18 Iceland and Arctic Security: US Dependency and the Search for an Arctic Identity

Pia Elísabeth Hansson and Guðbjörg Ríkey Th. Hauksdóttir

The Arctic ice sheet is melting faster than ever before, while the Arctic region is attracting renewed attention from larger powers. To a small island state in the North Atlantic, this growing interest is welcomed. As a founding member of NATO, albeit without its own military, Iceland relies on its membership within the organization for its protection, complemented by a bilateral defence agreement with the United States. Iceland is concerned about the effects of climate change in the region and their consequences, but at the same time remains hopeful about the possible economic gains associated with the opening of Arctic shipping lanes. The emphasis on Arctic security in Iceland's National Security Policy highlights the region's importance and the country's concerns about its further militarization by larger powers. In addition, the incredibly vast area for which Iceland bears responsibility in terms of search and rescue (SAR) represents an enormous challenge that rests with the Icelandic Coast Guard. The Coast Guard does not have the capacity to fulfill its duties in this area,[1] which negatively affects Iceland's reaction capability and security.

This chapter explores the changed security environment in the Arctic in the face of renewed large power interest in Iceland, the emergence of Iceland's Arctic identity following the departure of the US from Iceland in 2006, as well as the recent US pressure on Iceland not to cooperate with China and Russia in the Arctic. Finally, we propose policy recommendations to the Icelandic government regarding security issues in the Arctic.

How the US departure from Iceland forced the political elite to look elsewhere

Following its independence, Iceland had successfully outsourced its national security concerns to the United States and NATO. When the US military left Iceland in 2006, it signalled the end of an era. After the Cold War,

Iceland had been preoccupied with trying to keep the US naval air station in Keflavík open at all cost, hanging onto the premise of a minimum presence of US fighter jets. Times were changing, however, and despite Iceland's diligent diplomatic efforts, the US withdrew its permanent presence in Iceland. The bilateral defence agreement with the US from 1951 remains intact, however, and NATO membership remains the cornerstone of Iceland's national security policy.

Iceland is a country without a military, and that emphasizes a comprehensive and multilateral approach in security affairs. It is a member of key organizations, such as the United Nations, NATO, and the Organization for Security and Co-operation in Europe (OSCE). Structural reliance on Europe and the US remains central to Iceland's national security. Nonetheless, when the US left Keflavík in 2006, Icelanders felt a real sense of abandonment, and the need for a new strategy emerged. As the Keflavík base was shut down, and the protective wing of the US was lifted, the Icelandic political elite was forced to look elsewhere. Strengthening existing ties was one of the priorities, and new agreements with old friends were forged, including with Norway, Denmark, the United Kingdom, and Canada.[2]

The emergence of an Arctic identity

Since the end of the Cold War, the Arctic region has been a zone of diplomatic and scientific cooperation. The Arctic states have managed to keep conflicts in other parts of the world mostly away from the region, while climate change has dramatically altered the Arctic over the last few decades, with the Arctic heating up twice as fast as other regions in the world.

Recently, Iceland has developed a stronger Arctic identity as the region's geopolitical importance has grown. Iceland was late in discovering how an Arctic dimension to its foreign policy could raise international interest in the country. Nonetheless, after including the Arctic dimension, the country has embraced a new identity as an Arctic state.[3]

As Ingimundarson points out,[4] the Icelandic political elite was slow to identify with the Arctic when it re-emerged as a geopolitical space following the end of the Cold War. In the wake of the US departure and the unprecedented bank collapse in Iceland in 2008, it became clear to the political elite that geopolitical attention was returning to the North. Although Icelanders had no illusions about recapturing their former role as a Cold War prize, the country's approach was based on strategic location, material rewards, and Arctic identity politics.[5]

