

**ICELAND'S
SECURITY AND
DEFENCE**

REPORT OF A COMMITTEE
APPOINTED BY THE GOVERNMENT
MARCH 1993

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INTRODUCTION

On 23 June 1992, the Minister for Foreign Affairs, in consultation with the Prime Minister, announced the establishment of a Committee composed of representatives of the political parties in Government and of officials, to consider Iceland's security and defence in the new international climate. The following members were appointed to the Committee:

Mr. Benedikt Gröndal, former Prime Minister and former Minister for Foreign Affairs, Chairman;

Mr. Karl Steinar Guðnason, Member of Parliament;

Mr. Björn Bjarnason, Member of Parliament;

Mr. Þorsteinn Ingólfsson, Permanent Under-Secretary at the Ministry for Foreign Affairs;

Dr. Gunnar Pálsson, Ambassador;

Mr. Albert Jónsson, Chief of Division at the Office of the Prime Minister.

The mandate of commission states, inter alia: (v. Attachment 1):

"During the past few years, far-reaching changes have taken place in the international arena, with an inevitable effect on Iceland's foreign relations, including security and defence. It is inevitable that the authorities should strive to assess the impact of the changes that have occurred, and respond to them in the appropriate manner."

The mandate of commission also specifies that the Committee shall analyze and assess Iceland's standing in the new security and defence climate, and in this context consider, in particular, the bilateral defence cooperation between Iceland and the United States of America. For this purpose, the Committee was to request discussions with the United States authorities and other partners within the Atlantic Alliance, as appropriate.

Preparations

The Committee commenced its work immediately, meeting for the first time on 29 June 1992. It decided to request discussions with the US authorities immediately and it was agreed that they would take place in Washington in September. The Committee also decided that prior to the discussions, the changed circumstances and their effects on Icelandic security interests would have to be thoroughly examined. This preparatory work was conducted during the period from July to September, and served as a basis for the discussions.

For reasons of health, the Chairman, Mr. Benedikt Gröndal, withdrew from the Committee at the end of August, his functions being taken over by Mr. Þorsteinn Ingólfsson.

Before the Washington discussions commenced, the Committee, in consultation with the Minister for Foreign Affairs, decided that its main objectives in the course of the discussions would be:

- * to reiterate enduring Icelandic security interests and the need for the adequate defence of Iceland in cooperation with the United States;
- * to assess the nature of the defence cooperation in the new Europe;
- * to gather as detailed information as possible relating to United States intentions

- concerning the defence of Europe and the North Atlantic;
- * to explain to the US authorities the necessity of informing Icelandic authorities with suitable notice of any plans relating to the future of the Iceland Defense Force (IDF), and of consultation with Icelandic authorities in this regard.

The Discussions

The discussions with the United States authorities took place on 10 and 11 September. The Committee met with an inter-agency group of representatives of the Department of State, the Department of Defense, the Joint Chiefs of Staff, and the National Security Council. The Committee also had separate meetings with officials and officers from the Department of Defense and members of the staff of the National Security Council. Following the discussions, a joint declaration was issued (v. Attachment II).

The Committee submitted a preliminary report at the beginning of October describing the main conclusions reached during the discussions.

In conformity with the provisions of the commissioning mandate relating to discussions with other partners within the North Atlantic Treaty Organization (NATO), the Committee also requested discussions with senior officials at NATO Headquarters and with Norwegian and United Kingdom authorities. The Committee decided that in view of its deadline, discussions with these states should be given priority by reason of their and Iceland's common interests in the North Atlantic area.

On 28-29 October the Committee had talks with the Supreme Allied Commander Europe (SACEUR) in Mons, and the Secretary General of NATO in Brussels. The Committee also met with the Chairman of the Military Committee and the Assistant Secretaries General of Political Affairs and Defence Planning. On 30 October in Oslo, the Committee met with the Norwegian Ministers of Foreign Affairs and of Defence, and an inter-agency group of officials from the two ministries.

On 23 January, the Committee had talks with UK Government representatives in London.

The Committee has, from the outset, collected information on security and defence matters from official sources and independent research institutes outside Iceland, benefiting greatly from the industrious assistance of the Foreign Service. Staff members at the Ministry for Foreign Affairs and at Icelandic Embassies have provided the Committee with useful written material, and the Embassies in Washington, Oslo and London, as well as the Delegation at NATO, assisted the Committee in various ways in the course of its travels for meetings. For this assistance, the Committee members are grateful to the above parties. However, the Committee carries sole responsibility for the views expressed and the conclusions reached in the present Report.

CHAPTER I

DEFINITION AND BACKGROUND

A historic transformation has occurred in Europe in the brief span of a few years. The Soviet empire has disintegrated, to be superseded by new nation states. The ideological system of communism has been abandoned, and in most Central and Eastern European states, forces advocating democratic reform have taken office. The danger of an armed conflict between the nations of West and East has passed, and mankind no longer has to live with the threat of a war of mass destruction.

During the Cold War, the concept of security carried primarily a military connotation. This situation has changed substantially. Within the past few years, economic and commercial considerations have assumed a far greater importance in international relations. The ideological struggle of the past has yielded to competition between nations which all adhere to some form of market economy. As a consequence, security must to a greater degree be based on extensive economical and commercial cooperation; also, environmental considerations, social affairs, ethnic freedom and human rights have assumed greater importance. What were previously seen as internal affairs have in many cases assumed the status of international problems, giving rise to dispute and conflict. The concept of security is more complex than ever before, being interwoven with multifarious aspects of international and internal affairs.

Nevertheless "security" in the traditional sense is far from being an obsolete notion. New dangers have emerged, both within and outside Europe. Old and new problems, disputes over territories and boundaries and ethnic and religious rivalries give rise to warfare and bloodshed. An immense quantity of weapons and armaments is still contained in the arsenals of rich and poor countries alike, including nuclear, biological and chemical weapons. Nuclear warheads in the world number tens of thousands; over a dozen states possess ballistic missiles; ten states are believed to be in possession of biological weaponry, and twice that number have acquired or are believed to be intent on acquiring chemical weapons. Therefore, ensuring the security of its citizens by adequate defence must still be viewed as a fundamental duty of any government.

The Main Security Interests of Iceland

The foremost objective of Iceland's foreign policy has always been to ensure the nation's security in order to enable it to lead a free and prosperous life. This has been accomplished during the period since the nation regained its independence.

Iceland's basic industries are relatively undiversified, and the nation is heavily dependent on foreign trade. Communications with the outside world, by sea and air, therefore certainly constitute an aspect of the nation's security interests in times of peace and war alike. These interests can only be secured if Iceland has access to the best export markets.

Consequently, marketing and trade, in addition to defence, have been the aspects of the Republic's foreign policy requiring the most careful consideration. This still applies, no less than before.

Keflavík Airport is of crucial importance to Iceland and is linked with important security interests as regards both defence and communications. During the first decades after its

construction, the airport was for the most part used for the purposes of the U.S. and allied forces in Iceland, but now 40% of the airport traffic is made up of Icelandic and international transatlantic air communications, and the remaining 60% is of a military nature. Almost seven hundred thousand passengers use the Leifur Eiríksson Air Terminal annually. About six hundred persons are normally employed at the terminal, increasing to about eight hundred during the peak tourist season. In 1991, nearly fifty-five thousand take-offs and landings were made.

Aviation has greatly enhanced the strategic significance of Iceland. This fact can not be disregarded, regardless of how the nation decides to manage its security affairs at any particular time. It may be mentioned that on account of the Gulf War alone, more than fifteen hundred aircraft used the airport at Keflavík.

Armed conflict on the Atlantic seaboard of Europe has often severed or disrupted Icelandic trade routes and caused great hardship and deprivation for the nation, resulting in rationing and inflation. Free trade was a primary objective for the nation in its movement towards independence, and in very recent years, commercial interests have ranked among the most important tasks of different governments.

In the 13th Century, Iceland was divided into warring factions and no longer owned a fleet of ocean-going merchant ships. Subsequently, the Icelanders lost their freedom and became subjects of the King of Norway.

For a long time, Hanseatic merchants and English seafarers fought each other for domination of Icelandic trade, with the occasionally intervention of local people. Finally, in the 16th Century, the Danish kings decided to disarm the Icelanders. This proved possible because of the Danish monopoly on Icelandic trade and by virtue of the distance to other countries.

Iceland's remoteness, along with the indirect protection afforded by the Royal Navy after it gained command of the seas, was so effective that Iceland was not attacked until occupied by the British themselves in 1940, during the Second World War. The following year, Iceland concluded an agreement with the United States, according to which the United States took over the defence of Iceland and secured the vital ocean communications for the duration of the war.

At the end of the Second World War, in 1945, Iceland was not only a free nation, enjoying considerably better standards of living than before, but its geopolitical status had also changed drastically. It was no longer isolated, having acquired strategic importance as a vital air base, a stepping-stone between America and Europe, and as a base for anti-submarine aircraft. Aviation had joined maritime activity as a pillar of Icelandic security interests, moving the country into an area that had been contested in a world war and in the uneasy peace that followed. Iceland was given security through the military protection of the Allies during the war, and chose to seek similar guarantees by joining the North Atlantic Treaty Organization in 1949 and concluding the Icelandic-US Defence Agreement in 1951. During the decades that followed, the nation safeguarded its economic security through extensions of fishing limits, and secured its freedom and various interests through extensive participation in international cooperation: Membership of the United Nations, membership of NATO, the Nordic Council, the Council of Europe, the European Free Trade Association (EFTA), the

Conference on Security and Cooperation in Europe (CSCE), the Organization for Economic Cooperation and Development (OECD), the General Agreement on Tariffs and Trade (GATT), and of a multitude of other international fora.

