

# AN ARGUMENT AGAINST ICELAND'S ASCENSION INTO THE EUROPEAN UNION

ELIZABETH A. STREET

What good fortune for mankind,  
Iceland of the seas, that you exist.

—Jorge Luis Borges, *Islandia*

Traditionally, Iceland has been firmly independent and against applying for admission to the European Union. Therefore, when Iceland's foreign minister, Halldor Asgrimsson, addressed a convention in Berlin in September of 2002, and broached the possibility of Iceland's ascension into the European Union, it came as a surprise to many.<sup>1</sup> In the past, Iceland's dependence on its fishing industry proved to be a hurdle to European integration.<sup>2</sup> Icelanders were unwilling to give up their primary resource to European control.<sup>3</sup> Now, as Iceland's foreign debt is climbing and the Euro has stabilized, it seems as if increased participation in the European Union is a solution to their problems.<sup>4</sup> Iceland needs to be acutely aware, however, that moving farther away from isolation will have more than just an economic impact on their society. Iceland will have to give up much of its remaining sovereignty as well. In addition, through treaties, Iceland already shares in many of the benefits of European Union without full membership. The social, economic and political impacts on Iceland's society indicates that now is not the time to join.

## I. POLITICAL SOVEREIGNTY

Iceland has experienced a relatively short independence. Many Icelanders fiercely insist that Iceland's sovereignty is an important political goal. As the European Union ("E.U.") transforms into a super nation and away from a community coalition, Iceland's admission into the E.U. would prove to be fatal to its

---

<sup>1</sup> Dick Leonard, *Eye on the EU*, EUROPE, Sep. 18, 2002, at 3.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

prized sovereignty, even with Iceland's existing ties. By examining the possible effects of E.U. membership on Iceland's immigration policies, it is easy to understand how the E.U. could greatly diminish Iceland's power over its own country. In addition, the concept that security is a potent factor for becoming part of something larger is rebuffed by the fact that Iceland's strategic location has already enabled it to militarily secure itself with other international treaties.

A. BECAUSE OF ICELAND'S BRIEF INDEPENDENCE,  
MAINTAINING STATE SOVEREIGNTY IS WIDELY  
RECOGNIZED AS A NATIONAL GOAL.

From the 13th century up until Iceland's formation as a Republic in 1944, other states controlled Iceland.<sup>5</sup> After the successful formation of an independent state in 930, Iceland ceased to be a commonwealth in 1262 when Norway took power.<sup>6</sup> Then from the 16th century until its creation as a republic, the Danish crown ruled Iceland.<sup>7</sup> During this time, Denmark permitted Iceland to preserve its language and culture, but politically Denmark governed the small country.<sup>8</sup> In 1918 Denmark succumbed to Iceland's demands to be an independent country and a sovereign Icelandic state was formed.<sup>9</sup> Yet, Iceland still had loose connections to Denmark, and it was not until after much political pressure from Icelanders that Iceland became a Republic in 1944.<sup>10</sup>

Iceland has an extensive history of occupation by Nordic states. Yet, through Icelandic's cultural use of folklore and the

---

<sup>5</sup> ESBJORN ROSENBLAS & RAKEL SIGURDARDOTTIR-ROSENBLAD, *ICELAND FROM PAST TO PRESENT* 278 (1993).

<sup>6</sup> *ICELAND THE REPUBLIC* 70 (Johannes Nordal and Valdimar Kristinsson eds., 1996). Iceland aristocracy pledged allegiance to the Norwegian crown.

<sup>7</sup> GUNNAR KARLSSON, *THE HISTORY OF ICELAND* 363 (2000). Iceland came under Danish rule by way of Norway. When Denmark conquered Norway at the end of the 14th century, Iceland came under Danish rule by virtue of the fact that Iceland was a tributary of Norway. The relationship between Denmark and Iceland lasted into the 20th century. Nordal, *supra* note 6, at 83.

<sup>8</sup> Nordal, *supra* note 6, at 83.

<sup>9</sup> *Id.* at 90.

<sup>10</sup> *Id.* at 98–99. The breakaway from Denmark after such an extensive history did provoke some resentment in Denmark. However, Denmark supported Iceland internationally and relations between the two countries continue to be strong.

preservation of their language, they have been able to maintain a strong national culture tied to their Viking roots and literary history.<sup>11</sup> In addition, the national rhetoric of independence has always categorized political debates.<sup>12</sup> The strong cultural identity that Icelanders firmly established made its independence as a nation more significant. There is a firm conviction among politicians that independence is the ultimate goal in Iceland, both in the past and in the future.<sup>13</sup> Many politicians would see joining the E.U. as a betrayal to future generations.<sup>14</sup>

B. PRESERVING STATE SOVEREIGNTY AS A MEMBER OF  
THE EUROPEAN UNION HAS BECOME MORE DIFFICULT  
AS THE EUROPEAN UNION IS TRANSFORMING  
INTO A SUPERNATION.

Since Iceland does not have a military and has a small population, it has had to fight for their state sovereignty on the political arena.<sup>15</sup> If Iceland were to join the E.U., it would have to give up much of the sovereignty Icelanders have fought so hard to achieve. The loss of sovereignty becomes clear when one examines how membership to the E.U. would effect Iceland's immigration policies.

*1. As the European Union Parliament, Council of  
Ministers and European Court of Justice Become More  
Powerful, and They Discuss the Possibility of a  
Constitution, the Member States Give Up Control  
Over Their Own Countries.*

If Iceland joined the E.U., it would give up a great deal of its own sovereignty. As more issues fall out of the realm of autonomous state decisions, and into the hands of the E.U., Iceland would get less representation in policies that would directly affect

---

<sup>11</sup> *Id.* at 93.

<sup>12</sup> Baldur Thorhallson, *The Skeptical Political Elite Versus the Pro-European Public: The case of Iceland*. 74 SCANDINAVIAN STUDIES 349, 360 (2002).