The Alþingi passed a resolution on Iceland's Arctic policy[6] in March 2011, containing eleven priority areas. These covered a wide range of interests in the Arctic region, including Iceland's position as a coastal state, the prevention of human-induced climate change, the sustainable use of natural resources, the improvement of the well-being of Arctic residents, and the importance of safeguarding broadly defined security interests. The resolution focused strongly on the importance of international cooperation on sub-regional, regional, and global levels, including cooperation with Greenland and the Faroe Islands, strengthening the Arctic Council, and solving disagreements using the framework of the United Nations Convention on the Law of the Sea. The language of the strategy demonstrates the government's clear emphasis on Iceland's position as an Arctic state. It references the uniqueness of Iceland's geographic location, stating that the whole country and a large part of its territorial waters lie within the boundaries of the Arctic region. It also emphasizes that Arctic issues touch nearly every aspect of Icelandic society and are a key foreign policy priority.

Iceland's National Security Policy and the Icelandic Coast Guard

Iceland was a latecomer to discussions about how to conceptualize Arctic security. The nation's first risk assessment was not released until 2009, and interestingly, the Arctic and Arctic security were not specified as priorities in the assessment.[7] Iceland's National Security Council was only established in 2016,[8] followed soon thereafter by Iceland's first National Security Policy. The policy identifies "environmental and security interests in the Arctic through international cooperation and domestic preparedness" as a security priority.[9] It is therefore evident that the Arctic – and Arctic security – has emerged as a higher priority in Iceland, and a more central part of the nation's identity, in recent years.

Although 'security' is not directly defined in Iceland's National Security Policy, it notes that the policy "extends to global, societal, and military risks and entails active foreign affairs policy, civil security, and defence cooperation with other countries."[10] Moreover, the policy is based on the UN Charter commitments regarding democracy, human rights, and disarmament, as well as the peaceful resolution of conflicts.[11]

Iceland's size is specifically addressed within the policy paper. Due to its smallness, Iceland cannot maintain an army, as it has "neither the resources nor the desire." Therefore, the nation's security and defence are provided via "active cooperation, both with other countries and within international organisations."[12] This is in line with Ómarsdóttir's research on Icelanders' views

on security.[13] According to her research, when asked what the greatest factor was in maintaining Iceland's security, 41% of respondents considered Iceland's peaceful relations with its neighbouring countries as the main factor. Three factors were almost equal in second place: Iceland's smallness, the fact that Iceland has no military, and Iceland's membership in NATO.[14]

Although Iceland does not have an army, it does have an active Coast Guard. The US military assisted the Coast Guard during SAR missions until 2006, but after fully departing from Iceland, the Coast Guard became wholly responsible for SAR while still conducting exercises with NATO members.[15] In a report on SAR in the polar seas conducted by the Ministry of the Interior in 2016, SAR is considered an integral part of maintaining Iceland's security.[16] The Icelandic Coast Guard administers SAR around Iceland and is responsible for SAR in the expansive area of 1.9 million km^2.[17] The natural conditions in the Arctic make responding to emergencies especially challenging, and the Icelandic Coast Guard's reaction capability has been assessed as "unsatisfactory."[18] Furthermore, policy suggestions include the enhancement of infrastructure for SAR missions and the establishment of more bilateral agreements with neighbouring countries.[19] It is clear that, in order to ensure Iceland's security in the Arctic and enhance Iceland's reaction capability, it is imperative to provide the Coast Guard with the necessary funding. At the same time, the Icelandic government has increased its emphasis on defence and security, as demonstrated by a 37% increase in funding for Iceland's defence from 2017-2019.[20]

US interest in Iceland as an Arctic player

Iceland's membership within NATO is a core element of Iceland's National Security Policy. Indeed, it is identified as a "key pillar in its [Iceland's] defence and the main forum for Western cooperation in which Iceland participates on civil premises, in order to strengthen its own security and that of other NATO members."[21] In short, Iceland largely depends on NATO for its security, as it has done for decades.

