

# Iceland to commence EU accession talks

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25 March 2010

The European Commission announced last month that it was prepared to commence talks with Reykjavík on terms for Iceland's membership. The proposal comes despite the on-going diplomatic conflict between Iceland, the UK and Netherlands over reparations for money lost due to the collapse of online bank IceSave. This deepened when a referendum vote massively rejected terms for the repayment of nearly four billion euros earlier in March.

At its summit this Thursday and Friday, the European Union Council will decide whether to proceed with accession talks, which could be concluded as early as 2011. However, only one vote is required of the 27 EU members to hold up the commencement of negotiations, and this could be provided by the Netherlands or Britain if the dispute over IceSave is not resolved soon.

Presented to the population as the means for Iceland to achieve economic stability, EU membership would only pave the way for an intensification of the assault on working people.

As the EU made its offer to start talks, a new poll showed the mounting public opposition to Brussels, with 56 percent of Icelanders opposed to joining. While opposition to the EU in Iceland has always been high, this represents an increase since the immediate aftermath of the financial collapse of 2008 when those supporting membership and those opposed were roughly equal. Commentators put the rising opposition down to the IceSave issue, because the EU had largely solidarised itself with London and Amsterdam. But it is clear that the experience of countries such as Greece, Portugal and Spain, where the EU is demanding severe austerity measures, is having an impact on public consciousness across the continent.

Such feelings are entirely justified. The EU is keen to assist the Icelandic ruling elite in imposing the full burden of the economic crisis onto working people.

This was made clear in the recommendation issued by the Commission. Noting that a "credible fiscal strategy" to ensure "fiscal consolidation" was a key challenge, the Commission declared, "Iceland should be able to cope with competitive pressures and market forces within the Union in the medium term provided it swiftly implements the necessary policy measures and structural reforms."

The content of such "policy measures" are currently on display in Greece, where the government of George Papandreou is collaborating fully in the implementation of the dictates handed down from Brussels. With a budget deficit of 12 percent of GDP, Greece faces EU demands that this be returned to 3 percent within the coming years. Papandreou has to this end passed three packages of devastating cuts in as many months.

The total state debt in Reykjavík continues to rise, and depending on the outcome of the IceSave dispute it could be as high as 300 percent of GDP. The IMF in an earlier report warned that such a debt ratio would be "unsustainable." Pledges already made by the coalition government of Johanna Sigurðardóttir to cut public spending by 50 billion kronur have already come under attack from business groups as insufficient. Brussels will insist upon further austerity.

Whether the current coalition is in a position to carry through such measures is an open question, particularly in the aftermath of the defeat of the IceSave legislation in the referendum it organised. Prior to the March 6 vote, rumours were circulating of increased tensions within the coalition, and the possibility of a government collapse if a solution to IceSave was not found quickly.

In the context of the worst economic crisis in decades, the EU decision to encourage Icelandic membership is also underpinned by strategic considerations. The principal consideration is the geopolitical situation in the Arctic, where tensions between nations continue to grow over control of vast

natural resources. EU enlargement commissioner Stefan Füle outlined this fact with surprising bluntness. Füle commented, “There [has been] a lot of discussion recently of the strategic importance of the Arctic area. This is where Iceland could be very useful.”

Swedish foreign minister Carl Bildt concurred, adding, “The EU is virtually absent from this big play. Iceland will bring us more into arctic issues that will be big.”

On top of the natural resources found in the Arctic—which were estimated by a 2008 US Geological Survey report to be 90 billion barrels of oil, potentially a third of the world’s untapped natural gas, and 20 per cent of natural gas liquids—the region contains important sea lanes which are being opened up by global warming.

Achieving a dominant position in the region would prove very lucrative, something which is well understood in Brussels. To date, the race for control over the Arctic’s natural resources and trading routes has been fought out between Russia, Canada, Norway, Denmark and—increasingly—the United States. Moscow advanced its claim to a vast portion of the Arctic Ocean in 2007 by planting a Russian flag on the sea floor during an exploration by a scientific submarine. Canada has increased its military presence in the arctic, with plans for a deep water port having been put forward. A military training facility at Resolute Bay has also been developed. Both countries, having lengthy borders with the Arctic Ocean, are deemed to control waters up to 200 nautical miles (370 kilometres) from their coast under the “law of the sea”.

Denmark, which has a claim to substantial areas of the Arctic due to its control of Greenland, announced last summer that it would open a military command on the island. Copenhagen has been engaged in a long-running diplomatic conflict with Canada over control of a small island located between Greenland and Canada, the ownership of which could prove decisive in determining which state would hold sway in a key waterway that will open up as polar ice melts.

Although Denmark is an EU member, Brussels hopes to extend its influence in the region with a presence in Iceland also.

Such moves will not take place without opposition. Washington, aware that it could lose out to its rivals in the region, has over the past year stepped up

considerably its Arctic activity. During May and June last year, NATO held two military exercises in the far north. The US-led alliance carried out naval exercises in the Baltic and North seas, while an air and land simulation in the Arctic region of Sweden saw the involvement of Finnish and Swedish forces.

Iceland is strategically placed to provide the EU with additional influence. Situated in the mid north Atlantic, the island was considered significant for geopolitical reasons during the Cold War. Iceland was a founding member of NATO in 1949, and the United States constructed and operated a naval and air base at Keflavik (NASKEF, Naval Air Station Keflavik) from where it conducted NATO missions, including surveillance on Soviet activity in northern Europe. The US presence was codified by the Iceland Defence Force Agreement, signed when Reykjavík joined NATO. During the Cold War, it was estimated that US aircraft intercepted over 1,000 Soviet flights from the Keflavik base.

With the collapse of the Soviet Union Washington gradually drew down its involvement in Iceland, but the last remaining US military personnel did not leave until 2006. As has already been demonstrated by last year’s military exercises, Washington will not be willing to stand idly by as its rivals gain a foothold in the Arctic at its expense.



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