Since the Second World War, Iceland has not only been concerned with its own security; it is also of significance for the security of other states. Iceland is highly important for the security of North America; before the Cold War, the United States requested facilities for military bases in Iceland for 99 years — until 2044. This request sparked off the most intense and lengthy domestic political conflict which Iceland has ever witnessed over issues of security. The significance of Iceland for transatlantic communications and the defence of countries such as Norway has a bearing on the security of Western Europe in its entirety. An increasing majority of Icelanders opted for defence cooperation with other western states, membership of NATO, and a defence agreement with the United States.

In the fifties, the position adopted with regard to membership of NATO and the defence cooperation with the United States gave rise to bitter political dispute in Iceland. A turning point came in 1974 when more than fifty-five thousand voters signed the appeal of the *Varið land* ("Protected Country") lobby in support of continued defence cooperation. In 1978, a coalition was formed with the participation of the People's Alliance which did not include the departure of the Iceland Defense Force among its declared policies, contrary to what had been the case with the leftist governments formed in 1956 and 1971. At present, there is widespread political consensus as regards participation in NATO, and opposition to the presence of US forces in Iceland has waned. This is to be welcomed, since consensus on this and other cornerstones of national security and defence policies ensures reasonable continuity in policy-making and its implementation, and forestalls the detrimental effects of drastic political shifts.

Since the early seventies, efforts have been made to modernize and expand the facilities constructed for the use of the IDF and for the benefit of the country's defence. This work has now largely been completed. On the other hand, defence construction has been slowed down more sharply by virtue of the transformed world situation. Icelandic authorities have emphasized the need to complete agreed defence projects. Members of NATO have demanded that the monopoly held by the Iceland Prime Contractors [on all new construction work for the IDF and NATO in Iceland] be abolished, and agreement has been reached as to how this will be effected.

Demands have occasionally been made, referring to the Defence Agreement and to the presence of US forces in Iceland, to the effect that the US Government should pay for the facilities offered in Iceland (a viewpoint known in Iceland as Aronism), or should finance construction projects not specifically aimed at defence, such as public roads. Such demands have never been influential in shaping the platforms of political parties. However, they do serve as a reminder that some Icelanders have considered that they themselves, and the nation at large, should attempt to use the nation's security and defence for financial advantage, rather than to make financial contributions towards it. The changed security environment is a supreme illustration of the weaknesses of the argumentation behind such demands. They are based on ignorance, or on the misconception that Iceland will not have to shoulder any burdens itself as regards its own security. NATO membership and the conclusion of the Defence Agreement meant that this burden was shared. Iceland may now

be required to assume a greater share of this burden. Undeniably, this would represent a significant turnabout. It may become necessary for Iceland to contribute the cost of its own defence and that resulting from safeguarding its own security interests.

Originally, the presence of US forces gave rise to concern that Icelandic culture would be adversely affected by the large number of foreign military personnel in the country. Radio and television broadcasts by the IDF were a controversial point. The IDF was required to operate closed-circuit television, but today, Icelanders can receive a large number of foreign television channels by satellite. It is clear that the diversity of Icelandic culture has never been greater than in recent decades. Culturally, proximity to the IDF has strengthened national self-confidence and enhanced Iceland's ability to react to new circumstances in the frontierless information age.

In the Althingi, a difference of views has emerged as regards Iceland's participation in the Western European Union (WEU).¹ In the opinion of the Committee this difference is, to some extent, based on the misconception that membership of the WEU is prejudicial to both the defence cooperation with the United States and membership of NATO. In the course of the Committee's discussions on both sides of the Atlantic, it clearly transpired that the opposite was the case. Neither the US, Norwegian or UK authorities, nor senior officials of NATO, consider Icelandic membership of the WEU as in any way contrary to the interests they represent.

Other Security Interests

As pointed out above, the security of states is not exclusively dependent upon national defence. A few other points should be mentioned which have a bearing on Icelandic security, although they will not be separately discussed elsewhere in this Report.

(a) Control over Natural Resources

For its survival as a nation, Iceland is dependent upon the resources of the sea. Protection of fishing grounds and fish stocks ranks with the nation's fundamental interests. The international fishing effort has increased to the extent that fish stocks are endangered. Iceland has secured its interests in this respect by achieving control of its fishing grounds, a campaign in which the Coast Guard has played an important role in the past.

(b) Effective Economic Management

Few factors are more crucial to the security of a country than a sound and flourishing economy. Stable government, equilibrium in fiscal affairs and trade, and a moderate level national debt tend to enhance a nation's security as well as its reputation, just as political instability and economic weakness tend to undermine it. Measures designed to increase the diversity of Icelandic industries are conducive to strengthening the nation's economic security. Iceland's participation in the European Economic Area will promote more effective and improved economic management. The best possible trade terms must also be sought with the states of North America.

¹After the publication of the present report, on 28 April 1993, the Althingi passed a resolution in favour of Iceland's associate membership of the WEU.

(c) Democratic Government

In order to be accepted as participants in multilateral fora where the Icelanders particularly want to be active, states must guarantee their citizens a democratic form of government and protection of their human rights. No concessions can be made in this regard. The current conflicts in Europe demonstrate that peace and prosperity can only be secured if national chauvinism can be contained. Human rights are best secured by adherence to the rule of law. These are the areas where Iceland should particularly make itself felt in international cooperation, and in humanitarian work in areas of warfare or destitution. In this way, an unarmed nation can support peacekeeping efforts without committing military forces.

(d) Internal Security

International terrorism poses new and difficult security tasks. Iceland has not escaped the actions of extremist groups; terrorists have sunk whaling boats in Reykjavík Harbour. Protection in this respect ranks with Iceland's important security interests and this task is the responsibility of the agencies of the Ministry of Justice, which include the Immigration Office and the police authorities. It may be estimated that in Iceland there are about 200 key facilities which are unprotected against possible terrorist attacks. Of these, about 30 are of such importance, that the destruction of any single one of them would cause a major disruption on a national scale. In other countries, the security of such facilities is always maintained.

(e) Civil Defence

From the security viewpoint, it is important that plans are available for relief and rescue operations in times of emergency. Under the national plan by which the Icelandic Civil Defence now operates, the country is divided into civil defence regions. A rescue corps is expected to be available within each region, and three organizations, the *Landsbjörg* federation of rescue groups, the Icelandic Red Cross and the National Life-Saving Association have, under an agreement with the Icelandic Civil Defence, undertaken to man them. The corps are organized so as to conform to a special system of training and administration in order to ensure coordination of skills and overall direction in times of emergency.

(f) Protection of the Environment

Pollution of the ocean and environmental accidents, not least those involving radioactivity but also toxic substances, waste, or spills from the mining of fossil fuels or other resources on the ocean floor, could cause immense damage to the foundations on which Icelandic industries are based. Protection of the ocean against any such danger, far beyond the 200-mile economic zone, is an important aspect of safeguarding enduring security interests, which must be guaranteed by international agreements.

Over the past few years it has been noted that interests which Icelanders believed to be first and foremost their own concern are increasingly being addressed by other states. Whaling is a case in point; the dispute concerning whaling may be regarded as a reminder of the necessity of preventing unrealistic demands by international extremist groups from influencing the sensible utilization of marine resources around Iceland.

The ocean, however, represents merely one element of the contemporary environmental crisis. The ozone layer is diminishing, and it is likely that increasing levels of carbon dioxide in the atmosphere will cause significant climatic changes. This threat is global in nature. It is highly

important that all states take part in responding to these dangers and shoulder their shares of the burden which common action demands. In this context, Iceland must give a firm emphasis to solving its own domestic environmental problems.

(g) Iceland's Image

Iceland has little economic importance as far as other countries are concerned, but the Icelanders are respected for their culture, level of education, and perseverance in providing for themselves under difficult conditions. This reputation is sufficiently valuable to be rightfully included among security interests. Public sympathy and worldwide support was a decisive factor in the outcome of the disputes over fishing limits. Public relations play an important role in free societies, and their basic principles are also valid in the international context. They must be managed carefully, in particular by smaller states. This does not refer to general promotion for purposes of tourism or the like, but to adherence to principle, determination, reasonableness and continuity in all branches of government, and in the conduct and bearing of Icelanders in the international arena.

For the smallest among the independent states, it is a matter of security which has a bearing upon their very existence, to enjoy the recognition and respect of others. Iceland is a member of the United Nations, NATO, the Nordic Council, the Council of Europe, the CSCE, the OECD, and other organizations. Recognition provides security. Thus, the foreign service and other authorities protect, in all their functions, Icelandic security interests in accordance with the policies laid down by the Althingi and the Government.