Two high-level visits from the US in 2019 sparked much discussion in Iceland, not least due to controversial comments by Vice President Mike Pence. During his visits to Iceland, Pence stated to the local media that the US was "grateful for the stance Iceland took, rejecting China's *Belt and Road* financial investment in Iceland."[22] The Vice President emphasized the importance of strengthening security cooperation between Iceland and the US to balance against the increased Chinese and Russian presence in the Arctic region.[23] Later in the day, Vice President Pence held a joint press conference with Icelandic

Prime Minister Katrín Jakobsdóttir in which he reiterated his controversial statement about Iceland's rejection of the Belt and Road Initiative (BRI). Iceland's prime minister corrected Pence, however, explaining that Iceland had not rejected participation in the program – just not yet "opened up for it."[24] Furthermore, the Icelandic Minister for Foreign Affairs, Guðlaugur Þór Þórðarson, stated in Icelandic media that Pence's statements "were not exactly accurate."[25] The Chinese Ambassador to Iceland, Jin Zhijian, consequently stated in Icelandic media that the US Vice President wished to damage the relations between China and Iceland, and that Pence's statements were "fake news."[26]

Earlier in 2019, US Secretary of State Mike Pompeo had visited Iceland, and similar to Vice President Pence, Pompeo had emphasized the importance of strengthening the two countries' security cooperation, given that Iceland "sits in a strategic place in the world."[27] He had also stated that increased Chinese and Russian presence in the region would be specifically addressed through enhanced cooperation.[28] Thus, the US's renewed interest in Iceland as an Arctic player – as well as its importance when it comes to NATO cooperation – is directly related to the increased Chinese interest and presence in the Arctic.

China and Russia

The US government has specifically identified China and Russia as threats in the Arctic. While Russia is a key actor in the region, as the largest Arctic state with a long history of regional engagement, China is a newcomer. Russia's coastline in the Arctic is massive, whereas China's northernmost point lies 1,500 km south of the Arctic Circle. Nonetheless, China claims to be a "Near-Arctic State" [进北极国家] in its 2018 Arctic Policy.[29] The term sparked controversy, as Secretary of State Pompeo's statements during the 2019 Arctic Council meeting made clear when he noted that "Beijing claims to be a 'Near-Arctic State,' yet the shortest distance between China and the Arctic is 900 miles. There are only Arctic States and Non-Arctic States. No third category exists and claiming otherwise entitles China to exactly nothing."[30] For its part, Iceland has enjoyed generally stable relations with both states.

As Thorhallsson and Gunnarsson observe, Iceland's relationship with Russia also remains solid despite disagreement "on important matters such as democracy and human rights, and not least on Ukraine."[31] Moreover, the two states work closely in regional organizations, e.g., the Council of the Baltic Sea States and the Arctic Council.[32] Nevertheless, Iceland participates in the sanctions imposed on Russia after the annexation of Crimea in 2014, and is under countersanctions by Russia.[33]

Meanwhile, Iceland and China have strong economic relations. Iceland was the first Western European state to acknowledge China as a fully developed market economy in 2005,[34] as well as the first European state to sign a free trade agreement (FTA) with China.[35] Furthermore, Iceland supported China's application for Observer status within the Arctic Council. Nonetheless, Nielsson and Hauksdóttir maintain that, despite widespread international discourse on China's geopolitical influence in Iceland from Chinese investments, China only has one active foreign direct investment (FDI) in the country.[36]

A report conducted by Iceland's former Minister of Justice Björn Bjarnason on behalf of the Nordic Foreign Ministers, however, specifically identifies China as a possible threat: "China's presence and strategic interest in the Arctic will have security policy implications," it anticipates. "So far, Chinese military activity in the Arctic has been very limited. However, the Chinese military has now begun to strengthen its knowledge of the Arctic."[37] Furthermore, China's actions in the South China Sea are identified as a possible threat to the United Nations Convention on the Law of the Sea (UNCLOS) regime, and the report encourages a common Nordic policy on China in the Arctic.[38]

Conclusion

The recent political pressure by high-level US leaders on Icelandic authorities to not engage in further cooperation with China has put Iceland in a rather tricky position. Iceland depends on the United States for its security, and the two states have strong political ties and history. Nonetheless, economic interests, the FTA with China, and Iceland's willingness to support China's role as an observer within the Arctic Council all demonstrate that Iceland enjoys a robust relationship with China as well. Future challenges for Iceland's Arctic security will therefore include navigating the relationship with Iceland's main security provider, the United States, while still maintaining strong economic ties with China.

