atlantic) in order to make German decision-makers more willing to form a formal

alliance on security, defence, and economic matters concerning the EEA, Schengen, and NATO. For instance, the proposed alliance could include regular high-level consultation meetings between both politicians and officials of the two states before EU and NATO summits and meetings of the EEA Council and the Arctic Council. Furthermore, Icelandic ministers and politicians could prioritize meetings with their German counterparts, political parties could strengthen their ties with their sister parties in Germany, and the Icelandic Foreign Service could increase its activity in Berlin by assisting Icelandic companies and other relevant actors, such as research and cultural institutions, to establish closer ties with Germany. This new Icelandic strategy would be consistent with the present Norwegian strategy to make Germany its main ally in Europe.

Third, Iceland should establish closer bilateral and multilateral relations with Nordic states on European Affairs. Iceland could advocate for a common Nordic response to proposals on the future of Europe. A common Nordic position would not only strengthen the position of Iceland and Norway in shaping the future of the EU, but it would also strengthen the position of the Nordic member states of the EU within the Union's framework. The Nordic Council would be an ideal place for consultation and coordination of Nordic responses to proposals on the future of Europe. Moreover, the three Baltic states, which work with the Nordic Council, could be brought into this Nordic (-Baltic) cooperation framework on the future of Europe. The three Nordic EU member states have a seat at the negotiation table on the future of Europe within the decision-making structure of the EU and are more likely than other member states to understand and take up Icelandic interests in such a forum. Furthermore, should Iceland and Norway create a common response to proposals on the future of the EU, it would strengthen both states in their attempt to have a say on the future of Europe. While the Nordic states are already working closer on specific EU policies such as the EU energy policy within the Nordic Council, the proposed cooperation would take the current relationship a step further.

To summarize, Icelandic governments have failed to engage in the European debate on the future direction of the EU and the EEA. A new active strategy is needed in order for Icelandic political (including security and defence) and economic interests to be taken into account in discussions on Europe's future. A new threefold strategy which would consist of making changes to policy-making at home and active engagement abroad, an Iceland-German alliance, and a united Nordic front could improve Iceland's performance on the future direction of the EU and the EEA.