

POLICY BRIEF



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Iceland in the Arctic

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Summary

This paper examines the key Arctic defence and security interests and priorities of the Iceland provided in its Arctic policy and parliamentary resolution on national security. This policy is congruent with Canada's own Arctic defence and security interests and priorities. Since Iceland published its first Arctic policy in 2011, the region has elevated to a top foreign policy priority for the country, driven by concern for climate change and Chinese economic and Russian military developments. Iceland's commitment to disarmament represents a unique opportunity for defence diplomacy between the island and Canada during a time of raising strategic competition. While Iceland does not openly support Canada's sovereignty over its historic internal waters of the Northwest Passage, its policy has become more receptive since 2011.

Key Arctic Defence and Security Interests and Priorities

The Ministry of Foreign Affairs and International Development Cooperation released "Iceland's Policy of Matters Concerning the Arctic Region" in October 2021. Declaring the Arctic to be "a top priority in Iceland's foreign policy,"¹ the document aims to "strengthen Iceland's position and participation in Arctic cooperation" particularly on the matter of climate change through the Arctic Council. The policy builds on Iceland's 2019-2021 chairmanship of the Arctic Council and the resulting Reykjavik Declaration² and the Arctic Council's first Strategic plan.³

The premise for the policy is that climate change and rising international tensions, "with the main cause being increased Russian military developments and activities,"⁴ called for updating the earlier 2011 Arctic policy.⁵ The policy presents four core areas:

1. International cooperation and its regional forums, the Arctic Council having primacy here. Iceland expects this cooperation to respect international law built on the Law of the Sea, including the United Nations Law of the Sea Convention (UNCLOS).⁶
2. Climate change and its consequences, including fisheries management, new transportation routes, and resulting search and rescue (SAR) responsibilities.⁷
3. Security and defence, addressing Chinese economic and Russian military development through NATO, the Defence Agreement with the US, and Nordic cooperation.⁸
4. Arctic research via the working groups of the Arctic Council and various Icelandic universities and research stations.⁹

Iceland's Policy engages Canada on two issues. The first is the United Nations Commission on the Limits of the Continental Shelf, stating that "Iceland, Denmark, Canada and Russia have been working on explanatory reports for the Commission." The policy notes that "Denmark (on behalf of Greenland), Canada and Russia all lay claim to the Lomonosov Ridge underneath the central part of the Northern Arctic Ocean," which will likely lead to future negotiations to resolve these boundaries. The policy notes that Canada and the other states involved have all promised to resolve any overlapping claims through international law.¹⁰ Second, Canada is mentioned as being party to The Agreement to Prevent Unregulated High Seas Fisheries in the Central Arctic Ocean,¹¹ signed in 2018 to protect vulnerable ecosystems.¹²

2016's "Parliamentary Resolution on a National Security Policy for Iceland" is based on the Charter of the United Nations and the Icelandic values of liberal democracy, sustainable development, and "disarmament and peaceful resolution of conflicts." The short document adopts a broad human and environmental security perspective, explaining that Iceland "has neither the resources nor the desire to maintain an army and provides for its security and defence through active cooperation, both with other countries and within international organisations."¹³ The Government elaborates that "Iceland's participation in NATO, and its defence agreement with the United States, will continue to be a pillar of the country's defence."¹⁴ The document notes a "particular consideration to Iceland's environmental and security interests in the Arctic"¹⁵ and a commitment to increase its cyber security.¹⁶

Context: Literature Review

"Iceland's Policy of Matters Concerning the Arctic Region" is Iceland's second Arctic policy, updating 2011's "A Parliamentary Resolution on Iceland's Arctic Policy."¹⁷ Motivated by the importance of "the Arctic region in international affairs hav[ing] increased considerably in recent years on account of debate about climate change, natural resources, continental shelf claims, social changes and new shipping routes,"¹⁸ the Icelandic parliament (the Alþingi) adopted Parliamentary Resolution No 20/139 in March 2011 establishing an Arctic policy to guide the country's interests in the region. Like its successor, the 2011 Arctic policy was focused on human and environmental security. There is a substantial consistency across the two documents, with Iceland's Ministry of Foreign Affairs attributing this to a "consensus on Iceland's Arctic policy across the political spectrum."¹⁹ The major difference between the two Arctic strategies is that the 2021 document names Russia and China as two additional drivers for the policy update.²⁰

Iceland's strategic value lies in its position along the Sea Lines of Communications (SLOC) between Europe and North America, with "the control of [these] seas... one of the reasons why Iceland continues to be a vital member of the Alliance."²¹ This was demonstrated by Britain invading Iceland in 1940 in response to Germany seizing Norway, with Canada even briefly occupying the country from 1940 to 1941.²² This importance led to Iceland being asked to join NATO in 1949 as a founding member of the Alliance.²³