There are, however, other pressing issues that must be addressed to enhance Iceland's security in the Arctic. We offer the following recommendations:

- A comprehensive and holistic analysis of Iceland's Arctic security interests is imperative for securing the future stability of the country;
- The government should react to the pressing needs of the Coast Guard to ensure the necessary infrastructure for SAR missions, e.g., establishing a centre for SAR missions in the Arctic; and

- The Icelandic government should ensure that Iceland has well-trained security analysts who actively work on examining and updating Iceland's security interests in the Arctic.

Notes

[1] Ministry of the Interior, "Björgun og öryggi í norðurhöfum: Skýrsla stýrihóps innanríkisráðherra" (Reykjavík, 2016), https://www.stjornarradid.is/media/innanrikisraduneyti-media/media/frettir-2016/BjorgunarmidstodSkyrsla.pdf.
[2] The Icelandic Ministry Office, "Samningar við grannríki," The Icelandic Ministry Office, n.d., https://www.stjornarradid.is/verkefni/utanrikismal/oryggis-og-varnarmal/samningar-vid-grannriki/.
[3] Baldur Thorhallsson and Margrét Cela, "Iceland and the Arctic," Forthcoming in *The Routledge Handbook of Arctic Politics*, eds. Anita Dey Nuttall and Mark Nuttall.
[4] Valur Ingimundarson, "Iceland as an Arctic State," in *The Palgrave Handbook of Arctic Policy and Politics*, eds. Ken Coates and Carin Hoylroyd, 1st ed. (London: Palgrave Macmillan, 2019), 251-65.
[5] Valur Ingimundarson, "Territorial Discourses and Identity Politics: Iceland's Role in the Arctic," in *Arctic Security in an Age of Climate Change*, ed. James Kraska, 1st ed. (Cambridge: Cambridge University Press, 2011), 174-92.
[6] Alþingi, "Tillaga til þingsályktunar um stefnu Íslands í málefnum norðurslóða" (2010).
[7] The Icelandic Ministry for Foreign Affairs, *Áhættumatsskýrsla fyrir Ísland*, 1st ed. (Reykjavík: The Icelandic Ministry for Foreign Affairs, 2009), https://www.stjornarradid.is/media/utanrikisraduneyti-media/media/Skyrslur/Skyrsla_um_ahattumat_fyrir_Island_a.pdf.
[8] The Icelandic Ministry Office, "Þjóðaröryggisráð," The Icelandic Ministry Office, 2016, https://www.stjornarradid.is/raduneyti/nefndir/nanar-um-nefnd/?itemid=da5c64e2-5542-11e7-941a-005056bc530c.
[9] Parliament of Iceland, "Parliamentary Resolution on a National Security Policy for Iceland" 26/145 (2016): 1-2, https://www.government.is/media/utanrikisraduneyti-media/media/Varnarmal/National-Security-Policy-ENS.pdf. P. 1.
[10] Parliament of Iceland. P. 2.
[11] Parliament of Iceland. P. 1.
[12] Parliament of Iceland. P. 1.
[13] Silja Bára Ómarsdóttir, "Sýn Íslendinga á utanríkis- og öryggismál," *Stjórnmál og stjórnsýsla* 14, no. 2 (2018): 1-18, http://www.irpa.is/article/view/a.2018.14.2.1/pdf.

