

# EU-27 WATCH



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# EU-27 Watch

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## On the project

Due to the new treaty provisions of the Lisbon Treaty and the economic crises the enlarged EU of 27 member states is on the search for a new modus operandi while also continuing membership talks with candidate countries. The EU-27 Watch project is mapping out discourses on these and more issues in European policies all over Europe. Research institutes from all 27 member states and the four candidate countries give overviews on the discourses in their respective countries.

The reports focus on a **reporting period from December 2009 until May 2010**. This survey was conducted on the basis of a questionnaire that has been elaborated in March and April 2010. Most of the 31 reports were delivered in May 2010. This issue and all previous issues are available on the EU-27 Watch website: [www.EU-27Watch.org](http://www.EU-27Watch.org).

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**Iceland****EU reform complicates EU accession**Pia Hansson\* and Baldur Thorhallsson<sup>†</sup>

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To this day there is limited discussion on EU internal affairs in Iceland, as opinions on EU policies are mainly centred on the issue of whether Iceland should join the Union or not. Among the professionals and experts in the field, the perception of the changes brought by the Lisbon Treaty, including the new role of the President of the European Council, are inconclusive. The new situation calls for a different approach for a country applying for membership, entailing lobbying not only the member state holding the rotating presidency, but also the new President of the European Council. The new President is seen as someone who is not working towards consensus, but waiting for it to occur before he acts. This has left the rotating presidency weaker and rendered the structure more complex. Consequently this is problematic for Iceland, now being forced to bide time prior to receiving a decision from the European Council and meanwhile left without the possibility of influencing the President's agenda. Before the Lisbon Treaty, political efforts zeroed in on the rotating presidency, but now one more layer has been added to the structure.<sup>1</sup> The new permanent presidency brings a more state-like structure to the Union, comparable to a head of state or government. Despite this incertitude regarding the permanent presidency, the new set-up is believed to have some clear advantages to it. More continuity, for example, will aid in smooth handoffs between incoming and outgoing governments, compared to the previous brief six-month rotation. The new presidency therefore will provide certain fixity.<sup>2</sup>

The new High Representative of the Union for Foreign Affairs and Security Policy will likely simplify to a certain extent the work of the EU in the respective areas by having a set person in charge. This, however, can also be another example of how the EU is developing into a federation of states where the individual member states' voice is reduced.<sup>3</sup> There is not much debate on the role of the new High Representative of the Union, although some opinion makers have expressed the view that Catherine Ashton lacks experience in the field and that her appointment was a poorly disguised compromise.<sup>4</sup>

At first glance, the added loophole of having the German parliament vote on Iceland's application was initially negatively received, but in hindsight, it provided an excellent opportunity to strengthen ties with the most influential EU country. Visits by German officials in this capacity were well received locally, and the media welcomed the opportunity of interviewing German politicians on their fact-finding mission to Iceland.<sup>5</sup> A positive vote from a powerful member state was enthusiastically perceived among the Social Democrats in government and other Europeanists.

The European External Action Service (EEAS) is only just starting and therefore experience is lacking still. It seems as though the EU will start to run diplomatic service across the world where the member states of the Union speak with one voice and not as individual states. There can be conflicts there due to the nature of these affairs. Individual states wish to keep their interests and issues at heart at the forefront. The 27 member states of the EU are also very different from each other. Different approaches constantly come up in intergovernmental and interstate affairs. In big cases such as addressing Palestine and Israel, or relationships with Russia, inevitably there will be clashes due to different cultures and histories of the member states of the Union.<sup>6</sup> Iceland has a long standing history of cooperation with its Nordic neighbours in diplomatic representation and services. Being a small state, Iceland recognises the value of such cooperation and is therefore highly supportive of the European External Action Service (EEAS). Another perception is that it offers double protection for citizens of small or weak states, and is therefore a good concept.<sup>7</sup>

Being one of the oldest democracies in the world, Iceland is traditionally supportive of increased direct democracy. The European Citizens' Initiative should provide direct democracy to EU citizens, bring them closer to the power structure and give them the opportunity to be heard. There has been no debate on this issue locally in Iceland, and it is difficult to imagine that such an initiative would not be met with anything but enthusiasm.<sup>8</sup>

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<sup>1</sup> Interview with governmental officials in the Ministry for Foreign Affairs, 19 May 2010.

<sup>2</sup> Telephone Interview with a member of the Left-Green movement now in government.

<sup>3</sup> Telephone Interview with a member of the Left-Green movement now in government.

<sup>4</sup> Björn Bjarnason (a leading figure of the conservative Independence Party and a former minister): Andlit og rödd Evrópusambandsins, commentary, 24 November 2009, available at: <http://www.amx.is/pistlar/11730/> (last access: 16 June 2010).

<sup>5</sup> Frettablaðið (a daily newspaper), 12 March 2010, available at: [http://epaper.visir.is/media/201003120000/pdf\\_online/1\\_8.pdf](http://epaper.visir.is/media/201003120000/pdf_online/1_8.pdf) (last access: 16 June 2010).