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> *Id.* at 76, 93. In 1550 there was a violent uprising over religion which resulted in the deaths of many Danes and Icelanders. Icelanders have not carried weapons since and since there was never any kind of armed resistance to Danish rule.

its country's laws. Iceland follows most E.U. directives, but its accession to the Union would result in its choices being limited.<sup>16</sup>

It is true that the E.U. and the United States ("U.S.") virtually control Iceland. Through different treaties with E.U. member states, Iceland has had to adopt many regulations and rules promulgated by the E.U.<sup>17</sup> In addition, one could argue that for Iceland to remain secure, it needs to be part of something bigger. In theory, Iceland needs a source of power larger than it has in order to prevent threats from other large players that may be hostile.<sup>18</sup>

Theoretically, it may be advantageous for Iceland to join the E.U., but once one examines Iceland's unique position in Europe, it is easy to see why Iceland should not join. Weak states like Iceland are able to enjoy the benefits of military protection and economic vitality, while remaining independent.<sup>19</sup> In addition, if Iceland preserves its autonomy, it can protect itself from exploitation by more powerful members.<sup>20</sup>

Founding states established the E.U. to be a community based organization, where participation is voluntary and the goal of the organization was to ensure peace.<sup>21</sup> This community-based model is still present, but the E.U. is heading towards becoming a supranation. As the E.U. becomes more powerful, the member states lose individual sovereignty.<sup>22</sup> According to a former President of the European Parliament, the European Union "has reached a level well beyond an interstate cooperation."<sup>23</sup>

In addition, there has been some discussion within the Union about the possibility of a constitution.<sup>24</sup> The constitution

---

<sup>16</sup> Xan Smiley, *Survey: The Nordic Countries: Happy Family?*, THE ECONOMIST, Jan. 23, 1999, at N3.

<sup>17</sup> BJORN G. OLAFSSON, SMALL STATES IN THE GLOBAL SYSTEM, ANALYSIS AND ILLUSTRATIONS FROM THE CASE OF ICELAND 53 (1998).

<sup>18</sup> *Id.*

<sup>19</sup> *Id.* at 58.

<sup>20</sup> *Id.*

<sup>21</sup> Youri Devuyt, *The European Union's Constitutional Order? Between Community Method and AdHoc Compromise*, 18 BERKELEY J. INT'L L. 1, 3 (2000).

<sup>22</sup> *Id.*

<sup>23</sup> Inger Eriksson Haider, *European Integration: History and Perspectives*, 30 INT'L J. LEGAL INFO. 466, 469 (2002).

<sup>24</sup> Devuyt, *supra* note 21, at 6.

would codify the various treaties that make up the E.U.<sup>25</sup> Proponents of the constitutionalization of the E.U. argue it would make the Union more understandable to their citizens and would give more power to existing treaties.<sup>26</sup> The E.U. Parliament has given a Constitution its full support, and although the Parliament has not yet given a Constitution full discussion, it is a possibility in the future.<sup>27</sup> If the E.U. created a constitution, it would in effect codify the supernational presence of the E.U. by creating a constitution that would supercede the nation's own constitution. Iceland must be aware of the direction the E.U. is taking and consider if it would prefer its personal autonomy to that of a larger Europe.

Even without a firm constitution, the E.U. Parliament, Council of Ministers and European Court of Justice is increasingly gaining influence.<sup>28</sup> The preamble of the Council of Ministers allows the Council to take appropriate and necessary measures beyond what the treaties outline.<sup>29</sup> The Council votes by qualified majority, which indicates that all the Member States have to follow Council and Parliament decisions by implementing the texts as law in their own countries.<sup>30</sup>

Not only would the Parliament and Council have power over Iceland's sovereignty, the European Court of Justice would as well. The European Court of Justice has "developed an implied powers doctrine."<sup>31</sup> The judicial branch of the E.U. interprets existing E.U. law.<sup>32</sup> E.U. Community law has an "absolute primacy over national constitutions."<sup>33</sup> Member States have to abide by the Court's ruling by implementing the rulings as domestic laws. This only enforces the belief that the E.U. is turning into a supernational power.<sup>34</sup>

---

<sup>25</sup> *Id.*

<sup>26</sup> *Id.*

<sup>27</sup> *Id.*

<sup>28</sup> *Id.* at 10.

<sup>29</sup> *Id.* at 12.

<sup>30</sup> *Id.* at 6.

<sup>31</sup> *Id.* at 13.

<sup>32</sup> *Id.* at 11.

<sup>33</sup> *Id.* at 45.

<sup>34</sup> *Id.* at 11.

The power of the Council, Parliament and Courts allows for major changes in the E.U., but it also results in less control by Member States to create law.<sup>35</sup> Although some Member States have pushed lately to protect state sovereignty, the power of the Council and Courts is established.<sup>36</sup> As a smaller state, Iceland must be wary of entering into a Union where a supranational agenda will dominate a domestic agenda.

Although democratic values are the base of the E.U., the manner in which the E.U. is established ensures that those bigger players, such as England, France, Germany, Italy and Spain, get more votes than the medium or smaller players.<sup>37</sup> Since Iceland has a small population of slightly over a quarter million, its representation in the E.U. would be minimal and the stronger countries could dictate many of its governmental policies. In addition, many of the larger players participate in political moves outside of the realm of the E.U. to fortify their role.<sup>38</sup> For example, before every European Council meeting there is a Franco-German summit that usually establishes the agenda.<sup>39</sup> The ability to control the agenda often correlates with the ability to ensure that the E.U. addresses issues important to an individual country.

Not only do larger players dominate the E.U., but also the Union has traditionally had problems with transparency within its governing bodies.<sup>40</sup> In 1992 through the Maastricht Treaty, the E.U. created the “European Ombudsman” to field complaints from nationals in Member States.<sup>41</sup> The complaint system stems from a “failure to act in accordance with legal rule and general principles of law, including the principles of good administration and respect for fundamental rights.”<sup>42</sup> A large percentage of the complaints that the Office of the European Ombudsman receives

---

<sup>35</sup> *Id.* at 12.

<sup>36</sup> *Id.* at 15.

<sup>37</sup> Roger J. Goebel, *The European Union . Grows: the Constitutional Impact of the Accession of Austria, Finland and Sweden*, 18 *FORDHAM INT’L L.J.* 1092, 1186 (1995).

<sup>38</sup> Devuyst, *supra* note 21, at 34.

<sup>39</sup> *Id.*

<sup>40</sup> Haider, *supra* note 23, at 477.

<sup>41</sup> *Id.* at 476.