Given Iceland's small population and that it "has been unarmed for centuries," the US and Iceland reached a defence agreement on 5 May 1951.²⁴ The "Defense of Iceland: Agreement Between the United States and the Republic of Iceland" allows the US, on the behalf of NATO, to defend Iceland. The agreement stipulates that Iceland will provide the facilities – primarily Naval Air Station Keflavik – and the US the forces to defend Iceland and the surrounding SLOC. US forces must prioritize the "maximum safety of the Icelandic people" and their force levels are subject to Icelandic approval.²⁵ US forces operated in Iceland until 2006, when they unilaterally withdrew from the island.²⁶ In July 2007, the North Atlantic Council decided to carry out air-surveillance missions from Iceland of two to three weeks duration on average three times a year.²⁷ While the US military has not yet returned to Iceland, it has awarded contracts to upgrade Keflavik "to provide a high level of readiness for U.S. Air Forces in Europe." The facilities were expected to be ready by April 2023.²⁸

The “Joint Declaration between Iceland and Norway on defence cooperation” was reached by Iceland and Norway on 22 March 2017. The Declaration highlights the importance of Iceland’s position along the SLOC and the “increasing challenges in the maritime domain across NATO’s area of responsibility.” It goes on to note that “As North-Atlantic maritime Allies, Iceland and Norway have a significant role to play in monitoring and responding to increasing military activities that have implications for Euro-Atlantic security.” The goal of the Declaration is “to strengthen NATO’s ability to maintain the transatlantic sea lines of communications” with Norway providing forces and Iceland providing support to host these forces.²⁹

The defence agreement with the US and declaration with Norway focused on the SLOC was complimented in 2020 by a commitment to seek a bilateral agreement with Greenland. *Greenland and Iceland in the New Arctic* was published by a Greenland Committee Appointed by the Icelandic Minister of Foreign Affairs and International development which came up with 99 recommendations for bilateral cooperation “as a template for future co-operation between the countries and to provide consultation for the Minister.”³⁰ The security aspects of the document are oriented around the needs of the individual and community, such as providing enhanced SAR services.

The development of these policies reflect what Icelandic scholars have noted as their country’s “dual identity” as both a North Atlantic and Arctic state.³¹ Its historic North Atlantic identity is concerned with the realpolitik of national defence and alliance ship and is being revived because of Russian military developments. This is coming into tension with the emergence of Iceland’s Arctic identity, which is aspiration for both the region and peoples living within it, and to distinguish Iceland from its allies.³² “Iceland’s Policy of Matters Concerning the Arctic Region” and “Parliamentary Resolution on a National Security Policy for Iceland” are efforts by Iceland to reconcile its dual identities.

Opportunities and Areas of Common Interests

Icelandic Arctic security policy is congruent with Canada’s. One area of common interest is Iceland’s commitment to confidence-building measures (CBMs), arms control, and disarmament. A theme running across Iceland’s 2021 and 2011 Arctic policies is its opposition to the militarisation of the region.³³ While the Arctic policy implies a regional approach—which is at odds with long-standing Canadian disarmament policy—the national security document clarifies “promoting disarmament and peace on Iceland’s part” in general.³⁴

Arms control, disarmament and non-proliferation are stated in *Strong, Secured, Engaged (SSE)* as “contributing to more secure, stable and predictable international relations.”³⁵ This is supported by Global Affairs Canada (GAC) through various fora³⁶ as well as indirectly by the *Arctic and Northern Policy Framework (ANPF)*. The ANPF’s international chapter calls for a “strengthen[ing] [of] the rules-based international order in the Arctic and Broaden Canada’s international engagement to contribute to the priorities of Canada’s Arctic and North”³⁷ while the defence chapter’s first objective is to “strengthen Canada’s cooperation and collaboration with domestic and international partners on safety, security and defence issues.”³⁸ A commitment to arms control and disarmament is also shared by NATO.³⁹

Scholarly literature suggests that seeking disarmament with Iceland could help offset domestic political efforts to attract a renewed US military presence at the military base in Keflavik.⁴⁰ Icelandic politicians could use CBMs, arms control, and disarmament efforts with Canada to fend off domestic criticism of militarizing the Arctic due to the US re-establishing itself at Keflavik and keep Icelandic efforts in line with its overall national and Arctic security policy.⁴¹ This policy option is in line with general definitions of defence diplomacy.⁴²