[14] Ómarsdóttir. P. 11.
[15] Ministry of the Interior. P. 9.
[16] Ministry of the Interior. P. 2.
[17] Ministry of the Interior. P. 9.
[18] Ministry of the Interior. P. 2.
[19] Ministry of the Interior. P. 2.
[20] Guðbjörg Ríkey Thoroddsen Hauksdóttir, "Framlög Íslands til varnarmála hækkuðu um 37 prósent í fyrra," Kjarninn, 2019, https://kjarninn.is/frettir/2019-06-04-framlog-islands-til-varnarmala-2185-milljonir-krona/.
[21] Parliament of Iceland, "Parliamentary Resolution on a National Security Policy for Iceland." P. 1.
[22] Jóhann Bjarni Kolbeinsson, "Þakklátur Íslendingum fyrir að hafna Kínverjum," Ríkisútvarpið, 2019, https://www.ruv.is/frett/thakklatur-islendingum-fyrir-ad-hafna-kinverjum.
[23] Kolbeinsson.
[24] Óttar Kolbeinsson Proppé, "Fundi Katrínar og Pence lokið," Fréttablaðið, 2019, https://www.frettabladid.is/frettir/fundi-katrinar-og-pence-lokid/.
[25] Elín Margrét Böðvarsdóttir and Kristín Ólafsdóttir, "Ummæli Pence um Belti og braut 'ekki alveg nákvæm,'" Vísir, 2019, https://www.visir.is/g/2019190909441.
[26] Ríkisútvarpið, "Segir fullyrðingar Pence „meinfýsinn rógburð"," Ríkisútvarpið, 2019, https://www.ruv.is/frett/segir-fullyrdingar-pence-meinfysinn-rogburd.
[27] Freyr Gígja Gunnarsson, "Ísland er mikilvægur vinur Bandaríkjanna," Ríkisútvarpið, 2019, https://www.ruv.is/frett/island-er-mikilvaegur-vinur-bandarikjanna.
[28] Gunnarsson.
[29] The State Council of the People's Republic of China, "Full Text: China's Arctic Policy," The State Council of the People's Republic of China, 2018, http://english.gov.cn/archive/white_paper/2018/01/26/content_281476026660336.htm.
[30] Mike Pompeo, "Looking North: Sharpening America's Arctic Focus. Speech," US Department of State, 2019, https://www.state.gov/looking-north-sharpening-americas-arctic-focus/.
[31] Baldur Thorhallsson and Pétur Gunnarsson, "Iceland's Alignment with the EU–US Sanctions on Russia: Autonomy versus Dependence," *Global Affairs* 3, no. 3 (2017): 307-218, https://doi.org/10.1080/23340460.2017.1377626. P. 307.
[32] Thorhallsson and Gunnarsson.
[33] Thorhallsson and Gunnarsson.
[34] Örn D. Jónsson, Ingjaldur Hannibalsson, and Li Yang, *A Bilateral Free Trade Agreement between China and Iceland*, ed. Ingjaldur Hannibalsson (Reykjavík:

University of Iceland, 2013), https://skemman.is/bitstream/1946/16786/3/OrnDJonsson_VID.pdf.
[35] The Icelandic Ministry for Foreign Affairs, "Free Trade Agreement Between Iceland and China," 2013, https://www.government.is/media/utanrikisraduneyti-media/media/fta-kina/China_fact_sheet_enska_15042013_Final.pdf.
[36] Egill Thor Nielsson and Guðbjörg Ríkey Thoroddsen Hauksdóttir, "Kina, investeringer og sikkerhetspolitikk: Politikk og perspektiver i Norden – Island," *Internasjonal Politikk* 78, no. 1 (2020): 68-78, https://doi.org/https://doi.org/10.23865/intpol.v78.2075.
[37] Björn Bjarnason, "Nordic Foreign and Security Policy 2020," 2020, https://www.stjornarradid.is/library/02-Rit--skyrslur-og-skrar/NORDIC_FOREIGN_SECURITY_POLICY_2020_FINAL.pdf.
[38] Bjarnason. P. 14-15.