Iceland's Security in a Historical Context

(a) The Two World Wars

The two World Wars demonstrated that Iceland's basic interests are directly threatened by a European war. They also showed that only the Atlantic powers can safeguard these interests, since a naval threat to them is also a serious threat to their national subsistence, given their overwhelming dependence upon open sea lines of communication (SLOC's). Finally, the history of the two World Wars makes it clear that the victory of a major continental power would have led to prolonged naval conflict in the Atlantic, which would have included control over Iceland as one of its aims.

During the First World War, the British demanded a trade agreement with Iceland, failing which they planned to stop all Icelandic shipping and trade with the Scandinavian countries, in order to prevent the Germans from receiving Icelandic export products through Denmark in violation of the British blockade. This Iceland had to accept, and trade with the Continent was largely discontinued. In return, the British purchased Icelandic products and secured the importation of various vital commodities to Iceland. After the United States entered the war in 1917, that power also supplied Iceland with various necessities. Thus the two Atlantic powers were, for a period, Iceland's most important trading partners.

The development of motorized vessels and submarines led to Iceland assuming a strategic importance in the Atlantic. Developments in navigation technology and in the field of naval warfare meant that in the event of another war between the United Kingdom and a continental power, domination of the high seas would inevitably be contested. As the First World War progressed the Germans increasingly launched submarine attacks on British shipping; however, their efforts were almost exclusively confined to the Eastern part of the North

Atlantic, in the vicinity of the British Isles. With increasing German successes in the Eastern Atlantic, a shortage of supplies became increasingly evident in Iceland. Many ships sailing to or from Iceland were sunk, and in 1917 a shortage of coal and salt resulted in a large part of the Icelandic trawler fleet being sold to France.

On the Continent, the war effort was focused on the Western Front. It transpired that Britain and France lacked the strength to contain Germany and had to seek help from across the Atlantic, from the United States. Germany surrendered in November 1918, once the UK and France had gained this powerful ally.

In this way, the balance of power which the Western Allies desired in Europe became dependent on the SLOC's across the Atlantic. This fact, added to the means which military technology had given the continental powers to wage war against the maritime communications of the United Kingdom, the United States and other states bordering on the Atlantic, drastically altered the strategic importance of Iceland.

During the first months of the Second World War, the Germans extended their naval operations far to the west, threatening Icelandic interests, as well as those of the Atlantic powers of the United Kingdom and the United States. The British soon became convinced that they would have to establish bases in Iceland, and consequently occupied Iceland in May 1940.

In July 1941, forces from the United States replaced British forces in Iceland. This was almost six months before the United States became an active participant in the war. The U.S. Navy also undertook to protect convoys en route to Iceland, where the Royal Navy took over and escorted them onwards to the United Kingdom or over the northern route to the Soviet Union. The two Atlantic powers had again united against a threat from the European mainland, as manifested by the United States' commitment of forces to Iceland and by their naval assistance to the United Kingdom. By concluding a Military Protection Agreement with the United States in 1941, Iceland had, in effect, joined this alliance.

The German submarine threat was largely overcome by exploiting strategic and geographical factors. British and later US facilities in Iceland contributed to this development. The main trade routes lay far to the south, but more northerly routes were also frequently used, some of them close to the south coast of Iceland. Large convoys also passed through the Denmark Strait and north of Iceland to the Soviet Union. Finally, a great number of military aircraft refuelled in Iceland on their ferry routes from American factories to the United Kingdom.

Iceland sustained heavy loss of lives as a result of the war in the Atlantic. Apparently, up to 300 Icelandic fishermen and seamen on board merchant vessels and passenger ships lost their lives during the War. This was either the result of attacks by German submarines or aircraft, or of ships being sunk by mines. The United States lost 325,000 men, which in per capita terms only slightly exceeds the Icelandic losses. It should be noted that all the Icelanders who lost their lives during the war were civilians.

(b)The Cold War

The policy of neutrality adopted by Iceland in 1918 was not based on the belief that neutrality would guarantee the security of small states. Its adoption constituted, in effect, a recognition

of the fact that Iceland was situated in an area of British influence. Before the Second World War, the Icelandic Government approached the United Kingdom and United States, seeking cooperation with regard to Icelandic security interests, and guarantee the importation of vital supplies in the event of war. But in the main, British protection was relied upon. Before war broke out in September 1939, close cooperation had begun between Icelandic officials and British naval intelligence, for the purpose of monitoring possible German activity along the coasts of Iceland.

Membership of NATO in 1949 and the bilateral Defence Agreement with the United States in 1951 were therefore, in the postwar years, logical steps towards guaranteeing the nation's security interests for the long term. The interests in question are, specifically, the ability to influence the development of European security affairs, and maintenance of close cooperation with the Atlantic powers, namely the United States and United Kingdom but primarily the United States, in order to provide for adequate defences. The United States are, by reason of their naval strength, the only true Atlantic power.

As seen from the vantage point of its Allies in NATO, Iceland is inseparably linked to the fundamental interests of the Alliance. This is because, in their view, the maintenance of SLOC's across the North Atlantic in time of war is a cornerstone of the Alliance's strategy and policy of deterrence.

During the Cold War, the threat to the transatlantic SLOC's was seen as emanating from the Soviet Northern Fleet, based at the Kola Peninsula on the Barents Sea. During the Second World War, the threat to communications across the Northern Atlantic had come from German submarine bases on Germany's northern coast, and from their bases on the Atlantic seaboard of France, following its occupation in the summer of 1940.

NATO planned, in the event of a conflict with the Soviet Union, to keep the SLOC's as far to the south as possible. But since Soviet submarines and aircraft would have had to approach these from the north in order to attack them, Iceland assumed an importance for NATO which was even greater than its importance for the Allies during the Second World War. This was a consequence of Iceland's geographic location in the so-called GIUK (Greenland-Iceland-United Kingdom) gap, in the path of Soviet surface vessels, submarines and aircraft entering the Atlantic between Greenland and Iceland, Iceland and the Faroes, and the Faroes and Scotland. In addition, Iceland was important for supporting an advance of Allied task forces through the GIUK gap and into the ocean expanses to the north.

It was envisaged that Soviet submarines heading for the SLOC's could have been destroyed by such means as anti-submarine warfare and forces operating from the Keflavík base. The sea lanes could also have been protected against Soviet air attacks by Iceland-based fighter aircraft and airborne warning and control system (AWACS) aircraft. The second main function of the Keflavík base would have been to support, with ASW-aircraft, fighters and AWACS-aircraft, an advance of NATO surface forces into the Norwegian Sea, thus contributing to offensive operations against the Soviet Navy and to the defence of Norway. Thirdly, Iceland would have been an important base for an airlift to the mainland of Europe, Norway, or to naval forces operating to the north and east.

When Soviet missile submarines had to pass Iceland to target the United States, Iceland would have assumed an important function in combating this threat. In due course, the range of submarine-launched ballistic missiles (SLBM's) enabled the Soviets to keep their submarines closer to their home bases and under the shield of arctic ice, far from Iceland. This coincided with the appearance of new Soviet bombers, equipped with long-range cruise missiles which increased Iceland's importance for air defence in the North Atlantic and for the defence of North America.

CHAPTER II

A TRANSFORMED SECURITY CONTEXT

As a result of the transformation of world affairs which has occurred during the past four years, Western states are now endeavouring to reassess the ends and means of their foreign policy. In the international arena, most notably within NATO, Iceland has participated in the policy-making decisions on the response to this transformation. The set and fixed situation characteristic of the Cold War has disappeared. The traditional division of countries into allies and adversaries has largely lost its meaning. Military affairs have a reduced significance and the possibilities for successfully tackling other urgent international issues have increased. In consequence, Western states find themselves compelled to assess the impact of these changes independently, and to establish what adaptation is needed. The following Chapter describes briefly the end of the Cold War and the transformed security environment with which Iceland is faced.

The End of the Cold War

The end of the Cold War is the most important international development of the past fifty years. Even if the reasons underlying the Cold War, and its dynamics, may be open to dispute, the conclusion was clear and unequivocal: The states of Central and Eastern Europe, including Russia, rejected the ideology of communism and adopted, in the main, the ideals and objectives which have shaped the western democracies. The Cold War was won by the cause of democracy and freedom.

At least four main characteristics of the Cold War period may be mentioned. These are the overwhelming importance of military security and national defence in international affairs; the sharp segregation between East and West; the ideological tug-of-war between the totalitarian system of communism on the one hand and democratic government and the market economy on the other; and the immense military build-up and threatening, offensive strategy on the part of the Warsaw Pact countries, especially as the period drew to a close.

All these characteristics have either disappeared or are receding. As indicated in the previous Chapter, the diminishing military threat has paved the way for a greater emphasis on international interests of a more general nature, in particular on economic and commercial matters, when international affairs are being considered. The division of Europe into two has been replaced by an emphasis on regional cooperation, in some cases between states that previously were on different sides of the dividing line. Commercial competition between states which are all striving for the goals of democracy and market economy has replaced the ideological tension of the past, and countries which previously opposed each other have begun cooperation in various fields, including the field of national defence.

The situation within the republics which formerly comprised the Soviet Union, not least on the economic front, was no doubt an important factor in its dissolution and the end of the Cold War. But the firm stand of the Western democracies, particularly within the Atlantic Alliance, was also a factor. The success of the Alliance's policy designed to contain the Soviet Union, the Alliance's military steadfastness, campaigning by Western states for recognition of human rights, and their support for dissident elements within Afghanistan and Poland at critical times, also contributed decisively to the downfall of tyranny.