<sup>42</sup> *Id.* at 476–477.

concerns a lack of transparency or openness within the organization.<sup>43</sup> Collectively, E.U. citizens wish to participate in the public life of the Union, but feel frustrated with the transparency.<sup>44</sup> It would be difficult for the Icelandic government to garner support for joining the E.U. if the Icelandic citizens felt they did not have access to the decision making process of the organization, or if they did not understand the institutions or procedures. It is clear that the E.U.'s governmental ambiguity runs contrary to how Iceland runs its own government in relation to its citizens.<sup>45</sup>

Another factor Iceland must consider is the E.U.'s imposition of political values onto its Member States. The E.U. has already established their supernational norms over Member States when Austria citizens elected members of the FPO party into office.<sup>46</sup> The E.U. reacted by imposing restrictions against Austria for electing a party that runs contradictory to E.U. norms.<sup>47</sup> Eventually the E.U. decided the breach was neither serious nor persistent, and the Union amended the procedures to reduce the role of the court in the deciding what constitutes "serious and persistent."<sup>48</sup> Now it is up to the Council and the Parliament to decide together.<sup>49</sup> Although it is currently more difficult for the E.U. to show "serious and persistent" breach of Union norms, they still have the power to impose, as a condition of membership, their societal norms on another country. The E.U.'s reaction to the Austrian election is clearly a reaction to the past World Wars, but it seriously infringes on a state's sovereignty. Although Iceland is well within the social norms of the E.U., it is impossible to predict the future of both Iceland and the E.U. itself.

---

<sup>43</sup> *Id.* at 477.

<sup>44</sup> *Id.*

<sup>45</sup> *Who's who of world corruption*, FIN. TIMES BUS. LTD., Oct. 1, 2002, at 1. Iceland has consistently been in the top ten for governmental transparency. The statistic is based on a study made by Transparency International who publishes an annual Corruption Index. Iceland and the other Scandinavian countries scored in the top ten, while the world's poorest countries were at the bottom.

<sup>46</sup> Haider, *supra* note 23, at 471. The Austrian FPO (Freiheitliche Partei Österreich) party won 27% of Austrian voters. The FPO was under the leadership of Jorg Haider who was infamous for his "xenophobic and racist ideas."

<sup>47</sup> *Id.*

<sup>48</sup> *Id.*

<sup>49</sup> *Id.*

In conclusion, the E.U. is increasingly becoming more powerful and the major superpowers of Europe continue to dominate the E.U. agenda. If Iceland were to join the E.U., it would generally be obliged to follow the decisions of the Council, and if it were unable or unwilling to follow the directives, there would be monetary penalties.<sup>50</sup> In addition, it may be hard to convince an Icelandic public to join a supernational organization that has trouble with governmental transparency, when Icelanders live in a relatively transparent political realm.

*2. By Examining How Iceland's Immigration Policies Would Be Affected if Iceland Gained European Union Membership, It Is Clear Iceland Would Sacrifice a Great Deal of Control Over Its Domestic Agenda.*

Traditionally, Iceland is known to have conservative immigration laws.<sup>51</sup> This partially stems from its isolation for over 1,000 years, both geographically and politically.<sup>52</sup> In addition, many treaties that bind Iceland and the E.U. reinforce Iceland's conservative immigration policies. For example, the Schengen Convention between the E.U. and Iceland concentrates on border control, instead of an increase in immigration to Iceland.

*a. Traditionally Iceland Has Had a Conservative Approach to Immigration.*

A conservative policy has always dominated Icelandic approach to immigration resulting in very little diversity.<sup>53</sup> Iceland's homogenous society is partially derived from their geographic isolation but it is evident in their struggle to preserve their language and heritage, that they place a high value on fortifying their culture.<sup>54</sup> Although Icelanders go to American films, drive German cars and use Japanese cell phones, they strongly

---

<sup>50</sup> Devuyst, *supra* note 21, at 44.

<sup>51</sup> Hrobjartur Jonatansson, *Iceland's Health Sector Database: A Significant Head Start in the Search for the Biological Grail or an Irreversible Error?*, 26 AM. J.L. & MED. 31, 38 (2000).

<sup>52</sup> *Id.*

<sup>53</sup> *Id.*

<sup>54</sup> Rosenblad, *supra* note 5, at 278.

reject foreign influence in the core values of their heritage.<sup>55</sup> Iceland's enthusiastic defense of their cultural along with the inevitable problems that immigration brings to a country has encouraged conservative policies at home.

*b. Iceland Is a Signatory to Many Treaties with the European Union That Reinforce Its Conservative Immigration Policies.*

Because of Iceland's conservative attitudes about immigration at home, Iceland has also associated itself with treaties that reinforce these beliefs, while expanding Iceland's role in Europe. In 1996, the majority of E.U. countries signed the Schengen Agreement in order to eliminate border controls within the E.U., and strengthen the control on the outer borders.<sup>56</sup> The countries designed the convention to cut down on matters such as illegal immigration, terrorism and drug trafficking.<sup>57</sup> The member states, along with those independent states that play a role in the agreement, would participate in police action to patrol the outer borders, while allowing free movement within the borders.<sup>58</sup> Although the independent states are not able to vote under the Schengen Agreement, they are able to express opinions and write proposals.<sup>59</sup>

Iceland had an incentive to become a party to this agreement because it was part of the Nordic passport union with the

---

<sup>55</sup> Karlsson, *supra* note 7, at 363. Karlsson describes in detail how Iceland has resisted any additions to their linguistics. While many languages around the world have incorporated English words for modern technology, Iceland has resisted the integration and still strictly adheres to a language deeply rooted in their history.

<sup>56</sup> Stephen Skinner, *The Third Pillar Treaty Provisions on Police Cooperation: Has the EU Bitten off More Than it Can Chew?*, 8 COLUM. J. EUR. L. 203, 203 (2002). The Schengen agreement was first signed by five European countries and now includes all members of the E.U. except Great Britain and Ireland plus Norway and Iceland. *More Freedom and More Fears as Nordic Countries Join Schengen*, AGENCE FR. PRESSE, Mar. 25, 2001, at 1 [hereinafter Agence France]. Most recently, the E.U. has moved to include Switzerland in the agreement as well. Although, they have not yet signed the treaty, it appears the Swiss will sign on with certain provisions. *EU/Switzerland: Some Progress in Talks on Schengen*, EUROPE INFORMATION SERVICE, Nov. 20, 2002, at 2729.