Issues of Divergence or Concern

Icelandic policy does not address freedom of navigation issues nor the Northwest Passage. It does state that “the rules of the law of the sea apply to the northern maritime waters as well as all other maritime areas, including the United Nations Convention on the Law of the Sea.”⁴³ This includes customary law important to Canada’s legal defence of its historic waters. This customary law was missing from Iceland’s earlier 2011 Arctic policy which focused only on the statute law of UNCLOS. While the 2011 policy did note that “the United States considers the Northwest Passage as an international strait whereas Canada considers the route its internal waters,”⁴⁴ more recent Icelandic documentation explains that the “Northwest Passage is particularly difficult to traverse due to thick blocks of ice stacked up by strong currents along the coastlines of the archipelago. It is expected to become the latest of the three passages to be open for transport.” The Greenland Committee documents goes on to note that “another drawback” of the Northwest Passage “is the long-standing territorial dispute between the United States and Canada.”⁴⁵ While Icelandic policy is increasingly open to the Canadian position on the Passage, Iceland does not support Canada yet.

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¹ Ministry of Foreign Affairs, “Iceland’s Policy on Matters Concerning the Arctic Region,” Parliamentary Resolution 25/151, October 2021, 1.

² Government of Canada, “Reykjavik declaration 2021,” *Canada and the Circumpolar World* at https://www.international.gc.ca/world-monde/international_relations-relations_internationales/arctic-arctique/reykjavik-declaration-2021.aspx?lang=eng.

³ Ministry of Foreign Affairs, “Iceland’s Policy on Matters Concerning the Arctic Region,” Parliamentary Resolution 25/151, October 2021, 2. See Arctic Council, “Arctic Council Strategic Plan 2021-2030 (Reykjavik: Arctic Council Secretariat, 2021) at <https://oaarchive.arctic-council.org/handle/11374/2601>.

⁴ Ministry of Foreign Affairs, “Iceland’s Policy on Matters Concerning the Arctic Region,” Parliamentary Resolution 25/151, October 2021, 21.

⁵ Ministry of Foreign Affairs, “Iceland’s Policy on Matters Concerning the Arctic Region,” Parliamentary Resolution 25/151, October 2021, 7.

⁶ Ministry of Foreign Affairs, “Iceland’s Policy on Matters Concerning the Arctic Region,” Parliamentary Resolution 25/151, October 2021, 9-13.

⁷ Ministry of Foreign Affairs, “Iceland’s Policy on Matters Concerning the Arctic Region,” Parliamentary Resolution 25/151, October 2021, 13-20.

⁸ Ministry of Foreign Affairs, “Iceland’s Policy on Matters Concerning the Arctic Region,” Parliamentary Resolution 25/151, October 2021, 20-2.