Political Developments

Despite the end of the Cold War and the fact that the danger of a war of mass destruction has been averted, international affairs are presently beset by great uncertainties. New dangers have emerged, and the ultimate extent and consequences of the momentous changes which started with the lifting of the Iron Curtain have yet to be ascertained. Attempts to establish a new security system in Europe have not yet led to the desired results.

The sequence of events in Europe has to a certain extent been characterized by contradictions since the Cold War ended. There has been increasing integration in Western Europe, while divisions have increased in many places in Central and Eastern Europe and in the republics of the former Soviet Union. Even though a return to a hostile division of Europe into two blocs is well-nigh impossible, the problems of individual states in the East, or disputes between them, might nevertheless lead to regional conflicts which could undermine European security.

Central and Eastern Europe

There is little doubt that one of the most significant changes during the past four years has been brought about by the withdrawal of Soviet forces from the other Central and East European states, the dissolution of the Warsaw Pact, and confidence- and security-building measures on the military front. A few years ago, four hundred thousand heavily armed Soviet troops were stationed on the border of West Germany, but at the end of next year a distance of five hundred kilometres will separate the armies of the united Germany and of Russia, to say nothing of the fact that relations between the two states are not at all comparable to what they were in the past.

This transformation has created conditions which are indispensable to viable democracy in the states of Central and Eastern Europe. Few factors are more important for European peace and stability than the preservation of democracy and human rights among the new democracies. Such prerequisites do not, however, suffice by themselves. The successful aversion of prolonged economic stagnation is also important, as is systematically transforming the centrally controlled economies into free market economies based on the laws of supply and demand. However, to achieve these aims, the Western democracies need to assist these states and open their markets to exports from them.

But fledgling Central and Eastern European democracy is also threatened from other quarters. The power vacuum left by the sudden collapse of communism and the disintegration of the Soviet Union has unleashed forces which could obstruct peaceful international relations. This refers to radical reactionary forces in some states, and to extremist nationalism among nations and ethnic groups. The war between the republics of the former Yugoslavia has created insecurity in neighbouring states, and disputes over national frontiers, the demands of new separatist movements, social and political chaos, and the presence of remaining foreign military forces where they are anything but welcome, cause tension and unrest.

Western states, including those that are members of NATO, must do everything in their power to dispel the security vacuum caused by the post-cold war security context, as seen from the perspective of the states which have recently regained their freedom. Efforts in this direction have, as a matter of fact, already been quite successful within several international organisations and institutions.

Russia

In contrast to the situation of the past, when the Warsaw Pact states had to accept limited sovereignty under Soviet hegemony, the states of Central and Eastern Europe, as well as the states risen from the ruins of the Soviet Union, now stand as equals. The size, population and might of the largest successor state, added to the fact that twenty-five million Russians reside outside Russian borders, gives Russia to a certain extent a special status, not least from the perspective of security.

The important results achieved in negotiations on disarmament and arms control over the past years do not alter the fact that Russia will, for an indefinite period, remain by far the greatest military power on the mainland of Europe. The agreed destruction of nuclear weapons will take many years, and after its completion the Russians will remain in possession of more than of 3,000 strategic nuclear warheads. There is no doubt that political developments within Russia, and Russia's relations with her neighbours, will be factors of decisive influence for the evolution of European security affairs in the years to come.

But the nations of the former Soviet Union are still suffering from the legacy of seventy years of communism, and their future is very difficult to ascertain. Increasing reactionary influence, including that of hard-line communists and nationalists, has been observed within the bureaucracy. The economy is in a shambles; corruption is endemic and organized crime is rife. Russia is rich in natural resources, but decades of negligence, pollution, exploitation, centralized control and lack of investment have prevented manufacturing industries and agriculture alike from making full use of this advantage. Since 1991 national production has fallen drastically, and unemployment increased correspondingly. Inflation is rampant and the standard of living has declined, as wages have not increased in step with prices. Privatization, however, seems to have been successful in Russia, but its effects have not yet been much felt on the national economy as a whole. It has been pointed out that the Russian people are extremely concerned with the fate of their twenty-five million compatriots living abroad, a fact which may be exploited by hard-liners and nationalists to rally support under a banner of "Greater Russian" militarism.

The conceivable failure of political and economic reforms might have serious effects not only within Russia and the other republics of the former Soviet Union, but also in the international context through its impact on their foreign policies. It is therefore important that the more affluent states unite in support of reforms in Russia, not least through financial assistance. Only a part of the twenty-four billion US dollars which Western states pledged Russia last spring has actually been delivered. There is little doubt that the need for financial assistance has been reflected in a foreign policy which emphasizes the maintenance of good relations and cooperation with the West, in particular the United States. This policy has contributed to the substantial results achieved in the fields of arms control and settlement of regional disputes, and has very probably also been instrumental in the Russian government's record, so far, of largely respecting the sovereignty of the other former Soviet republics.

The European Community

The process of European integration has made the European Community (EC) more prominent in foreign policy consultations and cooperation. The EC has not only shouldered a greater share of responsibilities than other multilateral organisations or institutions including NATO, but also within these bodies. Suffice it to recall the key role played by the EC in cooperation

for assistance to the Central and East European states. The Twelve have provided significant economic aid in order to pave the way for economic reform in the states which now have regained their freedom, as well as various other aid in the form of technical assistance, credits, loan guarantees, food and medicines.

Foreign affairs cooperation among the states of the European Community dates back to 1970, but was formalised with the Single European Act of 1987. A large step towards a common foreign policy was taken in Maastricht in December 1991, when the member states concluded an agreement on EPU (European Political Union) and EMU (European Economic and Monetary Union). Further elaboration of this cooperation with respect to security and defence will await an inter-governmental conference in 1996, but with the Maastricht Treaty the EC has, nevertheless, already enhanced its ability to intervene in crises within or outside Europe, as evidenced by the Gulf War and the civil war in the former Yugoslavia.

For the European Community, 1992 proved a difficult year in various respects. Currency fluctuations and unrest in the markets weakened faith in the EMU. The results of the Danish and French referenda on the Maastricht Treaty also brought political leaders to the realization that making the EC evolve towards a closer union is no small task, and that the process must be slowed down.

Despite these difficulties, the interest of other states in becoming members has not abated. A total of eight states have applied for membership (Austria, Finland, Cyprus, Norway, Malta, Switzerland, Sweden and Turkey), and negotiations for admission have already begun with some of them. There are many indications that the negotiations will prove a complicated and difficult process. Enlargement may nevertheless be expected to strengthen the EC even further and lead it to take a greater initiative internationally than hitherto.

The United States of America

Just as Russia must be assigned a special status in assessments of the situation in Central and Eastern Europe, the policies and actions of the United States carry great weight in the context of security cooperation among Western states.

Times have changed enormously since the immediate postwar years, when the Western democracies had virtually identical security, trade and economic interests. Allies in defence have now increasingly become trade and economic competitors. The United States, which previously remained largely unaffected by international economic fluctuations, are now more susceptible to external impact, while the states of the European Community, previously at a disadvantage in relation to the United States, have established one of the world's largest markets and consequently are able to challenge the United States in the field of commerce.

There is no denying that EC-US relations can largely determine the success of security and defence cooperation in the future. A continuing global recession or slow economic growth will increasingly switch the focus to economic interests, which in turn will lead to fiercer competition between states for markets and investments.

Notwithstanding the interrelationship between national security and commercial interests, it should be noted that defence and commerce are also subject to very different laws. The defence cooperation between the states of North America and Europe serves the political and

military interests of the countries on both sides of the Atlantic. Diverging commercial interests among the Allies will therefore hardly endanger defence cooperation, not least because a large majority of European states will continue to regard cooperation within NATO as beneficial to themselves. Obviously, the uncertain situation in Eastern Europe is highly important in this context.

There are no indications that the new administration in the United States intends to reduce the commitments undertaken by the United States with regard to Europe. Mr. Bill Clinton, who was elected President of the United States in November 1992, has declared that US economic recovery and commercial interests will be given precedence during his term in office. This might increase demands for a greater European share of the common defence burdens within NATO, and bring about a further reduction of US forces in Europe. The President has furthermore stated that the adaptation of relations between the states on either side of the Atlantic to altered circumstances will not result in a weakening of the transatlantic link. This is in line with the views expressed to the Committee by representatives of US authorities in the autumn.

Military Evolution

Within the military sphere, the transformation has been no less extensive than within the political one.