<sup>57</sup> *Id.*

<sup>58</sup> *Id.*

<sup>59</sup> *Id.*

Nordic states, most of whom are part of the E.U.<sup>60</sup> The Nordic passport union allowed uninhibited movement between the Nordic countries.<sup>61</sup> With the impending Schengen agreement, many Icelanders were afraid they would lose the privilege if they did not accede to the treaty. Unfortunately, the treaty did have the effect of diminishing the importance of the relationship the Nordic countries have with one another by incorporating the privilege into a larger community.<sup>62</sup> Yet, by expanding the Nordic passport union to all of the E.U., Iceland was able to preserve the freedom to move about Europe, while retaining sovereignty over their domestic immigration policies.<sup>63</sup>

In addition to the Schengen Convention, Iceland is a signatory of the Dublin Convention of 1990.<sup>64</sup> The purpose of the Dublin Convention is to curb asylum shopping by establishing a database to check if someone has claimed asylum or if another member of the convention has denied that person asylum.<sup>65</sup> Britain has already been using the system for some time and it has proven effective.<sup>66</sup> From January, 2003, forward all asylum seekers and some illegal immigrants are fingerprinted.<sup>67</sup> These fingerprints are stored and recorded and participating countries will be able to access the information to see if the applicant already has a case pending.<sup>68</sup>

---

<sup>60</sup> Haider, *supra* note 23, at 469. The Nordic states include Iceland, Sweden, Denmark, Finland and Norway.

<sup>61</sup> *Five Nordic States Join Schengen Agreement on Open Borders*, DUETSCHES PRESSE-AGENTUR, Mar. 21, 2001, at 1. Since 1957 they have allowed their citizens to travel freely within the five countries without a passport. Part of Iceland's incentive for signing the Schengen Agreement was to preserve the open borders within the Nordic states.

<sup>62</sup> AGENCE FRANCE, *supra* note 57, at 1.

<sup>63</sup> Dick Leonard, *EU Enlargement - - Dangers from Schengen*, EUROPE, Jan. 2002, at 3.

<sup>64</sup> *EU Asylum Fingerprint Database Begins Operating Today*, HERMES DATABASE, Jan. 14, 2003, at 1.

<sup>65</sup> *Id.* The signatories include all EU countries, Norway and Iceland.

<sup>66</sup> *Id.*

<sup>67</sup> *Id.*

<sup>68</sup> *Id.*

*c. If Iceland Were a Member of the European Union, Its Domestic Immigration Policies Would Be Under the Full Authority of the European Union, Leaving it Vulnerable to the Possibility of Liberalized Immigration Policies.*

In 1997, the E.U. signed the Amsterdam Treaty opening up the possibility of shifting the scope of immigration policy from the Third Pillar to the First Pillar.<sup>69</sup> In other words, it could move immigration policies from a mere cooperation on the part of member countries, a Third Pillar policy, to a mandated authority by the E.U. or a First Pillar policy.<sup>70</sup> While the Schengen Convention and the Dublin Convention were more specific to border control and asylum, the E.U. could now dictate immigration law for all of its member countries.<sup>71</sup> In addition, the European Court of Justice now may have jurisdiction over certain issues concerning visas, asylum and immigration, as well as a limited jurisdiction over police and judicial branches of Member States.<sup>72</sup> This could potentially have large effects not only on Iceland's domestic immigration policies if it were to become a member state, but also on its judiciary and police force.

The E.U.'s immigration policies are presently conservative. This is evident by the fact that they are more concerned with border controls and keeping illegal immigrants out, than a transformation into a society that welcomes immigrants, like Canada.<sup>73</sup> The policy does run contradictory to some E.U. members' policies and future members' policies. Many of the Mediterranean states, such as Spain, have traditionally been countries that were a haven for immigration and have even encouraged it.<sup>74</sup> Spain and Italy not only comprise much of the Southern border of the E.U., but they also have many ties to other countries in Latin America that they are reluctant to

---

<sup>69</sup> Lydia Esteve Gonzalez & Richard MacBride, *Fortress Europe: Fear of Immigration? Present and Future of Immigration Law and Policy in Spain*, 6 U.C. DAVIS J. INT'L L. & POL'Y 153, 165 (2000).

<sup>70</sup> *Id.*

<sup>71</sup> *Id.*

<sup>72</sup> Devuyst, *supra* note 21, at 3.

<sup>73</sup> Esteve Gonzalez, *supra* note 70, at 161.

<sup>74</sup> *Id.* at 158.

break.<sup>75</sup> Many South Americans can get dual citizenship and then by living in Spain for two years, move to the rest of Europe.<sup>76</sup> In addition, the Southern European countries, and many ex-colonial powers, such as England also feel pressure to allow immigration.<sup>77</sup>

Those member states that feel it is necessary to permit an increase in immigration may put pressure on the E.U. to liberalize its policies. Those Eastern European states that will become members in the future may pressure the E.U. as well. Some states in Eastern Europe such as Romania and Bulgaria have gone to great lengths to show that they are ready for border control.<sup>78</sup> Those who travel from those states into the E.U. still need a visa, which implies a second class of countries, as compared to the rest of Europe.<sup>79</sup>

Many E.U. states or E.U. applicants, have no desire to tighten their borders.<sup>80</sup> Immigration is an important part of expansion for smaller states such as Romania.<sup>81</sup> As the E.U. mandates tighter border controls, it also hurts the applicant country's economy and those of its Eastern neighbors.<sup>82</sup> As a result, it follows that in the end the European Union may not only hurt its own economy by taking away strength of its new members, but also actually increase the number of refugee seekers from other Eastern states.

The problems some E.U. members and future members have with its immigration policies may someday shift how the E.U. controls immigration. It is true that the E.U. has not yet

---

<sup>75</sup> *Id.* at 159.

<sup>76</sup> *Id.*

<sup>77</sup> *Id.*

<sup>78</sup> Charlotte Lindberg Warakaule, *Frontier Free*, THE WORLD TODAY, Mar. 2001, at 13.

<sup>79</sup> *Id.*

<sup>80</sup> Leonard, *supra* note 64, at 3.