<sup>6</sup> Telephone interview with a member of the Left-Green movement now in government.

<sup>7</sup> Interview with a government official at the Ministry for Foreign Affairs from the office of EEA-agreement and European Affairs.

<sup>8</sup> Interview with a government official at the Ministry for Foreign Affairs from the office of EEA-agreement and European Affairs.

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**Iceland****A quest for speedy accession and inclusion of the North West European Region****Pia Hansson\* and Baldur Thorhallsson†**

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The EU has changed a great deal since it was established with only a few founding members. It has become a different Union. The Council of Europe (CoE) has 44 member states including Iceland. In recent years the EU is gradually becoming more similar to the CoE. This development is more positive than negative. It upholds this collective unity which promotes peace in the continent and greater balance in living standards within the Union. Also there seems to exist no well-founded reason for keeping the applicant European states outside the EU.<sup>1</sup> Today, Iceland finds itself negotiating for EU entry alongside a group of seven candidates and potential candidates from the Western Balkans. Iceland, not having experienced recent conflicts and political motives and circumstances, is very different from these other states.<sup>2</sup> The perception in Iceland is that Croatia will be granted membership before Iceland. Iceland is, however, already ahead of Macedonia, which before Iceland's application seemed to be next in line, and there is even more work remaining for the rest of the applicants. Therefore, Iceland would likely follow Croatia – if it is to join.<sup>3</sup> Regardless of who wins the race in South-Eastern Europe, it seems only a coincidence that Iceland's application finds itself on the table for processing alongside those of three small-to-medium-sized Western Balkan states and with four more close behind in the queue. Iceland's existing relations with the Union are undoubtedly closer and on a more equal basis, thanks mainly to the country's membership of the European Economic Area (EEA) for the past 16 years and of the European Free Trade Association (EFTA) since 1970.<sup>4</sup> When Iceland applied for EU membership in July 2009, the local perception was indeed that, due to Iceland's EFTA membership and participation in the EEA agreement, the process would not have to be long. Although Iceland has experienced a total bank collapse and is going through a recession, Iceland's economic development and situation today still leaves Iceland in a good position to enter into negotiations. The process has, nevertheless, been longer and more complicated than what was initially expected.<sup>5</sup>

In general, Iceland is positive towards enlargement, as long as the countries fulfil the criteria set forth by the Union. The EU should maintain an open-door policy true to its origin. All countries that have applied should therefore become members, but may have to work hard to fulfil the criteria before this can happen. Membership in the future will probably occur on an individual basis though, not in groups like in 2004 and 2007. Understandably, the EU is more cautious at this point, because of the current economic crisis and the deteriorating situation in Greece. This can even be categorised as enlargement fatigue.<sup>6</sup>

The Icelandic government wholeheartedly supports initiatives such as the Eastern Partnership. Promoting democracy and good governance, economic reform and environmental issues are all issues that are seen as extremely important, and the EU should reach out to the neighbourhood, offering assistance and leadership in policy making and development. Such initiatives also offer EU member states the opportunity to provide leadership and guidance. International and interpersonal relations are strengthened by such initiatives. But it is not enough to present one more initiative; it needs to be followed through with the necessary political backing. It should never be thought of as a one-way street or a charity project; the EU can and should also gain from this both in experience and better understanding.<sup>7</sup>

As for the Union for the Mediterranean (UfM), for the most part, the same applies. It should, however, be noted that there is concern that the UfM works well as a forum for dialogue on issues such as the environment, energy and civil protection, but has not been able to handle the issue of security which remains a concern. The Arab/Israeli conflict continues to paralyse all real efforts at increased cooperation around the Mediterranean Sea. This does not mean that an initiative such as the UfM should be abandoned, but it may be more successful if its limitations are clear from the beginning.<sup>8</sup>

That said, some Icelandic politicians, public officials and Europeanists are concerned that the north-west region of Europe, Iceland, Norway, the Faroe Islands and Greenland, is being overlooked and even sidelined as the EU attempts to reach out to the east and south. The north-western region

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consists of inhabitants who are, at present, relatively negative toward European integration and participation in the European project. A question has been raised whether the EU does not have the responsibility to reach out to this part of Europe in the name of European solidarity based on the European ideology. For instance, this could be done in the fields of fisheries, agriculture and rural and regional development. Hence, there is a call for “a comprehensive EU neighbouring policy” towards the North-West.<sup>9</sup>

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<sup>1</sup> Telephone interview with a member of the Left-Green movement now in government.

<sup>2</sup> Alyson J. K. Bailes/Jóhanna María Þórdísardóttir: Iceland’s neighbours in the EU Entry Queue: Contrasts or Parallels in EU Enlargement to the North and the South-East, 2009, available at:

<http://stjornmalogstjornsysla.is/images/stories/fq2009h/alyson.pdf> (last access: 12 July 2010).