In the field of arms control, significant results have been achieved during the past years. The Stockholm Conference on Confidence- and Security-Building Measures and Disarmament in Europe (CDE) concluded with an agreement in 1986, and in 1987 the Soviet-U.S. Treaty on destruction of Intermediate-range Nuclear Forces (INF) was concluded. An agreement was reached in 1990 between the NATO and Warsaw Pact states on a significant reduction of Conventional Forces in Europe (CFE), and the discussions between the states taking part in the Conference on Security and Cooperation in Europe ended with the conclusion of agreements on confidence- and security-building measures in 1990 and 1992. In the summer of 1992, an agreement was also reached on reduction in manpower in the Conventional Forces in Europe (CFE 1 A). A year earlier, a treaty had been signed between the Soviet Union and the United States, providing for a reduction by one-half of their strategic warheads (START I), and both parties subsequently reduced their tactical nuclear forces unilaterally. This was followed up at the beginning of 1993, by the signing of a further treaty (START II), providing for the destruction by Russia and the United States of nearly 15 thousand strategic nuclear warheads (and bombs) of the 21 thousand currently possessed by the two states. In the first half of 1992, the Treaty on Open Skies was concluded and, finally, the Convention on Chemical Weapons was signed in early 1993.

Despite a worldwide increase in armaments, Europe has for a long time been the most heavily armed of all continents. Arms control agreements will not change this situation in the foreseeable future.

Most European states, including members of NATO, responded to the new circumstances by developing new strategies. The NATO countries adopted a new defence policy, the New Strategic Concept, in November 1991. It emphasizes the role of multinational and mobile forces, in order to respond to new risks and participate in monitoring and peacekeeping operations. At the same time, greater emphasis is put on reserve forces. The consequence of

this policy of scaling down the armed forces of the member states and withdrawing a large part of the US forces in Europe is to leave the Alliance's defences even more dependent upon the regeneration of forces across the Atlantic. The defence policy of Russia and other states that were previously parties to the Warsaw Pact is indicative of the sudden change that has occurred in Europe. Most of them do not organize their defences with a single potential enemy in mind, and the offensive strategy of the past has been abandoned.

The NATO New Strategic Concept is not only a result of developments in Europe, but also has a bearing on possible threats to industrialized countries from regional conflicts outside the area applicable to the Washington Treaty. The concept is also formulated with regard to the increased military capability of states in other regions of the world, and the proliferation of weapons of mass destruction, ballistic missiles and high technology weaponry. These dangers became evident during the Gulf War.

CHAPTER III

MULTILATERAL COOPERATION

Participation in multilateral organizations has always been an important part of Iceland's foreign policy. Iceland became a member of the United Nations in 1946, and was among the founding members of NATO in 1949. By becoming a member of these two important organizations, the foundation of the Republic's foreign policy was by and large laid.

The transformed international climate over the past four years has prompted the main international organizations and institutions to adapt to new circumstances. The end of the Cold War has revitalised the United Nations, and given rise to optimism that the organization will become capable of fulfilling the hopes originally vested in it. NATO has extended a hand of friendship and cooperation to the former Warsaw Pact states, and the former republics of the Soviet Union, in particular by the establishment of the North Atlantic Cooperation Council (NACC). The member states of the European Community have increased their cooperation at a political level as well as in the area of foreign affairs, and the Western European Union has been revived. The Conference on Security and Cooperation in Europe (CSCE) has established its first institutions and the Council of Europe has paid more attention to the states in Central and Eastern Europe, especially as regards human rights.

The tasks ahead in the field of security not least in Europe, are too varied and complex for any single international organization to tackle. It is now more important than ever that they join hands in order to benefit from each other's expertise and experience. Mutual cooperation enhances efficiency and minimizes the danger of unnecessary overlap.

In the opinion of the Committee, it is important for the Icelandic authorities to assume an active role in the adaptation of the main organizations concerned with European security and defence. Each of the relevant organizations will be addressed below.

The North Atlantic Treaty Organization

Through membership of NATO, Iceland has succeeded in maintaining its independence and sovereignty for more than four decades. It is safe to say that the decision to join NATO was among the most fortunate ever made in Icelandic foreign affairs. The member states, by virtue of their solidarity and steadfastness, succeeded in maintaining peace and stability in times of animosity and suspicion between East and West. The Alliance, furthermore, played an important role in launching and sustaining the peaceful democratic revolution which has taken place in the East, and which is the root cause of the end of the political division of Europe. In the forum provided by NATO, Iceland has had the opportunity to take part in consultations and collective decision-making, in times of far-reaching changes in Europe.

The core of defence cooperation within NATO is Article 5 of the Washington Treaty, according to which the member states consider an armed attack against one or more of them to be an attack on them all, and they undertake to come to the aid of the party or parties so attacked. To this end, and in order to discourage any power contemplating an attack on a member of the Alliance, the member states have cooperated closely on their defences and formed an integrated military structure. The link between North America and Europe across the Atlantic has been the backbone of this cooperation, in which context Iceland has made an important contribution. The participation of the United States is the cornerstone of the

Alliance, including a US military presence in Europe and commitment to send reinforcements across the ocean if necessary.

However, NATO is more than an alliance for defence. Political consultations and cooperation among the member states have also been an integral part of NATO's functions after the Alliance decided, in the sixties, to attempt to improve relations with its Eastern neighbours by political means in addition to maintaining credible defences. During the past three years, however, the Alliance has broken new ground with direct cooperation with the states of Central and Eastern Europe and the states formerly belonging to the Soviet Union.

Since the "Iron Curtain" was lifted, the Alliance's functions have been subject to extensive reassessment, followed by an adaptation of its policies to the new security context. In the sphere of collective defence, this reflects the fact that the danger of armed conflict with states within the area of the now dissolved Warsaw Pact has passed. The Alliance's strategy has been changed accordingly, with reduced active forward defences and an emphasis on smaller but more mobile forces in order to meet the new risks with which the Alliance may be faced. At the same time, implementation of the varied and extensive Work Plan for cooperation with the states to the East has been initiated, touching upon politics, national defences, economic affairs, science, information, and the environment.

For the Alliance, the process of adaptation is far from over. Special consideration must be given to the interests of the new democracies, which see themselves as not fully secure until their democratic and economic reforms become firmly rooted. A special examination must be made of means for strengthening ties between the NATO member states and their NACC partners, including the possibility of enlarging the Alliance. At the same time, safeguards would be needed that any possible enlargement would not weaken the member states' mutual security obligations, with the result of diminishing the Alliance's ability to safeguard peace and stability throughout the Continent. The Alliance must also devote increased efforts to preventive measures within Europe, and to attempts at promoting peace where such measures have failed. This, however, might require a broader interpretation of the North Atlantic Treaty than has been made until now.

Attempts to define the Alliance's peacekeeping functions must be viewed in the context of such adaptation. Last year, an agreement was reached to the effect that the Alliance might accept such tasks under the auspices of either the CSCE or the UN. Neither organization has yet requested that the Alliance assist in peacekeeping operations; however, the Alliance has undertaken to support the United Nations peacekeeping efforts in the territories of the former Yugoslavia, including monitoring by sea and air, in order to implement the decisions of the United Nations Security Council, and has also provided equipment for the headquarters of the United Nations peacekeeping forces in Bosnia-Herzegovina. By virtue of its experience and organization, and the equipment it has at its disposal, the Alliance is in a considerably better position to carry out tasks of this kind than any other security organization in Europe.

Demands for greater flexibility and the possibility of membership by other states do not as yet justify a departure from the Alliance's main function, which the present member states have so far kept steadfastly in mind. Despite the fact that the likelihood of a member state having to invoke Article 5 of the Treaty has become negligible, other unforeseen security issues have been raised:

- * The collapse of communism has unleashed ethnic discord and minority feuds which have lain dormant for a long time. Regional conflicts or disturbances in Europe or adjacent areas could increase or spread, with the result that member states considered their security threatened.
- * Economic considerations are of increasing importance in international relations. A prolonged, worldwide economic recession could be particularly difficult for those states in Central and Eastern Europe and the former Soviet Union which have made efforts to reform their societies towards democracy and a market economy, and could reverse the successes achieved so far.
- * The proliferation of high technology armaments, and new and increasing problems outside the treaty area of the Alliance, could become the source of serious threats to its members.

Consequently, NATO will continue to play an important role as a safety-net for its members. It is clear, however, that the Alliance will not be able to resolve on its own the problems which may threaten stability in Europe in the years to come. For this purpose, close cooperation is required with other organizations and institutions, not least those which have been established on the behest of the Alliance itself.

The North Atlantic Cooperation Council (NACC)

The initiative to found the NACC in December 1991 may be the clearest manifestation of the desire among NATO's member states to establish stronger ties with the former Warsaw Pact members and their successors. These states consult NATO regularly, through the NACC, on security-related matters, in addition to maintaining active cooperation in diverse fields, including defence.

The NACC also offers NATO new possibilities for strengthening the security of the member states themselves. By participating in the activities of the Cooperation Council, the member states can support the democratic institutions of the cooperation partners and thus reduce the likelihood that they, in their relations with their neighbours, will resort to the use of force.

The NACC Work Plan is extensive in scope and provides for cooperation projects within the fields of economic affairs, science, the environment and information exchange, in addition to security and defence. During the present year, for example, cooperation is envisaged in peacekeeping operations which could lead to still closer ties between NATO and the cooperation partners in the area of defence. The establishment of a special Ad Hoc Group within the NACC last January, in the field of peacekeeping operations, is obviously an important step in this direction.

As originally envisaged, membership of the NACC was to be limited to members of NATO, past members of the Warsaw Pact, and the Baltic States. The number of member states increased when twelve new states emerged from the ruins of the Soviet Union, Albania was granted membership, and Finland the status of an observer. It cannot be denied that the increase in number of member states has slowed down proceedings within the Cooperation Council and increased the costs of implementing new tasks. So far, no criteria have been laid down as to which states are eligible for membership.