- ⁹ Ministry of Foreign Affairs, “Iceland’s Policy on Matters Concerning the Arctic Region,” Parliamentary Resolution 25/151, October 2021, 24-7.
- ¹⁰ Ministry of Foreign Affairs, “Iceland’s Policy on Matters Concerning the Arctic Region,” Parliamentary Resolution 25/151, October 2021, 13.
- ¹¹ Government of Canada, “International Agreement to Prevent Unregulated High Seas Fisheries in the Central Arctic Ocean,” *International Fisheries* at <https://www.dfo-mpo.gc.ca/international/arctic-arctique-eng.htm>.
- ¹² Ministry of Foreign Affairs, “Iceland’s Policy on Matters Concerning the Arctic Region,” Parliamentary Resolution 25/151, October 2021, 17.
- ¹³ “Parliamentary Resolution on a National Security Policy for Iceland,” Parliamentary document 116 – Case no. 327, 26/145, 2016, 1.
- ¹⁴ Government of Iceland, “National security policy for Iceland,” *Ministry of Foreign Affairs* at <https://www.government.is/topics/foreign-affairs/national-security/>.
- ¹⁵ “Parliamentary Resolution on a National Security Policy for Iceland,” Parliamentary document 116 – Case no. 327, 26/145, 2016, 1.
- ¹⁶ “Parliamentary Resolution on a National Security Policy for Iceland,” Parliamentary document 116 – Case no. 327, 26/145, 2016, 2.
- ¹⁷ “A Parliamentary Resolution on Iceland’s Arctic Policy,” Parliamentary document, 2011.
- ¹⁸ “A Parliamentary Resolution on Iceland’s Arctic Policy,” Parliamentary document, 2011, 3.
- ¹⁹ Ministry of Foreign Affairs, “Iceland’s Policy on Matters Concerning the Arctic Region,” Parliamentary Resolution 25/151, October 2021, 1.
- ²⁰ Ministry of Foreign Affairs, “Iceland’s Policy on Matters Concerning the Arctic Region,” Parliamentary Resolution 25/151, October 2021, 20-2.
- ²¹ NATO, “Iceland and NATO,” *NATO Declassified* at https://www.nato.int/cps/en/natohq/declassified_162083.htm.
- ²² Steven J. Bright, “Z Force on the Ground: The Canadian Deployment to Iceland, 1940-41,” *Canadian Military History* 31:1 (2022): 1-31 and Donald F. Bittner, *The Lion and the White Falcon* (Hamden, CT: Archon Books, 1983).
- ²³ NATO, “Iceland and NATO,” *NATO Declassified* at https://www.nato.int/cps/en/natohq/declassified_162083.htm.
- ²⁴ “Defense of Iceland: Agreement Between the United States and the Republic of Iceland, May 5, 1951,” in *American Foreign Policy 1950-1955*, Basic Documents Volumes I and II, Department of State Publication 6446, General Foreign Policy Series 117 (Washington, DC: U.S. Government Printing Office, 1957).
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- ²⁶ See Valur Ingimundarson, “Iceland as an Arctic State,” in Ken S. Coates and Carin Holroyd (eds.) *The Palgrave Handbook of Arctic Policy and Politics* (Cham: Palgrave Macmillan, 2020), 254.
- ²⁷ Government of Iceland, “National security policy for Iceland,” *Ministry of Foreign Affairs* at <https://www.government.is/topics/foreign-affairs/national-security/>.
- ²⁸ Mila Cisneros, “Air Force awards multiple contracts for airfield construction at NAS Keflavik,” *Air Force* 24 September 2020 at <https://www.af.mil/News/Article-Display/Article/2359356/air-force-awards-multiple-contracts-for-airfield-construction-at-nas-keflavik/>.
- ²⁹ Joint Declaration between Iceland and Norway on defence cooperation, Oslo, 22 March 2017.
- ³⁰ Greenland Committee, *Greenland and Iceland in the New Arctic* (Reykjavik: Ministry for Foreign Affairs, Iceland, 2020), 11.
- ³¹ Ingimundarson, “Iceland as an Arctic State,” 254.
- ³² See Pia Elisabeth Hansson and Guðbjörg Ríkey Th. Hauksdóttir, “Iceland and Arctic Security: US Dependency and the Search for an Arctic Identity,” 163-71 in Duncan Depledge and P. Whitney Lackenbauer (eds.) *On Thin Ice? Perspective on Arctic Security* (Peterborough: The North American and Arctic Defence and Security Network, 2021), 165-5.
- ³³ Ministry of Foreign Affairs, “Iceland’s Policy on Matters Concerning the Arctic Region,” Parliamentary Resolution 25/151, October 2021, 5 and “A Parliamentary Resolution on Iceland’s Arctic Policy,” Parliamentary document, 2011, 10.
- ³⁴ “Parliamentary Resolution on a National Security Policy for Iceland,” Parliamentary document 116 – Case no. 327, 26/145, 2016, 1.
- ³⁵ *Strong, Secured, Engage* (SSE) (Ottawa: Department of National Defence, 2017), 91.
- ³⁶ Government of Canada, “Non-proliferation, arms control, and disarmament efforts,” at https://www.international.gc.ca/world-monde/issues_development-enjeux_developpement/peace_security-paix_scurite/non_proliferation.aspx?lang=eng.

³⁷ *Canada's Arctic and Northern Policy Framework (ANPF)* (Ottawa: Government of Canada, 2019), 60.

³⁸ *Canada's Arctic and Northern Policy Framework (ANPF)* (Ottawa: Government of Canada, 2019), 75.

³⁹ See NATO, "Arms control, disarmament and non-proliferation in NATO," at https://www.nato.int/cps/en/natohq/topics_48895.htm.

⁴⁰ See Hansson and Hauksdóttir, "Iceland and Arctic Security," 163-71.

⁴¹ Mikkel Runge Olesen and Camilla Tenna Nørup Sørensen, "Intensifying Great Power Politics in the Arctic – Points for Consideration by the Kingdom of Denmark: From an analysis of assessments and strategies in Finland, Norway and Iceland," *Danish Institute for International Studies Report 8* (2019): 33.

⁴² Lech Drab, "Defence diplomacy – an important tool for the implementation of foreign policy and security of the state," *Security & Defence Quarterly 2*, no. 20 (2018): 57-71.

⁴³ Ministry of Foreign Affairs, "Iceland's Policy on Matters Concerning the Arctic Region," Parliamentary Resolution 25/151, October 2021, 12.

⁴⁴ "A Parliamentary Resolution on Iceland's Arctic Policy," Parliamentary document, 2011, 4.

⁴⁵ Greenland Committee, *Greenland and Iceland in the New Arctic* (Reykjavík: Ministry for Foreign Affairs, Iceland, 2020), 18.