<sup>3</sup> Telephone interview with a member of the Left-Green movement currently in government.

<sup>4</sup> Alyson J. K. Bailes/Jóhanna María Þórdísardóttir: Iceland’s neighbours in the EU Entry Queue: Contrasts or Parallels in EU Enlargement to the North and the South-East 2009, available at:

<http://stjornmalogstjornsysla.is/images/stories/fq2009h/alyson.pdf> (last access: 12 July 2010).

<sup>5</sup> Interview with a government official at the Ministry for Foreign Affairs from the office of EEA-agreement and European Affairs.

<sup>6</sup> Interview with a government official at the Ministry for Foreign Affairs from the office of Information Affairs.

<sup>7</sup> Interview with a government official at the Ministry for Foreign Affairs from the office of Information Affairs.

<sup>8</sup> Interview with a government official at the Ministry for Foreign Affairs from the office of Information Affairs.

<sup>9</sup> Interview with a government official at the Ministry for Foreign Affairs from the office of Information Affairs.

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**Iceland****The Greek problem seen from Iceland**Pia Hansson\* and Baldur Thorhallsson<sup>†</sup>

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In Iceland the current economic crisis in Europe is perceived as a very serious problem, not least because of the domestic bank collapse in the autumn of 2008. The European Central Bank has had substantial intervention in the bond market, by buying bonds from states that stand poorly. By doing that the Bank is gaining a new role in economic cooperation in Europe but perhaps simultaneously sacrificing its independence in the process.<sup>1</sup> Increasing stability in Europe is seen as a difficult project, and the understanding of that is high in Iceland, having already experienced severe economic and currency difficulties in the last two years.

The Icelandic media portrayed a tug of war on how much aid Greece would receive from the EU on the one hand and the International Monetary Fund (IMF) on the other, which in a way tainted the results of the matter. Great dissatisfaction was shown by the German nation, feeling they were expected to provide too much help. A risk of a Euro-collapse controlled the German government's movements. By granting the aid, they bought certain security and thus tried to prevent something else and much graver to happen.<sup>2</sup>

Much speculation on the consequences of the fall of the value of the Euro and whether the EU itself is under threat is going on in Europe. A decrease in cooperation is feared, although few believe it will be terminated completely. The actions that are being taken by the EU and the IMF serve as a deadline for the member states to deal with their economic problems. Germany and the European Central Bank are the voices of reason: cutbacks are necessary. Europe is now facing more economic controls and restrictions for future economic cooperation to flourish.<sup>3</sup> Icelandic economists wonder if Greece can do what needs to be done in order to rectify their financial situation, otherwise social instability could become a concern. Expectations and perceptions are very important in such cases because when people expect the worst to happen, the required rate of return will increase on individual debts, making it even harder for people to pay them and therefore it brings about the fear that was dreaded. On the contrary, if perceptions and expectations are kept positive in difficult times like Greece is experiencing, the country should be able to gain economic stability again. It all depends on the Greek social situation not deteriorating any further to the point of no return.<sup>4</sup> To the general public, it may seem weak that the EU is not able to assist Greece on its own, but needs to bring in the IMF which turned out essential for the aid package. On the other hand, Iceland is also accepting assistance from the IMF and may therefore have a better understanding of the situation. The graveness of the global economic recession has become apparent and increases a small state's perception of vulnerability. This is not a problem that has an easy solution, but the debate in Iceland will surely continue to focus, first and foremost, on the internal problems. Similar to most EU debates, the Icelandic "No" campaigners will use every opportunity to judge EU actions harshly and the fact that the Euro is in trouble has added fuel to the fire for the anti-EU campaign.<sup>5</sup>

Greece is an example of a state that did not follow many of the rules set forth in the Stability and Growth Pact. In hindsight, Greece should not have been allowed in the Eurozone, not having fulfilled the requirements. To better align the budget and the monetary policy of the EU is crucial. Stronger supervision and cooperation in the field of fiscal policy is necessary if the European countries intend to work together.<sup>6</sup> The idea of a strong coordination of economic policies can sound, to EU opponents, as an idea to have all member states present their fiscal budget to the EU for acceptance or decline.<sup>7</sup> People's opinions on European integration usually spill over to all matters concerning more interstate coordination. People who are for integration are therefore more likely to be more positive to the idea of a strong coordination of economic policies in Europe, while the people who are not for integration will find such actions prone to diminishing the opportunities of individual states.<sup>8</sup>

It has become clear to Icelandic policy-makers that being in the Eurozone does not absolve member states of responsibility towards their own economy and currency. Member states are still expected to act responsibly and rationally, and not exceed their national budgets. At the same time, the idea of increased controls, whether these controls stem from Brussels or not, may not be considered a bad

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idea. Icelanders have recently been brutally reminded of their small size and vulnerability in the international community, therefore increased financial regulations are deemed essential. Promoting good practices and stable economic governance can only be a positive thing. The EU debate in Iceland, however, is still very limited and in many ways immature.