It is also clear that the cooperation partners have differing expectations of their membership of the NACC. Poland, Hungary, the Czech Republic and Slovakia, for example, have sought closer cooperation with NATO than their NACC membership provides for. On the other hand, the participation of many other states, in particular the Central Asian republics, has so far been more limited.

It is difficult at present to foresee what the future holds in store for the NACC. This will be determined by developments within organizations like NATO and the CSCE. For the time being, the notion that the NACC is to be regarded as a doorstep to NATO does not seem to have support within the Alliance. A distinction must also be drawn between the NACC and the CSCE, as the latter process operates on a much broader basis than the NACC, notwithstanding the fact that various cooperation partners have made it clear that, for security-related reasons, their links with NATO through the NACC are more important to them than their participation in the CSCE.

Whatever the future may bring, the NACC will for the time being be charged with the important function of promoting mutual understanding and confidence in relations between member states of NATO and those recently freed from the fetters of communism, who now seek to dispel uncertainties with respect to their security. Iceland should not hesitate to make its contribution to this end.

The Western European Union

There is no doubt that the strengthening of the Western European Union is one of the most important manifestations of the recent changes within the European security environment. Since its inception, the WEU has mostly been inactive. A great step towards the revival of the WEU was taken in Maastricht in December 1991, when the member states laid down its two principal objectives: To further European cooperation within NATO on the one hand, and to assume responsibility for defence within the framework of the common European security policy of the prospective European Union on the other. To a significant degree, the origin of this decision can be traced back to the NATO Summit in Rome in November 1991.

To date, the decisions taken in Maastricht have only been partially implemented. Attempts to consolidate relations between NATO and the WEU have already met with considerable success. Discussions on the enlargement of the WEU, which aimed to strengthen the European Pillar of the Alliance, have now been concluded, and all the European members of NATO have become either full members, associate members, or observers. The headquarters of the WEU have been moved from London to Brussels, and six states, including Iceland, will have the same permanent representative with both organizations.

The WEU does not yet maintain strong links with the European Community; however, the WEU provides some assistance to the Community in its attempts to find a peaceful solution to the conflict in the former Yugoslavia. If the Maastricht Treaty is ratified, further decisions will be made in 1996 on the basis of the Treaty, concerning security and defence cooperation among the states of the European Community.

Nor have plans for the military role of the WEU been implemented, except to a limited extent. The WEU's Military Planning Cell will commence its functions on 1 April, 1993. Member states, however, have not provided forces for the WEU, and the planned logistics and training cooperation has not started.

Nevertheless, the military role of the WEU has, in important aspects, been defined. It is envisaged that the forces of the WEU states will, in due course, be able to take part in collective defensive operations in accordance with Article 5 of the Washington Treaty and Article 5 of the modified Brussels Treaty. They can also undertake emergency aid and relief operations, peacekeeping and crisis management, including peace-making. It is probable that peacekeeping and peace-making will be the main tasks of the WEU forces in the future, such missions being undertaken in accordance with UN resolutions and requests. At the present time, the WEU is better able to discharge such functions outside Europe than NATO.

The consequences of the revival of the WEU will probably make themselves increasingly felt within NATO. The declaration of the Maastricht Meeting announces that member states of the WEU will increase their coordination on vital matters under consideration by NATO, with the purpose of adopting a common position within NATO. In such instances, the representative of the WEU Presidency would represent all the members of the WEU. As all the European states in NATO will be full members or associate members of the WEU, discussions within NATO might gradually take the form of bilateral exchanges of opinion between the North American states on the one hand and the states of the WEU on the other. This would, in effect, transform NATO into a two-pillar organization, in which the European states would assume an increased and more purposeful role than previously.

It was indicated in the course of the talks which the Committee had at NATO that an increased emphasis on European defence cooperation must not lead European states to predetermine their positions on European security issues, without consulting the Alliance. Complete and mutual transparency would have to be ensured, so that cooperation within the WEU would not be to the detriment of transatlantic relations. Some criticism was voiced, not least by military authorities, about the lack of coordination in the monitoring mission undertaken by NATO and the WEU in the Adriatic, along with the hope that such initial difficulties would not make themselves felt again.

It has been debated whether the decision of France and Germany to establish a Franco-German Corps will have a divisive effect on NATO's integrated military structure. Such concern does not seem justified, as an agreement has been reached with SACEUR on the manner in which the Franco-German Corps could be deployed within the framework of NATO. There are equally good grounds for arguing that this cooperation between France and Germany will provide for closer ties between the French armed forces and NATO's integrated military structure

The Committee is of the opinion that there would be obvious disadvantages for Iceland to remain outside the WEU. If NATO were to adapt in such a way as to become primarily a forum for essentially bilateral consultations between two pillars, the WEU states on the one hand and the United States and Canada on the other, Iceland might become marginalised in security and defence issues. This would reduce Iceland's capability of exerting influence and the likelihood of Icelandic views being taken into account by the European members of NATO. This would be a far from desirable development, especially as Iceland's neighbours on the Northern Atlantic seaboard have become members of the WEU, the UK as a full member and Norway an associate.

Iceland's acceptance of the WEU's offer of associate membership is therefore to be welcomed. There is no doubt that Iceland may be able to play an important role there as an advocate of the transatlantic link. Iceland's associate membership may have the effect that the European states, which have increasingly directed their attentions eastward, will pay more attention to their interests to the west, in the Atlantic, than would otherwise have been the case. Iceland's active participation in the functions of the WEU would therefore serve both Icelandic interests and those of the Alliance.

The United Nations

When Iceland became a member of the United Nations, one year after the end of the Second World War, it was hoped that the UN would be able to secure world peace for the foreseeable future. Wars were to be prevented by the joint effort of all member states, which would make military alliances superfluous.

Soviet expansionism was an important factor in preventing this chief objective of the United Nations from becoming anything more than a pipe-dream. The Western democracies felt compelled to join together in the establishment of a defensive alliance in accordance with Article 51 of the Charter of the United Nations, which provides for the right of self-defence. A demarcation line between East and West took the place of an international security system, and for nearly half a century the forces of the Warsaw Pact and NATO faced each other across that line.

It is therefore not surprising that the end of the Cold War has fuelled global optimism that the United Nations might now be afforded another opportunity to attain their original objectives. The United Nations have become a much more powerful organization of late, and have redoubled their efforts in fields where they had previously achieved some success, including disarmament, human rights, environmental protection and peacekeeping.

The Security Council was intended to ensure peace and security, but it soon became apparent that it was almost incapacitated by the Soviet veto. The powers of the Security Council have, however, increased over the past few years, and the delimitation of its functions, with respect to those of the General Assembly, is not as sharply defined. This can be seen from the increased demands made of the Security Council with respect to humanitarian aid and action over serious human rights violations, and even in the strengthening of democratic institutions, which in the past was considered to be within the domain of the General Assembly.

Peacekeeping in various parts of the world is probably the field in which the United Nations have been most successful. In very recent years, however, the member states have been entertaining still greater hopes for the organization's role in ensuring world peace and security. At a Security Council Summit Meeting, the Secretary General was requested to prepare a report describing how the organization could fulfil its expanded role in a new and more hopeful international environment. The Secretary General delivered this report, "An Agenda for Peace", in June last year. Among other topics, the report addresses peacekeeping on a much broader basis than before. Instead of monitoring compliance with peace terms, the report emphasizes the increased role of the United Nations in peace negotiations and in taking preventive measures, and its access to a military force provided by the member states which could react promptly to emergency situations.

United Nations peacekeeping functions have increased greatly in scope since the beginning of last year; for example, the organization has sent peacekeeping forces to Europe for the first time in its history. Following unsuccessful attempts at mediation on the part of the European Community, the Security Council decided in February 1992 to establish special United Nations Protection Forces (UNPROFOR) within the countries of the former Yugoslavia, in order to facilitate negotiations for a comprehensive solution.

This plan, originally intended for twelve months, has now become one of the most extensive peacekeeping operations in the history of the United Nations, with about twenty-three thousand peacekeeping personnel active within the former Yugoslavia.

In very recent months, some uncertainty has prevailed about the future of United Nations peacekeeping efforts. The reasons are as follows:

- * The organization is already undertaking heavier peacekeeping burdens than its resources can reasonably support. A total of thirteen such operations are being implemented under the auspices of the United Nations, costing a total of more than three billion US dollars. Despite increased demands for peacekeeping, it has proven difficult to collect the assessed contributions of many member states.
- * An economic recession in the industrial states of the West, which have contributed the major part of UN peacekeeping forces, has reduced their willingness to provide personnel and defray the costs involved. At the same time they are required to provide more funds for development. The definition of contributions to peacekeeping as development aid has not been accepted.
- * The organization's peacekeeping forces have increasingly been criticized for inadequate fulfilment of their missions. They have, for example, been criticized for failing to end the fighting in Bosnia-Herzegovina and for not having succeeded in alleviating the sufferings of the population in the area due to armed attacks, hunger and cold.
- * Peacekeeping missions are constantly becoming more complicated in nature. Peace is much more difficult to reinstate than to maintain. Peacekeeping nowadays overlaps in some cases with humanitarian efforts, and even human rights.
- * Peacekeeping projects are considered to be of too long duration, and in many cases there is a danger of a reversal to the preceding situation when the peacekeeping forces leave. It is therefore desirable, in conjunction with peacekeeping, to promote democracy and permanent stability, but such a task is not an easy one.