<sup>81</sup> *Id.*

<sup>82</sup> *Id.*

formalized immigration policies, and because of that, the individual states still have control over immigration.<sup>83</sup> Most importantly, however, the E.U. now has the power to act.<sup>84</sup>

The E.U. recently consolidated efforts to control migration in the Mediterranean.<sup>85</sup> Five European nations have begun patrolling the coasts.<sup>86</sup> This marks the first time the nations have worked together in such a coordinated manner and also indicates that it is the first step toward a common European border police force.<sup>87</sup>

If Iceland becomes part of the E.U., and Europe moves toward more open and formalized immigration policies, the E.U. will force Iceland to accept the new policies.<sup>88</sup> Western Europe has an aging workforce and if the new influx of Eastern European workers does not fill their labor needs, immigration will become more relaxed.<sup>89</sup> These policies could have a profound impact on how Iceland's society is shaped and how Iceland can allocate its resources. Presently the status quo is functional for Iceland. It allows Iceland citizens to travel freely within the E.U. while protecting its conservative domestic immigration policies.

C. ICELAND DOES NOT NEED TO SACRIFICE ITS  
POLITICAL SOVEREIGNTY IN EXCHANGE FOR SECURITY  
SINCE OTHER INTERNATIONAL TREATIES  
ALREADY PROTECT IT.

A strong political reason for joining the E.U. is the increased security it would be able to give its member countries. Europe standing together is stronger than one country standing alone. E.U. members can rely on each other for information to help ward off attacks from other nations and terrorists.

Although this point has some merits, Iceland has adequate military protection. As a member of NATO, Iceland is part of a

---

<sup>83</sup> Esteve Gonzalez, *supra* note 70, at 165.

<sup>84</sup> *Id.*

<sup>85</sup> Emma Daly, *Anti-Migration Patrols Start in Mediterranean*, N.Y. TIMES, Jan. 28, 2003, at 1.

<sup>86</sup> *Id.*

<sup>87</sup> *Id.*

<sup>88</sup> Esteve Gonzalez, *supra* note 70, at 165.

<sup>89</sup> Daly, *supra* note 88, at 1-2.

larger and stronger military defense program than the West European Union (the defense treaty of Western Europe).<sup>90</sup> European states established the West European Union (WEU) over fifty years ago as a continued attempt to construct an independent European military force.<sup>91</sup> The WEU continues to be nothing more than an extension of NATO's alliance.<sup>92</sup> Iceland is an associate member of WEU, but this is more for symbolic purposes than for strategic ones.<sup>93</sup>

During the Cold War, some countries desired that the WEU would move to a dominant position in Europe.<sup>94</sup> This did not occur as there are great divisions within the WEU about the direction the E.U. should take in establishing its own military force.<sup>95</sup> While the United Kingdom would like NATO to remain the dominant player, the other main powers of the E.U., such as France and Germany, would like to see Europe develop as an autonomous military power.<sup>96</sup> These divisions within the E.U. over a military force demonstrate how far away the E.U. is from establishing an independent military power.

Another reason for the failure of the WEU is that Europe's military power is weak as compared to the U.S. which has the most dominant military force. Although the U.S. acts primarily through NATO in Europe, their force is felt throughout the world.<sup>97</sup> Iceland is not only a member of NATO, but also has strong independent ties with the U.S.<sup>98</sup> Since 1951, they have had a defense agreement with the United States.<sup>99</sup> From that time, U.S. forces have used facilities on this strategic island to defend Iceland and NATO nations.<sup>100</sup>

---

<sup>90</sup> Bruno Cardhedi & Guglielmo Carchedi, *Contradictions of European Integration*, 67 CAPITAL & CLASS, Spring 1999, at 119.

<sup>91</sup> *Id.*

<sup>92</sup> David Oddsson, *Enlargement is a Major Part of On-Going Adaptation*, 1 NATO's NATIONS AND PARTNERS FOR PEACE, 1999, at 94.

<sup>93</sup> *Id.*

<sup>94</sup> Cardhedi, *supra* note 93, at 119.

<sup>95</sup> *Id.*

<sup>96</sup> *Id.*

<sup>97</sup> *Id.*

<sup>98</sup> Oddsson, *supra* note 92, at 94.

<sup>99</sup> *Id.*

<sup>100</sup> *Id.*

Iceland is strategically located between Europe and North America. Security has always been an important political issue for the tiny country with no military forces.<sup>101</sup> Yet, even with their close ties to Europe, NATO and the United States are at the base of their security policy.<sup>102</sup>

## II. ECONOMIC REASONS AGAINST JOINING THE EUROPEAN UNION

Traditionally, Iceland has been dependent on a few major resources, the largest of which is fish. Yet, reliance almost entirely on the fishing industry has historically made it vulnerable to economic instability.<sup>103</sup> Recently, Iceland's dependence on fishing has decreased and the country has begun to diversify. Icelanders have realized the necessity of diversification, and have begun to invest in other sectors of the economy, such as energy.<sup>104</sup> Part of the economic diversification is a result of treaties Iceland has signed with the E.U. resulting in fiscal cooperation between the two. These treaties have helped their economy expand, while letting Iceland retain ultimate sovereignty over their country.

### A. ICELAND HAS A STRONG ECONOMY WITH A PROMISING FUTURE AS ICELANDERS BEGIN TO INVEST IN OTHER SECTORS OF THE ECONOMY WHILE WEAKENING THEIR RELIANCE ON THE FISHING INDUSTRY.

In the late 1990s, Iceland's economy experienced an economic surge followed by a period of decline for the past couple of years. Yet, Iceland remains one of the wealthiest countries per capita anywhere in the world. Its fishing industry is still a vibrant and integral part of Iceland's economy, and Icelandic investment into other sectors of the economy promotes economic growth.

---

<sup>101</sup> *Id.*

<sup>102</sup> *Id.*

<sup>103</sup> Rosenblas, *supra* note 5, at 291. Iceland has experienced many economic blows since WWII due to their reliance on one industry.