The Europe 2020 Strategy that followed in the wake of the Lisbon Strategy has been well received in Iceland. Only time will tell, however, whether the ambitious goals set forth in the Strategy will be reached.<sup>9</sup> The Strategy is in fact a model upon which a local strategy has been designed.<sup>10</sup> This is welcomed in Iceland as local strategies have rarely adopted a long-term vision with long-term goals.<sup>11</sup> This open method of coordination is seen as a positive development offering encouragement. The new Europe 2020 Strategy seems to be simplified, which is a definite plus and can therefore be perceived as a better strategy. Country specific recommendations should provide the necessary push for those that want to participate, but may need guidance in pursuing this. Iceland, like the other EFTA countries, has done well in obtaining the goals, but is still lagging behind in school drop-out rates.<sup>12</sup>

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<sup>1</sup> Jón Þór Sturluson (economist and associate professor at the Reykjavik University): Radio interview on Spegillinn, current affairs program, National Broadcasting Corporation in Iceland, 17 May 2010.

<sup>2</sup> Telephone interview with a member of the Left-Green movement currently in government.

<sup>3</sup> Telephone interview with economist and associate professor Jón Þór Sturluson, 19 May 2010.

<sup>4</sup> Jón Þór Sturluson, economist and associate professor at the Reykjavik University: Radio interview on Spegillinn, current affairs program, National Broadcasting Corporation in Iceland, 17 May 2010.

<sup>5</sup> Telephone interview with economist and associate professor Jón Þór Sturluson, 19 May 2010.

<sup>6</sup> Jón Þór Sturluson, economist and associate professor at the Reykjavik University: Radio interview on Spegillinn, current affairs program, National Broadcasting Corporation in Iceland, 17 May 2010.

<sup>7</sup> Interview with government officials at the Ministry for Foreign Affairs, 19 May 2010.

<sup>8</sup> Telephone interview with a member of the Left-Green movement currently in government, 6 July 2010.

<sup>9</sup> Telephone interview with a member of the Left-Green movement currently in government, 6 July 2010.

<sup>10</sup> Information on the Iceland 2020 strategy, available at: <http://www.island.is/endurreisn> (last access: 12 July 2010).

<sup>11</sup> Telephone interview with a member of the Left-Green movement currently in government, 6 July 2010.

<sup>12</sup> Telephone Interview with a government official at the Ministry for Foreign Affairs and a member of the Icelandic negotiating team, 20 May 2010.

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**Iceland****Disappointment in Copenhagen but prospects in the future**Pia Hansson\* and Baldur Thorhallsson<sup>†</sup>

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The Copenhagen conference depicted a dilemma faced by the international community regarding necessary actions in the face of climate change. The Copenhagen Accord offered some results, but most Icelanders agree that the text fell short of what is needed. It is clear that there does not exist a consensus on what each state should do in this area and when. At the end of the conference, it was revealed, according to the negotiation offered by the states, that the atmospheric temperature would rise three degrees Celsius on average. Before the conference, the consensus was that the temperature should never rise more than two degrees Celsius on average.<sup>1</sup> For a small country like Iceland, sitting on the sidelines when policy and agreements are being made is not unusual. Some felt that the EU was on the sidelines as well and were disappointed. Negotiations in the run-up to the Copenhagen conference were characterised with scepticism from developing countries towards industrial countries. The hosts, the Danes, who steered the meetings, were never able to earn the trust from third world countries. This happened despite the fact that the EU and key states within the Union tried everything in their power to reach an agreement with the African states and other groups of third world countries in order for matters to be solved.<sup>2</sup>

The Copenhagen conference was an interesting diplomatic game and at best chaotic. Admitting failure, however, can be too expensive. The dialogue is there and it needs to continue, since the issue is too large to ignore. Any result can also be viewed as a positive result. A letter of intent was made after the conference although it is indeed a weak one.<sup>3</sup> Effort was made by the United States, but the fact remains that they cannot be perceived as reliable in the matter, when they still have to prove that they can pass legislation on this issue on the home front. It should be noted, however, that President Obama's efforts show that the USA is under new leadership.<sup>4</sup>

The EU has set forth very ambitious goals which Iceland should follow. The EU should definitely not decrease their goals despite difficulties it might encounter but sharpen the main goals and actions. The EU's leadership in these matters has, however, taken a dent. After having saved the Kyoto agreement from falling through, the EU had originally taken its role as a leader in climate change issues seriously, but, at the Copenhagen conference, the United States and the other large industrial nations took the initiative, although that did not result in a binding agreement. To the general public in Iceland, the conference failed to produce any remarkable results, and news reports from the conference carried headlines of disappointment loud and clear.<sup>5</sup> Interestingly, the leading current affairs television programme decided to tackle the issue of climate change with scepticism, offering a debate of opposing camps at the same time as the Copenhagen conference was underway in December. To local leading academics in the field, this was highly disappointing.<sup>6</sup> The Minister for the Environment admitted the results were disappointing but pointed out that they could nonetheless be used as a guiding light and road map for the work ahead.<sup>7</sup> Environmental groups were disappointed, but pointed out that, for such a complicated matter, it is understandable that the process is long and tiresome. The issue is too large to give up on though, and the United Nations needs to remain focused on climate change. The Copenhagen conference can be seen as highly successful in terms of provoking debate and raising awareness of the issue.<sup>8</sup>