Clearly, the concept of peacekeeping will continue to be a concern within the UN for some time. Success in overcoming the present problems will depend, among other things, on whether and in what manner other organizations will be approached for purposes of cooperation. This applies, not least, to the former Yugoslavia. It is commonly accepted that measures to reinstate peace in the area that was Yugoslavia must be carried out under the flag of the United Nations. Organizations like NATO, possibly in cooperation with individual states, are able to offer significant military assistance in order to implement UN decisions, if requested. Such cooperation is obviously conducive to making the UN more efficient in the field of peacekeeping, in addition to being an aspect of NATO's adaptation to the demands of a new era.

It has been decided that Iceland will offer to participate in the implementation of peacekeeping operations under the auspices of the United Nations. Iceland's assessed contribution to peacekeeping is about twice as high as its general contribution to the United Nations. The Committee considers it a reasonable and important step for Iceland to shoulder a greater responsibility in international security cooperation and thus adapt to the dramatic changes which have occurred in the world.

The Conference on Security and Cooperation in Europe

The very evolution towards democracy and freedom in the Eastern part of Europe, which the CSCE played a significant part in initiating, has in the past few years brought about fundamental changes within the CSCE itself.

At the Paris Summit in November 1990, which was convened in order to bring a formal end to the Cold War, a large increase in political cooperation was decided upon, together with the establishment of new institutions, the first in the history of the CSCE. The organization and procedures of the Conference are, however, still at the formative stage.

Under the auspices of the CSCE, regular meetings of Heads of State and Government are envisaged, and a separate Council of Ministers of Foreign Affairs has been established, which convenes at least once a year. The institutions of the CSCE are the Secretariat in Prague, the Conflict Prevention Centre in Vienna, and the Office of Democracy and Human Rights in Warsaw. A Committee of Senior Officials of the participating states convenes regularly in Prague. An office of the CSCE Parliamentary Assembly has been established in Copenhagen. A decision has also been made to establish the office of Secretary General, to be located in Vienna, and a separate office of Commissioner for National Minorities has been established.

Two main factors distinguish and characterize the CSCE in comparison with other organizations concerned with European security. One is the number of participating states, which is at present fifty-three; and the other is the extensive scope of its activities. These fall into three main categories: security; economic, scientific and environmental affairs; and human rights and cultural affairs.

The results of the activities of the CSCE during the past eighteen years have mostly been felt in the field of security; the CFE negotiations were conducted within the framework of the CSCE. The 1990 Vienna Document on Confidence-Building Measures is another example, containing commitments designed to enhance transparency with respect to military intentions of individual states and thus to reduce uncertainty and distrust, and prevent possible misconceptions. As a follow-up to the conclusion of this agreement, a new Forum for Security Cooperation has been established in Vienna, where further arms control in Europe will be considered.

The tasks of the CSCE have increasingly been concerned with the problems which currently preoccupy Europe, such as:

- * Conflict prevention and, if this fails, crisis management relating to such conflict. Various rapporteur and observer missions have been dispatched to areas like Yugoslavia, Georgia, Nagorno-Karabach and Moldova.

- * Activities in the field of human rights and measures to facilitate the adoption of democratic processes in recently independent states, since human rights are in many cases intertwined with matters concerning ethnic minorities.

An undeniable drawback for the CSCE has been its limited scope to take active measures, i.e. to make itself felt by action instead of policy declarations. It has therefore been decided that the CSCE may approach organizations like NATO, the WEU, the European Community or the Commonwealth of Independent States for assistance in peacekeeping. The Foreign Ministers of NATO, at their meeting last July, offered the CSCE assistance of this kind, but no such requests have so far been made.

The CSCE has also been handicapped by the fact that its decisions are reached by consensus. There are exceptions, however; a state which has committed gross violations against the CSCE's human rights provisions cannot exercise a veto.

The CSCE is the only forum addressing European security issues where the NATO members, former Warsaw Pact states and states hitherto neutral all meet at once. There is no doubt about the need for such a forum while a common European security structure is still being developed. It is therefore natural that the Icelandic authorities continue to follow closely the activities of the CSCE and express their views there as appropriate.

From its inception, the CSCE has served the interests of NATO's member states no less than those of other states, and the member states of NATO have taken the initiative in enhancing the CSCE in the past three years. The CSCE has provided the Alliance with an important venue for permanent consultations with other European states on security issues. It has also been beneficial for the CSCE itself to have had the support of an alliance of sixteen participating states, which have preserved military stability by their steadfastness and political solidarity. This is likely to continue for the foreseeable future.

The Council of Europe

The Statute of the Council of Europe of 5 May, 1949 is based on the hope that the European countries may, by establishing firmer ties, preserve democracy, human rights, and world peace. In the preamble, the founding members declare that they reaffirm their faith in the spiritual and moral values forming their common heritage and constituting the true basis of individual liberty, political freedom and the rule of law.

Article 3 of the Statute, in which qualifications for membership are laid down, provides that in order to become a member of the Council of Europe a state must recognize the basic principles of rule of law, and that human rights and fundamental freedoms must be secured for every individual within its jurisdiction. Members are required to cooperate, in word and in deed, in order to achieve the objectives of the Council as defined in Chapter I of the Statute.

To some extent, the Council of Europe has reorganized its activities after the Iron Curtain was removed. The noble aims of the Council and the basic presumption underlying its activities, that democracy, human rights and freedom are best suited to ensure peace within and among nations, appealed strongly to those that assumed government in the former communist states. By virtue of its strict membership requirements and the examination of methods of government and of public rights within states requesting membership, which is conducted

under the auspices of the Council, full participation may be regarded as a recognition of a democratic constitution. The Council of Europe thus acts like an "eye of a needle", which states must be able to get through in order to be eligible for full participation in other traditional cooperation between Western states.

On 8 and 9 October 1993, a Summit Meeting of the Council of Europe will be held in Vienna. That meeting will discuss how the Council should adapt, in the light of the fact that it has in effect become the first true pan-European organization, now that states like Poland, Hungary and Bulgaria have already become members. Czechoslovakia withdrew from the Council on its division into two states, but both the Czech Republic and Slovakia are prospective members, and the same applies to Lithuania, Estonia and Slovenia. Other East European states have been granted observer status. This is for example the case with Latvia, where further decisions relating to membership remain to be taken until general elections have been completed. The development of democracy in Romania is kept under close observation, and no less in Russia, which has applied for membership. So have Albania, Croatia and the Ukraine. In fact the Council has not determined how the term "Europe" is to be defined.

It is clear that demands for respect for democratic institutions, human rights and the rights of ethnic minorities will be increasingly emphasized in the course of future discussions on peace and security in Europe. The states of Western Europe are no longer powerless spectators in a situation where such rights are not respected throughout the Continent. Membership of the Council of Europe provides them with a means to further the rule of law everywhere in Europe, and thus to promote equality and stability within states, and peace amongst nations.

Iceland can be an equal partner in international cooperation where no contribution of military forces is required. It is therefore natural for Iceland to direct its attention towards organizations where it can contribute a full share, such as the Council of Europe, and make use of them for active participation in the effort to secure peace and liberty in Central and Eastern Europe.

Cooperation among the Nordic Countries

A review of Nordic cooperation became inevitable following the end of the Cold War, particularly by reason of the treaty establishing the European Economic Area and the increased pace of European integration. When the EEA Treaty takes effect, all the Nordic countries will be participants in European trade and economic cooperation. Then, at last, all the Nordic countries will be one market.

Within the Nordic forum, close cooperation must be ensured on matters of common interest which are specifically relevant to the Nordic countries. These include cultural affairs, education, research, the environment, social affairs and communications. In addition, they extend to relations with the Baltic States, the Barents Council, and consultations on various other foreign affairs and security issues. It is also important to seek other avenues for cooperation relating to the role played by the Nordic countries in the European context. In this regard, the EEA is most important.

The new premises give greater weight to informal political consultations amongst the Nordic countries. Such increased consultations are necessary in order to achieve a more purposeful

political direction within Nordic cooperation and in the context of Nordic participation in intra-European and international cooperation.

When it becomes clear how many of the Nordic countries will be members of the European Community, Nordic cooperation must be reviewed in order to ensure that it suits the needs of all the Nordic countries. It is highly important, in this context, for increased informal consultations and cooperation to take place, not least because Iceland has not chosen the same course as the other Nordic countries in its relations with the European Community.

In the field of security, the end of the Cold War has brought discussions of foreign affairs and security increasingly into the Nordic forum, which was not the case earlier. This lends a new dimension to Nordic cooperation. The Committee considers that, for Iceland, NATO will nevertheless continue to be the principal forum for policy-making and decisions concerning Iceland's security.

Iceland and the European Community

The future of the European Community (EC) is in transition. It is uncertain whether the Maastricht Treaty will be approved. The member states of the Community have difficult economic problems to contend with, and experience shows that such circumstances can impede the European integration process. At the same time, negotiations are beginning with four states, namely Austria, Finland, Norway and Sweden, on possible membership.