<sup>104</sup> *Id.*

Recently Iceland has experienced an economic slowdown.<sup>105</sup> There has been a slide in the Icelandic krona, which had lost more than one quarter of its value,<sup>106</sup> and the krona is prone to inflation.<sup>107</sup> In addition, Iceland's cod stocks have shrunk and the fishing industry is finding it difficult to find a market for whale meat.<sup>108</sup> Many Icelandic investors have even chosen the United Kingdom as their market of choice.<sup>109</sup>

Iceland's decline in economic growth, however, has not been without some important successes.<sup>110</sup> There has been a 3.5% reduction in inflation from January 2002 to May 2002, resulting in a shrinking of their account deficit.<sup>111</sup> In fact, before 2002 Iceland's economy had grown nearly twice as fast as the E.U. with an average economic increase of 4.5% from 1997-2002.<sup>112</sup> As a whole, the economy has been stabilizing and has been close to its previous levels.<sup>113</sup> Even with the economic decline, "Iceland has for a number of years been in the top-five league (which includes also the U.S., Switzerland, Norway and Luxemburg) as measured by the GDP per capita."<sup>114</sup> In addition, Iceland's unemployment rate is low at over 3%.<sup>115</sup>

Reliance on fishing exports in Iceland is still strong. It consists of approximately 63% of exported goods.<sup>116</sup> Rural areas rely on the fishing industry and other primary industries more than the population centers.<sup>117</sup> Not only do the fish themselves represent a large sector of the economy but so does fish processing

---

<sup>105</sup> Nicholas George & Christopher Brown-Humes, *Survey: Iceland*, FIN. TIMES, May 22, 2002, at 14.

<sup>106</sup> *Id.*

<sup>107</sup> *Survey: Edging Closer*, ECONOMIST, June 14, 2003, at 4.

<sup>108</sup> George, *supra* note 108, at 14.

<sup>109</sup> *Id.*

<sup>110</sup> *Id.*

<sup>111</sup> *Id.*

<sup>112</sup> *Europe: Cod's Own Country; Iceland's Election*, ECONOMIST, May 17, 2003, at 43 [hereinafter *Cod's Own Country*].

<sup>113</sup> Fridrik Danielsson, *Iceland*, MINING ANN. REV., Oct. 2002, at 1.

<sup>114</sup> *Id.*

<sup>115</sup> *Cod's Own Country*, *supra* note 115, at 43

<sup>116</sup> Thorhallson, *supra* note 12, at 357.

<sup>117</sup> *Id.* at 359.

and fish farming.<sup>118</sup> Iceland's dependence on one industry makes Iceland vulnerable to economic instability. Yet, the fishing industry remains one of the most politically influential industries in Iceland,<sup>119</sup> and the Icelandic government has managed its resource well, avoiding gross over fishing.<sup>120</sup>

Even though Iceland's fishing industry is the backbone of their economy, the Nordic country has begun to expand beyond this traditional industry.<sup>121</sup> Icelanders have strengthened their country by expanding investment in geothermal energy, tourism, aluminum smelting, technology and other areas. Currently, non-primary sectors employ 87% of Icelanders.<sup>122</sup> These numbers correlate with a general move from the rural areas into the cities.<sup>123</sup>

Iceland has a growing market for alternative sources of energy. Geothermal energy is a huge market in Iceland because it now accounts for more than one half of the primary energy.<sup>124</sup> Iceland's state-owned hydroelectric power plants provide 85% of Iceland's energy.<sup>125</sup> Per capita, Iceland produces more electric power than anywhere else in the world.<sup>126</sup> Just last spring Iceland opened the world's first hydrogen fueling station.<sup>127</sup>

In addition, Iceland has grown in the industrial sector.<sup>128</sup> Primary aluminum production has risen, with plans to build an aluminum smelter in the eastern fjords representing the largest single investment in Icelandic history.<sup>129</sup> Iceland's production of diatomite has set records.<sup>130</sup>

---

<sup>118</sup> Rosenblad, *supra* note 5, at 292–293.

<sup>119</sup> Thorhallson, *supra* note 12, at 12.

<sup>120</sup> *Cod's Own Country*, *supra* note 115, at 43

<sup>121</sup> Thorhallsson, *supra* note 12, at 12.

<sup>122</sup> *Id.*

<sup>123</sup> *Id.*

<sup>124</sup> Danielson, *supra* note 116, at 1.

<sup>125</sup> *Iceland Struggles to Open Up*, UTIL. WK., Oct. 4, 2002, at 12.

<sup>126</sup> Danielson, *supra* note 116, at 1.

<sup>127</sup> *Wheels*, TORONTO STAR, Apr. 26, 2003, at G25.

<sup>128</sup> Danielson, *supra* note 116, at 1.

<sup>129</sup> Peter Reina & Jonathan Barnes, *Largest Iceland Investment Draws Environmental Fire*, ENGINEERING NEWS REC., Apr. 7, 2003, at 18.

<sup>130</sup> Danielson, *supra* note 116, at 1.

Another indicator of Iceland's economic stability is access to technology. Iceland has more broadband lines per 100 inhabitants than the United Kingdom, a fact that is even more surprising given Iceland's small and isolated population.<sup>131</sup> More than half of Iceland's population has Internet access at home and over eighty percent of their population has some access to the Internet.<sup>132</sup> Iceland was the first country to use "synchronous digital hierarchy technology" (CANTAT) in linking to the fiber-optic connection between North America and Europe.<sup>133</sup> Iceland also was the first country to have an all-digital phone system, producing a system with one of the lowest telephone rates in the world.<sup>134</sup> The increase in technology correlates with an increase in foreign investment.<sup>135</sup>

Although Iceland does not produce any oil and gas, research has begun in the area.<sup>136</sup> Iceland's proximity to the Arctic Circle will also fortify its economy in the future. A study was released in 2001 that indicated that by the year 2050 80% of the Arctic would be affected by industries such as oil, gas and other developments.<sup>137</sup> This new industry would not only give Iceland an opportunity to diversify their economy but the mere increase in traffic in the Arctic will bring in capital for Iceland's port cities.<sup>138</sup>

Tourism has also dramatically increased in Iceland.<sup>139</sup> Tourists from Europe and North America are flocking there to experience everything from the natural landscapes to the night life to

---

<sup>131</sup> Hazel Ward, *Internet Access Will Challenge Democracies; Iceland Democracies*, COMPUTER WKLY, May 24, 2001, at 16.

<sup>132</sup> Rosemarie Feuerbach Twomey, *The Role of Government in Enhancing a Nation's Factor Endowments to Entice and Retain Foreign Direct Investment: A Look at the High Tech Industry; Examines recent developments in Costa Rica, Ireland and Iceland*, 9 GLOBAL COMPETITIVENESS 679 (2001).

<sup>133</sup> *Id.*

<sup>134</sup> *Id.*

<sup>135</sup> *Id.*

<sup>136</sup> Danielsson, *supra* note 116, at 1.

<sup>137</sup> *Blissful Beauty: A Sleeping Harp Seal Pup in the Arctic is Unaware of the Impending Increase in Industrialisation in the Region*, INSURANCE DAY, Aug. 14, 2001, at 5.

