Chapter III

The European Union Seen From the Top – the View of an Inside-Outsider

Agust Thor Arnason*

Introduction

When we look at a map of Europe, we see that Iceland is an island which lies far to the northwest of the other European countries. Although Icelandic society is rooted in Medieval European culture, it has a number of North American characteristics.1 Following its severance from Denmark in 1940 and the presence of American armed forces in the country during the Second World War, Iceland distanced itself, at least for an indefinite period, from its European origins. Except for its participation in the Council of Europe, Iceland came late to European cooperation. Close connections with the United States during and following the war, and disagreements with a number of European states over the expansion of territorial fishing limits, influenced this distancing.2

* Agust Thor Arnason is director of The Reykjavik Academy of Law and project manager at the Faculty of Law and Social Science, University of Akureyri, Iceland. His subjects of writing and teaching have been constitutional theory, comparative constitutional law, EU- and EEA-law, human rights, sociology of Law and critical journalism.

Those who have followed the discussions of the position of Iceland within Europe can testify to the hesitancy of Iceland’s leaders to associate Iceland too closely with Europe. Public sentiment has been surveyed only through opinion polls but appears to be more positive about further cooperation with Europe than are Iceland’s leading politicians. This situation is the opposite of the situation found within European countries generally and is for that reason remarkable. However, there has not been much public pressure on government to go further than Iceland went in 1970 when it joined the European Free Trade Association (EFTA) and became later incorporated into the European Economic Area.\(^3\)

After having shelved all plans for joining the European Economic Community, the Icelandic government decided in 1967 to seek membership in the European Free Trade Association, to which it gained entry in 1970.\(^4\) At the end of the 1980’s, the European Union invited the EFTA countries to discuss a closer association with the EU. The result of these discussions was the formation of the European Economic Area through the signing of a treaty in Oporto in May, 1992, which took effect in January, 1994. It has been claimed, both by supporters and opponents of Iceland’s membership, that by joining the European Economic Area, Iceland in effect became an adjunct member of the European Union. Whether or not one agrees with this, it is undeniable that Iceland has taken a leap forward – economically, politically, legally and even culturally – since the signing of the EEA Treaty.\(^5\) In this paper, I will discuss the background and nature of these changes and will go on to discuss why the Icelandic authorities have not seen fit to pursue full membership in the European Union. I will also discuss the reasoning of those who say that full membership is a better alternative than merely retaining the current treaty agreements and of those who think that a closer association with the European Union would be undesirable. Finally, I will try to assess the chances of Iceland’s applying for EU membership in the near future.

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3 The European Economic Area consists of the countries of the European Union and the three EFTA countries: Norway, Iceland and Lichtenstein.

4 In 1967 the Icelandic government decided to seek EFTA membership. The negotiations started in January, 1969, and Iceland became member of EFTA on March 1st, 1970. According to the EFTA-agreement, duties on Icelandic export goods to the EFTA countries were reduced in accordance to the internal EFTA level. Iceland was to gradually lower its protective duties on industrial goods until they were eventually eliminated, which was supposed to be accomplished by 1980.