Climate change is a global threat and should therefore be addressed globally. The only body that can address such a global issue is the United Nations, but the growing feeling of disillusion is understandable when no binding agreement has been accepted. The EU will most likely try to merge the Kyoto Protocol with the Copenhagen Accord now in an effort to keep the dialogue going. Iceland's position is in many ways clearer after the Copenhagen conference. Iceland has supported EU's prior efforts and the future holds more collaboration, whether Iceland joins the EU or not. Iceland wants to see a legally binding agreement. Iceland's possible membership in the EU does provide relief in the emissions of large industry that would then fall under the EU's regulations, making the issue easier to deal with locally. On the issue of financing mitigation and adaptation efforts, this could pose a sensitive problem to Iceland not having set aside finances to this end. At the same time the local recession would make such financial obligations burdensome for Iceland. Many developed countries speak very

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plainly about this – no money will go to developing countries unless they comply. This issue will be addressed in Mexico and reaching a binding agreement on this is not likely to occur at this point.<sup>9</sup>

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<sup>1</sup> Árni Finnson: Loftslagsráðstefna Sameinuðu þjóðanna í Kaupmannahöfn – deilt um árangur, Tímarit Máls og Menningar, 2010 71(1), pages 36-49.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> Telephone Interview with a government official at the Ministry for Foreign Affairs and a member of the Icelandic negotiating team, 20 May 2010.

<sup>5</sup> Newspaper headlines in Morgunblaðið, 18 December 2009, available at:

[http://www.mbl.is/mm/frettir/innlent/2009/12/18/samkomulagid\\_vonbrigdi/](http://www.mbl.is/mm/frettir/innlent/2009/12/18/samkomulagid_vonbrigdi/) (last access: 16 June 2010); Fréttablaðið, 21 December 2009, available at: [http://epaper.visir.is/media/200912210000/pdf\\_online/1\\_16.pdf](http://epaper.visir.is/media/200912210000/pdf_online/1_16.pdf) (last access: 16 June 2010).

<sup>6</sup> Interview with a project manager at the Institute for Sustainable Studies at the University of Iceland, 20 May 2010.

<sup>7</sup> Interview in Visir, 19 December 2010, available at: <http://www.visir.is/of-miklar-vaentingar-gerdar-til-radstefnunnar/article/2009503704947> (last access: 16 June 2010).

<sup>8</sup> Árni Finnsson: Loftslagsráðstefna Sameinuðu þjóðanna í Kaupmannahöfn – deilt um árangur, Tímarit Máls og Menningar, 2010, 71(1), p. 36-49.

<sup>9</sup> Telephone Interview with a government official at the Ministry for Foreign Affairs and a member of the Icelandic negotiating team, 20 May 2010.

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**Iceland****EU discussion sidelined because of the Ice-save dispute – a country preparing itself for an intensive EU debate****Baldur Thorhallsson\***

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In February, the European Commission recommended that negotiations for accession to the EU should be opened with Iceland – only seven months after Iceland submitted its application. The Icelandic government welcomed the opinion's conclusion that Iceland is well prepared to assume the obligations of membership in most areas, in particular the policy fields covered by the European Economic Area (EEA).<sup>1</sup> The ruling Social Democratic Alliance (SDA) also appreciated the opinion recommendations that Iceland needs to make serious efforts to align its legislation with the *acquis* and/or to implement and enforce it effectively in order to fulfil the accession criteria in the following fields: fisheries; agriculture and rural development; the environment; free movement of capital; financial services; the customs union; taxation; statistics; food safety, veterinary and phytosanitary policy; regional policy and coordination of structural instruments; and financial control.<sup>2</sup> On the other hand, this advice was not well received by the Left Green Movement, the SDP's coalition partner in government, as well as the opposition parties and the fisheries' and farmers' lobby. All of them claimed that through EU membership Iceland would lose control of its most valuable resource, fisheries, and leave Iceland's agriculture in ruins.<sup>3</sup>

The government is split on the EU membership question, which has damaged the SDA's effort within the EU to press for a speedy opening of accession negotiations. Some ministers and Members of Parliament (MPs) of the Left Green Movement still question the EU application and are publicly fighting against membership – one of their MPs was recently appointed chairman of the anti-EU movement *Heimssýn*. That said, the government stands by the application and the upcoming negotiations for accession. All its ministers, except for the one responsible for agriculture and fisheries, are cooperating in an effort to smoothen the accession process.<sup>4</sup>