<sup>138</sup> *Id.*

<sup>139</sup> Rosenblad, *supra* note 5, at 246.

sun filled summer nights.<sup>140</sup> The tourists are a welcome addition, especially in the hotel and restaurant sectors.<sup>141</sup>

B. AS A SIGNATORY TO THE EUROPEAN ECONOMIC  
AREA AGREEMENT, ICELAND ALREADY SHARES IN  
MANY OF THE ECONOMIC ADVANTAGES OF  
EUROPEAN UNION MEMBERSHIP.

Iceland already has significant economic ties to the E.U. Iceland signed the European Economic Area Agreement, legally binding Iceland to many of the E.U.'s decisions.<sup>142</sup> Admission into the economic area promotes free trade, an exchange of labor, and a flow in capital.<sup>143</sup> Iceland pays a fee to the European Economic Area in order to receive many of the advantages of an established European community without significant infringements on their sovereignty.<sup>144</sup> Although the cost of being a member of the European Economic Area is larger than it has ever been, the advantages of membership are still great.<sup>145</sup>

The citizens of member countries of the European Economic Area Agreement, not only enjoy relaxed immigration control but also job preference.<sup>146</sup> When an Icelandic citizen enters into a country that the European Economic Area Agreement binds, they do not need to obtain a work visa, and they are entitled to the same rights as citizens of the host country under job-related legislation.<sup>147</sup> National companies must first hire those citizens of the member countries before they look to hire outside

---

<sup>140</sup> *Id.* at 247.

<sup>141</sup> *Id.* at 294.

<sup>142</sup> Christine Ingebritsen, *Europeanization and Cultural Identity: Two Worlds of Eco-Capitalism*, SCANDINAVIAN STUDIES, Spring 2001, at 63.

<sup>143</sup> *Id.*

<sup>144</sup> Geoff Meade, *Just When You Thought it Was All Over*, WARSAW BUS. J., Jan. 13, 2003, at 1.

<sup>145</sup> *Edging Closer*, *supra* note 110, at 3. Iceland and Norway have just renegotiated their membership and starting in 2004 the countries will pay five times the previous membership fee.

<sup>146</sup> Jonathan Exten-Wright, *Foreign Exchange*, COMMUNITY PHARMACY, Mar. 4, 2002, at 14.

<sup>147</sup> *Id.*

help.<sup>148</sup> If the companies do look to hire a national from a country outside the economic agreement, they must follow certain criteria in order to protect those citizens of the member countries.<sup>149</sup> For example, employers have to register their job vacancy in a European Economic Area database for four weeks before even applying for a work permit.<sup>150</sup>

It is true that many have said that the European Economic Area is a contradiction in Icelandic politics.<sup>151</sup> The treaty limits Icelandic governmental powers.<sup>152</sup> As a member state of the European Economic Area, Iceland has to abide by many E.U. policies.<sup>153</sup> Recently, Icelandic politicians have re-examined the interests of Iceland in the European Economic Area.<sup>154</sup> It seems that there are doubts that the agreement protects Iceland.<sup>155</sup> Iceland's experience has shown that it is difficult to influence the E.U. states without being a full member of the Union.<sup>156</sup>

In addition, the expansion of the E.U. will make it even more difficult and costly for Iceland to protect its interests.<sup>157</sup> These arguments do not support the contention that joining the E.U. would be a better alternative for Iceland but rather that the European Economic Area is not in Iceland's interest. With so many member states and Iceland's economy being relatively small, it would still be difficult to influence policy.

---

<sup>148</sup> *Id.*

<sup>149</sup> *Id.*

<sup>150</sup> *FAS for Tighter Permit Control*, BUS. & FIN., June 13, 2002, at 14.

<sup>151</sup> Thorhallson, *supra* note 12, at 360.

<sup>152</sup> *Id.*

<sup>153</sup> *Iceland Struggles to Open Up*, *supra* note 128, at 12.

<sup>154</sup> Thorhallson, *supra* note 12 at 371.

<sup>155</sup> *Id.*

<sup>156</sup> *Id.* Iceland unsuccessfully tried to influence European Union member states to reject proposals on bans of fish meat in animal food.

<sup>157</sup> *Id.*

C. MEMBERSHIP INTO THE EUROPEAN UNION WILL  
NOT IMPROVE ICELAND'S ECONOMY, NOR WILL IT  
ALLEVIATE ICELAND'S CURRENT CONCERNS  
WITH THE EUROPEAN ECONOMIC AREA.

Even though Iceland has a large foreign debt and joining the E.U. may seem like an option to rectify this problem, it is important to realize the negative effects the E.U. may have on the Icelandic economy. First, joining the E.U. means Iceland will have to share in the burden of poorer states. Second, Iceland is beginning to diversify its economy and therefore it will strengthen. Third, Iceland is a signatory to many economic agreements that allow free trade and opening up to the European market. These agreements let Iceland participate in free trade while maintaining an exclusive economic zone. Last, Iceland is a small country. There is a fear that if Iceland becomes a member of the E.U., it may be even more economically dominated by Brussels, than it already is.

In 2004, ten more members will be admitted into the E.U.<sup>158</sup> Even though the number of member states will increase by 20%, the average wealth per person will decrease by 13%.<sup>159</sup> Someone is going to have to bear that burden. With so many divergent interests, there will be a cost, especially with 75 million new people.<sup>160</sup> Subsidies and other financial aid in excess of \$42 billion dollars will be distributed to the new Eastern European states.<sup>161</sup>

Along with economic burdens, the members of the Economic Union are subject to many regulations.<sup>162</sup> For example, last summer the E.U. gave its final approval to apply "International Accounting Standards."<sup>163</sup> These standards ensure that all

---

<sup>158</sup> Elain Sciolino, *European Union Acts to Admit 10 Nations*, N. Y. TIMES, Dec. 13, 2002, at 1. The new members included Poland, the Czech Republic, Hungary, Slovakia, Lithuania, Latvia, Estonia, Slovenia, Cyprus and Malta. The announcement was made on December 13, 2002, and a formal treaty will be signed in April 2003 but the countries will not officially join the European Union until May 2004.

<sup>159</sup> *Id.*

<sup>160</sup> *Id.* at 1.

<sup>161</sup> *Id.* at 2.