The opposition parties are also split on the question of EU membership, though anti-EU forces dominate them, at present. The leadership of the conservative Independence Party and the agrarian Progressive Party fight against membership, though the formal policy of the Progressives is to negotiate with the EU and make a decision on membership based on an accession treaty – both parties have a considerable number of Europeanists members, including Members of Parliament.<sup>5</sup>

The political discussion in Iceland has been dominated by the so-called *Icesave*<sup>6</sup> dispute between Iceland on the one hand and the Netherlands and the United Kingdom on the other. Hence, an intensive EU debate has not kicked off in the country. In January 2010, the United Kingdom, the Netherlands and the Nordic states yet again blocked Iceland's International Monetary Fund (IMF) assistance after the President of Iceland referred the *Ice-save* deal, which the government had negotiated with Britain and the Netherlands and the Icelandic parliament (the *Alþingi*) had narrowly approved, to referendum. The deal was rejected by 93 percent of voters.<sup>7</sup> Hence, the dispute has dragged on – though the IMF assistance was approved by its governing board in April 2010 – and has raised nationalistic feelings and sidelined discussions on the EU application. In the public debate, the EU and its member states have been blamed for the IMF blockage and for standing in the way of Iceland's economic recovery – despite the fact that the EU has on several occasions stated that the dispute is a bilateral matter of the states concerned.<sup>8</sup> Iceland has adopted the EU regulations on finances through its membership in the EEA, on which the British and Dutch claims are based, and has requested that the EU step in to settle the dispute without any success. Hence, the EU is seen as not being able to provide Iceland with economic and political shelter and, by many politicians and voters, as a bully standing by as larger states oppress a small, defenceless neighbour. Accordingly, the pro-European forces have had a difficult time making their case in an atmosphere of nationalism, where Icelanders generally feel that all of their closest neighbouring states, except for the Faroe Islands, have deserted them in a time of great need. One could argue that Icelanders have lost, in general, faith in international relations and in close cooperation with their neighbouring states.

The public opinion on EU membership has clearly been affected by the *Icesave* dispute. Since early 2009, the majority of voters have stated their opposition to membership in opinion polls – after a

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twelve-year period where nearly all polls indicated a majority in favour of membership.<sup>9</sup> The latest Capacent Iceland opinion poll, conducted in July 2010, indicated that 60 percent of voters were against EU membership, 26 percent were for it and 15 percent did not state an opinion.<sup>10</sup> These are exactly the same findings as in February 2010. That said, in February, Capacent also asked voters whether they were in favour of accession negotiation with the EU. 64 percent of voters were in favour of accession negotiations, 28 percent against it and 7 percent did not state an opinion. Accordingly, a majority of voters are still in favour of accession negotiations with the EU.<sup>11</sup>

The Icelandic anti-EU movement has gained momentum, set up camps in rural and coastal areas and dominated the debate in the media and on the Internet. The campaign is strongly supported by the fisheries' and farmers' associations, which have taken a rigid stand against EU membership and been vocal in the media. The anti-EU campaign is at present centred on three themes concerning EU membership. First, Iceland would lose its independence and sovereignty; second, Iceland would lose control over its most valuable national resource, fisheries; and third, Iceland's agriculture would be left devastated.<sup>12</sup>

The pro-European movement has reorganised itself and set up an association named Stronger Iceland – A Nation among Nations (Sterkara Ísland – Þjóð meðal þjóða). It draws on prominent figures, mainly from the greater Reykjavik (capital) area, the main employers' and employees' associations, and political parties – mostly Conservatives, Social Democrats and Progressives.<sup>13</sup> It is also noteworthy that a pro-European group, Independent Europeanists (Sjálfstæðir Evrópusinnar), has been created within the Independence Party, which draws on support from its vice-chairman and other party members. The Icelandic European Movement, established in 1995, is still in place and has provided backup for the creation of Stronger Iceland.<sup>14</sup>

The pro- and anti-EU movements have two noticeable features in common, i.e., they are run by men – women being noticeably absent – and are sponsored by economic sectors, which have been prominent in the EU debate in the past. The “Yes”-movement has been occupied by its reorganisation and not been active in the public debate, which was a deliberate decision, due to the dominance of the Icesave issue and the current strong nationalistic sentiment in the country. On the other hand, the “No”-movement has been working full force on its agenda.<sup>15</sup>

The Confederation of Icelandic Employers, a driving force for EU membership in other Nordic states, is not active in the EU debate – following a brief period of activity concerning an EU application and adoption of the Euro in 2007 and 2008. This is because of an outright split within it, where the powerful Federation of Icelandic Fishing Vessel Owners, the only major opponent of EU membership in the Confederation, is granted a blocking power on the EU question. The pro-European members such as the Federation of Icelandic Industries and the Federation of Trade and Services have remained relatively silent on the issue after a campaign for the EU application. They are bound to come back into the debate with full force closer to the referendum on membership. The labour movement has also been rather silent about EU affairs, though it is now, largely, united behind the pro-European cause after the anti-EU chairman and MPs of the Left Green Movement of the Federation of State and Municipal Employees stepped down.<sup>16</sup>

A noticeable feature of the Icelandic EU negotiation committee, including several individual negotiation teams, which are preparing the Icelandic negotiations' positions, is the presence of members of interest groups such as farmers' and fisheries' associations, labour movements and the opposition parties, and women and academics from different universities spread across the country. The appointment of the committee was well received in the country at large, it being led by the expertise of the central administration.<sup>17</sup>

There is considerable coverage on EU affairs in the two daily newspapers, despite the dominance of the Icesave issue. The most widely read paper, Fréttablaðið, is pro-European, its editor being a former chairman of the European Movement. The other newspaper, the conservative Morgunblaðið, is running a fierce campaign against EU membership under the editorial leadership of Davíð Oddsson (the former Prime Minister for 13 years, chairman of the Independence Party and director of the Central Bank), the most influential political figure in the country over the past twenty years.<sup>18</sup>

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<sup>1</sup> Website of the Icelandic Ministry for Foreign Affairs, available at: <http://www.utanrikisraduneyti.is/frettir/nr/5718> (last access: 12 July 2010).

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- <sup>2</sup> European Commission: Communication from the Commission to the European Parliament and the Council. Commission Opinion on Iceland's application for membership of the European Union, COM (2010) 62, available at: [http://ec.europa.eu/enlargement/pdf/key\\_documents/2010/is\\_opinion\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2010/is_opinion_en.pdf) (last access: 16 June 2010).
- <sup>3</sup> Web medium Eyjan, 11 July 2009, available at: <http://eyjan.is/2009/07/11/raett-um-adildarumsokn-islands-ad-esb-a-althingi-i-allan-dag-meirihluti-thingheims-styjdur-umsoknina/> (last access: 12 July 2010).
- <sup>4</sup> Morgunblaðið, 9 April 2010, available at: [http://mbl.is/mm/frettir/innlent/2010/04/09/furdar\\_sig\\_a\\_fundargerð/](http://mbl.is/mm/frettir/innlent/2010/04/09/furdar_sig_a_fundargerð/) (last access: 12 July 2010); Web medium Smugan, 28 July 2009, available at: <http://www.smugan.is/pistlar/adsendar-greinar/nr/2224> (last access: 12 July 2010).
- <sup>5</sup> Web medium Pressan, 25 June 2010, available at: <http://www.pressan.is/pressupennar/LesaOlafArnarson/sjaelfstaedisflokkurinn-er-klofinn-getur-bjarni-sameinad-a-ny> (last access: 12 July 2010); the official website of the Progressive Party, available at: <http://www.framsokn.is/Forsida/Malefni> (last access: 12 July 2010).
- <sup>6</sup> The dispute is centred on the payment conditions of Iceland on the money Britain and the Netherlands provided account holders in the Icelandic bank, Landsbanki, which offered online savings accounts under the Ice-save brand in those states. Landsbankinn was placed into receivership by the Icelandic government early in October 2008.
- <sup>7</sup> Results of the referendum from the National Electoral Commission of Iceland, available at: <http://www.landskjoir.is/landkjoirstjorn/frettir-tilkynningar/nr/61> (last access: 16 June 2010).
- <sup>8</sup> Letter from IMF Managing Director, Dominique Strauss-Kahn on the Icesave dispute, available at: <http://www.imf.org/external/np/vc/2009/111209.htm> (last access: 12 July 2010); EU Observer, available at: <http://euobserver.com/9/29548> (last access: 12 July 2010).
- <sup>9</sup> Baldur Thorhallsson: The Sceptical Political Elite versus the Pro-European Public: The Case of Iceland, in Scandinavian Studies, 2002, 74 (3), p. 349-378; Opinion polls conducted by Capacent Gallup for The Federation of Icelandic Industries, available at: <http://www.si.is/malaflokkar/althjodlegt-samstarf/evropumal/skodanakannanir/> (last access: 16 June 2010).
- <sup>10</sup> Capacent Iceland. Þjóðarpúls Gallup, July 2010.
- <sup>11</sup> The Federation of Icelandic Industries, opinion polls: development of attitudes, conducted in March 2010 by Capacent Gallup Iceland, available at: [http://www.si.is/media/althjodlegt-samstarf/almenningur\\_2010-02.pdf](http://www.si.is/media/althjodlegt-samstarf/almenningur_2010-02.pdf) (last access: 12 July 2010).
- <sup>12</sup> Website of the anti-EU movement, Heimssýn, available at: <http://heimssyn.is/> (last access: 16 June 2010).
- <sup>13</sup> Website of the pro-EU movement, Sterkara Ísland, available at: <http://www.sterkaraisland.is/> (last access: 16 June 2010).
- <sup>14</sup> Website of the Icelandic European Movement, available at: <http://www.evropa.is/> (last access: 16 June 2010).
- <sup>15</sup> For example see: <http://heimssyn.is> (last access: 12 July 2010), <http://evropuvaktin.is> (last access: 12 July 2010).
- <sup>16</sup> For example see: [http://www.asi.is/desktopdefault.aspx/tabid-63/102\\_read-614/](http://www.asi.is/desktopdefault.aspx/tabid-63/102_read-614/) (last access: 12 July 2010), <http://www.bsrb.is/malefni/island-og-esb/> (last access: 12 July 2010).
- <sup>17</sup> List of members of the Icelandic Negotiation Committee, website of the Ministry for Foreign Affairs, available at: <http://europe.mfa.is/sidemenu/negotiation-committee/> (last access: 5 July 2010).
- <sup>18</sup> For example: Langt til seilst, 21 June, Leiðari Morgunblaðsins, 8 July 2010; Réttarfar í hnotskurn, 29 June 2010, Báðir geti unað við sjávarútvegssamning, Fréttablaðið, 8 July 2010, available at: <http://www.visir.is/article/2010515725231> (last access: 12 July 2010); Gjaldeyrishöftin: CCP óskar eftir stöðugleika, available at: <http://www.visir.is/article/2010814416482> (last access: 12 July 2010).