<sup>162</sup> *Financial Reporting: International Briefing - Financial Reporting- European Union- IAS Regulation Receives Final Approval*, FIN. TIMES INFO., July 1, 2002, at 1.

<sup>163</sup> *Id.*

E.U. listed countries consolidate financial statements.<sup>164</sup> This was a regulation to protect the public good but it is also an example of how E.U. regulations can supercede a county's regulations. The E.U. is no longer functioning in the same capacity for which the founding states established it, that is, to promote peace. Now economic regulation is of primary importance.

Although regulations like accounting standards may not profoundly affect Iceland, the economic impact on joining the E.U. could be grave. First, although Iceland's dependence on the fishing industry is down, it is still a viable part of the economy, accounting for 63% of its total exports.<sup>165</sup> Joining the E.U. would force Iceland to "open its rich fishing grounds to foreign trawlers."<sup>166</sup> Admittedly, a strong economic connection with the E.U. is necessary, but Iceland's efficient fishing industry would be compromised if they needed to follow every directive of the E.U.<sup>167</sup> In fact, in July 2003, the E.U. decommissioned boats in Scotland in an effort to try to manage over-fishing.<sup>168</sup> Many Scottish fishermen are now looking to Iceland to save their careers.<sup>169</sup>

The abstention from the E.U. means Iceland maintains an exclusive economic zone.<sup>170</sup> Iceland's exclusive economic zone enables Iceland, under the Law of the Sea Convention, to control a Fisheries Zone of 200 miles.<sup>171</sup> This is extremely important to Iceland's economy. All foreign vessels lose their share of fish within 200 miles of Iceland.<sup>172</sup> The right to maintain control over this zone is fundamental to Icelandic foreign policy. Under this treaty, Iceland has the right to economically, environmentally

---

<sup>164</sup> *Id.*

<sup>165</sup> *Nordic Citizens Soften Their Stance on Euro*, CHINA DAILY, Feb. 21, 2002, at 4.

<sup>166</sup> *Id.*

<sup>167</sup> *Id.*

<sup>168</sup> Sam Lister, *Scot Fishermen Head for Iceland to Save Livelihoods*, THE TIMES, July 22, 2003, at 1.

<sup>169</sup> *Id.*

<sup>170</sup> Olafsson, *supra* note 17, at 38.

<sup>171</sup> *Id.* The Law of the Sea was codified in 1956 in Geneva. Although the Law of Sea gave countries an exclusive economic zone within 200 miles of the coast, it did not give them sovereign rights over the seas, as they would in territorial waters. It only provides for rights "with regard to all natural resources and other activities for economic exploitation and scientific research and the marine environment protection." *Id.* at 36-37.

<sup>172</sup> *Id.* at 38.

and scientifically control what happens in these waters.<sup>173</sup> The right under the treaty to control the waters is a right that is essential to a healthy economy.

Joining the E.U. and being governed by their quotas would result in Iceland's loss of control.<sup>174</sup> One estimation is that if Iceland were to join the E.U., it would lose approximately 14% of the net value of its fish products.<sup>175</sup> The current exclusive economic zone of 200 miles is not compatible with current fishing policies of the E.U.<sup>176</sup> As Iceland's dependence on its fishing industry decreases, it may be possible that the exclusive economic zone will become less important.

Iceland is vulnerable to economic domination by the E.U. To great extent, it is already clear that mainland Europe controls many of Iceland's economic decisions.<sup>177</sup> It may be true that Iceland would have more influence if it joined the E.U., but it seems that currently Iceland has established a form of co-existing with the Union, reaping many of its benefits, without the E.U. subjecting Iceland to full economic control. As discussed above, state sovereignty is a commodity itself.

Despite the negative impact of joining the E.U., Iceland has proven that a country can profit from the E.U. without actually being a member.<sup>178</sup> A century ago, Iceland was Western Europe's poorest nation and now with free trade, liberal economics and a sense of security, it is one of the richest countries in Western Europe. They did not do this by joining the E.U. but rather by joining NATO and joining the European Economic Area.<sup>179</sup> For the present time, these treaties are sufficient to ensure Iceland access to free trade and an open market.<sup>180</sup>

---

<sup>173</sup> *Id.* at 37.

<sup>174</sup> *Id.* at 38.

<sup>175</sup> *Id.* at 146.

<sup>176</sup> *Id.* at 38.

<sup>177</sup> *Id.* at 151.

<sup>178</sup> Kirsty Hughes, *Rethinking the Nation State: The EU's Limited Regional Ambitions*, WALL ST. J. EUR., Nov. 21, 2002, at A9.

<sup>179</sup> *Id.*

<sup>180</sup> Olafsson, *supra* note 17, at 151.

### III. CONCLUSION

In conclusion, the time is not right for Iceland to join the E.U. First, the loss of political control and essential state sovereignty would be enormous. Iceland has had to struggle to maintain its culture and achieve independence which it does not wish to relinquish. As the E.U. is moving towards a more controlled and unified Europe, Iceland needs to analyze the sovereignty it would lose. Finally the current economic consequences of integration into the E.U. would be devastating for Iceland. Even though economic treaties with the E.U. essentially control Iceland, it still maintains independence over its exclusive economic zone. If this zone were lost, it would devastate Iceland's fishing industry. Although Iceland's economy is growing and diversifying, its dependence on fishing is still too strong.

In addition, even though advantages exist to being part of something bigger, Iceland should never undermine the value of state sovereignty.<sup>181</sup> The prestige of sovereignty carries with it an ability to participate in the world community as an independent body with independent policies and in some international bodies on equal footing as larger states.<sup>182</sup>

It could become feasible for Iceland to join the E.U. in the future. As the younger generations of Icelanders begin to show interest in discussing E.U. membership, and agrarian and fishing interests attract fewer citizens, assimilation into the E.U. could become a real possibility.<sup>183</sup> I would argue, though, now is not the time. Currently Iceland's culture, economics and politics dictate that real independence is the only option. As Baldur Thorhallsson points out in his article analyzing Iceland's political parties, "Iceland's strategy is to become half engaged in European integration in order to secure its immediate interests without an official commitment to the supranational character of the EU."<sup>184</sup>

---

<sup>181</sup> *Id.* at 50.

<sup>182</sup> *Id.*

<sup>183</sup> Thorhallsson, *supra* note 12, at 372.

<sup>184</sup> *Id.*