## Questionnaire for EU-27 Watch, No. 9

Reporting period December 2009 until May 2010 – Deadline for country reports 21 May

**All questions refer to the position/assessment of your country's government, opposition, political parties, civil society organisations, pressure groups, press/media, and public opinion. Please name sources wherever possible!**

### 1. Implementation of the Lisbon Treaty

On the 1 December 2009 the EU-reform ended with the entering into force of the Lisbon Treaty. However, the new treaty provisions still have to be implemented. Some procedures and conditions have to be determined. In other cases, procedures, power relations, and decision-making mechanisms will change due to the new provisions.

- How is the work of the new President of the European Council, Herman Van Rompuy, assessed in your country? Which changes to the role of the rotating council presidency are expected?
- How is the work of the new High Representative of the Union for Foreign Affairs and Security Policy, Catherine Ashton, assessed in your country? Please take into particular consideration both her role within the European Commission and her relationship to the Council of the European Union.
- On 25 March 2010 a "Proposal for a Council Decision establishing the organisation and functioning of the European External Action Service" was presented. How is this concept perceived in your country? Which alternatives are discussed?
- On 31 March 2010 the European Commission presented a proposal defining the rules and procedures for the European Citizens' Initiative (ECI). What are the expectations for the ECI in your country? What are the various positions concerning the rules and procedures?

### 2. Enlargement and European Neighbourhood Policy

The European Commission has given its opinion on Iceland's application for EU-membership and a decision from the Council is expected before the end of June. Croatia seems to have settled its border dispute with Slovenia. Against this background:

- Which countries does your country expect to become members of the European Union in the next enlargement round? What are the opinions in your country on the membership of these countries?
- How are the membership perspectives of those countries discussed, which are not expected to become a member in the next enlargement round?

The Eastern Partnership and the Union for the Mediterranean were the last major projects dealing with the European neighbourhood:

- How are these projects assessed in your country?

### 3. European economic policy and the financial and economic crisis

The European Council agreed on 25/26 March on the key elements of the Europe 2020 strategy, the successor of the Lisbon strategy. While not being on the formal agenda the economic and financial situation in Greece was discussed. The European Council agreed on a finance package combining bilateral loans from the eurozone and financing through the International Monetary Fund.

- How is the finance package for Greece assessed in your country? Are there any opinions on the process, how the agreement on the package was reached?
- Which lessons should be drawn from the Greek case for a reform of the Stability and Growth Pact?
- How is the idea of "a strong coordination of economic policies in Europe" perceived in your country? What concepts of an European economic governance are discussed in your country and which role do they assign to the Euro group?
- How is the Europe 2020 strategy discussed in your country? What are the priorities for the Europe 2020 strategy from your country's perspective?

### 4. Climate and energy policy

The climate conference in Copenhagen took note of the Copenhagen Accord but did not reach a binding agreement. The next conference of the parties (COP 16 & CMP 6) will take place at the end of November 2010.

- How is the Copenhagen conference assessed in your country? Please take into consideration the negotiation strategy of European Union and the results of the conference.
- Does the European Union need to change its own energy and climate policy in order to give a new impulse to the international negotiations?
- Is a global agreement within the UNFCCC the best strategy to fight climate change? If not, which alternative strategy should the European Union follow?
- What is your country's position on financing mitigation and adaptation efforts in developing countries?

### 5. Current issues and discourses in your country

Which other topics and discourses are highly salient in your country but not covered by this questionnaire?