The applicant states are committed to ratifying the Maastricht Treaty, and they want to become members of the EC before the inter-governmental conference in 1996, when further decisions will be taken about EC cooperation on political, security and defence issues.

The Icelandic Government has decided not to join the governments of the other EFTA countries which are currently negotiating membership of the European Community. This decision may lead these states and Iceland to evolve along different paths, thereby isolating Iceland, not only as regards the EC but also in spheres where cooperation within the EC has a strong impact. However, the development need by no means be along these lines. It is well known, for example within EFTA, that cooperation between states may be of mutual benefit, even where their participation in decision-making is differently constituted. Finnish participation within EFTA, while Finland was not a full member, is a case in point.

Given the importance of Europe for its economy and industries, however, Iceland must, keep a close eye on the progress of European integration. Iceland must safeguard its own interests, and do so from a favourable position. Such a position is offered by membership of the European Economic Area. Special emphasis must be placed on the protection of Iceland's interests concerning markets for fish products, as its competitive position may deteriorate if Norway becomes a member of the EC.

Furthermore, Iceland's international status calls for close observation to be made of each step in the evolution of the EC, as regards both its inner functions and its negotiations with applicant states. It is not appropriate to offer a prognosis on the outcome of the EC's negotiations with the four EFTA states. There are, however, many indications that they may drag on until past the inter-governmental conference in 1996.

Iceland's trade interests vis-à-vis the EC are satisfactorily guaranteed by participation in the EEA. Associate membership of the WEU will grant Iceland access to discussions between the European members of NATO on security and defence, and thus have the opportunity to remain well informed about security decisions made by the member states of the EC. If Iceland is eventually left as the only European NATO member outside the EC, associate membership of the WEU will assume even greater importance. Iceland's commitments to the European Pillar of the transatlantic security structure would be unequivocal, even if Iceland did not assume particular responsibilities towards the EC or if it became a party to the complicated negotiation processes which characterize policy-making within the EC.

CHAPTER IV

ICELAND'S SECURITY INTERESTS IN THE NEW CONTEXT

The effects of the changes on the international scene, particularly developments in Europe, are also felt in Iceland. In terms of security, by far the most important change is obviously the disappearance of the comprehensive military threat faced by the members of NATO during the Cold War, and its replacement by new risks of a different nature. Another important change is the increase in the number of European security organizations, and the fact that European integration also now extends to foreign affairs and security.

Iceland is adapting its security policy to these changes from the perspective of enduring interests. Iceland's security depends, on the one hand, upon stability on the European mainland, and on the other on close security cooperation with the Atlantic powers, especially the United States. It is therefore clear that in questions of security, Iceland cannot choose between Europe and North America.

Iceland must play an active role within the new European security organizations, including the WEU. Enduring Icelandic security interests on both sides of the Atlantic, however, are only connected within NATO.

This century, Icelandic and American security has been threatened by armed conflicts between the great powers of Europe. Technical progress in navigation and naval warfare caused the wars waged between the European powers to extend progressively farther into the Atlantic. There was a danger of a major continental power achieving a dominant position in Europe, which would have led to a prolonged and fierce war of attrition in the Atlantic between that power and the states of North America. Following the Second World War, Iceland and the United States decided to involve themselves directly in European security affairs. This was a logical step in the light of the historical lesson that could be drawn about enduring security interests, despite the fact that for both states this represented a departure from previous policy.

These security interests remain unaffected after the end of the Cold War. In its discussions in Washington, the Committee noted a marked harmony between its own assessment and that of US officials regarding the new security context, mutual interests, and the necessity of continued defence cooperation between Iceland and the United States, as well as cooperation within NATO. Prevailing instability and uncertainty was mainly seen to be due to regional disputes and the economic and political difficulties within the states that had recently gained their freedom. Uncertainty as to how events would develop in Russia is a special source of concern.

For these reasons, it is emphasized that NATO will continue to play an important political and military role, and constitute the main forum for formulation of the security policies of all member states. New uncertainties and risks in Europe after the Cold War reaffirm the importance of this stance.

The war in the former Yugoslavia demonstrates the dependence of European security upon the transatlantic link to the United States through NATO. The US has also confirmed that it still holds the view that its security remains inseparably linked to peace and the evolution of democracy and respect for human rights in Europe.

In all its discussions outside Iceland, the Committee heard that the importance of the transatlantic link was emphasized. In addition to the danger of the war in the former Yugoslavia spreading to neighbouring states, tension in the Baltic States and in Russian-Ukrainian relations were mentioned as a source of concern. A counterbalance would have to be maintained in Europe, in case the worst came to the worst. It was mentioned in Brussels that such counterbalance was only available through NATO, by reason of US participation. The transatlantic link is presently viewed as the most significant security factor and the only one which could guarantee stability in the Northern Hemisphere. By virtue of its geographic location in the Atlantic, Iceland was seen as remaining important to NATO, strategically and politically.

Prior to the EC Summit in Maastricht in December 1991, the United States Administration suggested that European NATO members outside the EC be offered associate membership of the WEU. It was maintained that these states were at risk of marginalization, as decisions concerning NATO's security interests would increasingly be taken in negotiations between the states of the WEU on the one hand, and the states of North America on the other. Such marginalization of individual allies would be contrary to the basic principles of consultations and collective policy-making within NATO. This US recommendation, championed by some EC member states, led to Iceland, Norway and Turkey being offered associate membership of the WEU.

It was stated in the course of the Committee's talks in Brussels that a two-pillar organization of NATO was an inevitable consequence of the end of the Cold War and the EC's evolution towards increased security cooperation. NATO had welcomed increased European cooperation as a natural and desirable adaptation to new circumstances, with the proviso, however, that such increased cooperation would take place within NATO. If new EC members, who were not members of NATO, were to become full members of the WEU in the future, they would simultaneously have to join NATO.

The US, UK and Norwegian government representatives, and the senior officials at NATO headquarters with whom the Committee consulted, were very pleased with the Icelandic authorities' decision in favour of associate membership of the WEU. The Committee's view that it was highly desirable for Iceland's voice to be heard within the WEU, and that this would further not only Icelandic interests but also those of NATO and the United States, was strongly supported.

Iceland's Strategic Position and the Keflavík Base

The activities of the Soviet Navy in the North Atlantic was at its height around the middle of the eighties, following almost two decades of a continuous build-up in the Northern Fleet and bases for its vessels on the Kola Peninsula. Soviet activity in the vicinity of Iceland reached its peak in 1985. That year, the Soviets conducted their largest naval exercise ever, code-named SUMMEREX, and dozens of Soviet warships came near Iceland. In 1985, IDF fighters intercepted 170 Soviet military aircraft within the Icelandic Military Air Defence Identification Zone (MADIZ), which extends almost 150 miles from the shore. In addition to the steadily increasing Soviet activity in the North Atlantic, which reflected growing Soviet naval strength, advances in military technology increased the threat to NATO's navies and sea lines of communication, the military bases on the Atlantic and the security of North America. Technological progress in this context was mainly manifested by more silent and

faster nuclear submarines, and more sophisticated cruise missiles for use against sea or land targets.

One response to these developments was to update and strengthen Iceland's defences. In 1985, the number of IDF fighter aircraft was increased from 12 to 18. Two of the United States' most advanced airborne surveillance platforms, the AWACS aircraft, had been operating from the Keflavík base since 1978. Furthermore, extensive construction projects were started in the eighties by the US and NATO's Infrastructure Fund. The most notable of these were new, semi-hardened shelters for fighter aircraft, modern command and control facilities, a fuel pier in Helguvík with fuel tanks of greatly increased storage capacity, and the introduction of a new air defence system, involving a modernisation of radar stations and an increase in their number, in addition to the modernisation of the operations control centre of the air defence system.

SACLANT also expressed an interest in the construction of an alternative airfield in Northern Iceland, with an off-shore fuel facility, fuel storage capacities, aprons and taxiways conforming to military requirements. For this there were two main reasons. A second airfield with necessary facilities would have made dispersal of military aircraft possible in time of crisis or war, rather than them all being kept at the Keflavík base. In addition, an airfield of the kind envisaged would, in a situation of crisis or war, have enabled a much greater number of aircraft to be handled in transit to the mainland of Europe, Norway, or naval units in the North-Eastern Atlantic.

After 1985, Soviet military activity in the Atlantic began to drop. However, this trend first became marked in 1988-1989, when a rapid reduction took place. IDF fighters intercepted 120 Soviet military aircraft in the vicinity of Iceland in 1988, but only 65 in 1989 and 45 in 1990. Submarine traffic was greatly reduced. The great reduction in Soviet military activity in the vicinity of Iceland during this period corresponded to a general reduction in Soviet military activities outside home waters.

The diminished Soviet emphasis on open ocean activity was a logical consequence of a change in Soviet objectives and strategy on the European Continent, which during this period was manifested in two ways. On the one hand, Moscow decided to make significant concessions in the negotiations on reduction of forces in Europe, and to withdraw Soviet forces unilaterally from Central and Eastern Europe. On the other hand, it was decided not to resort to force in order to maintain the communist regimes of the states of the region, nor to maintain the existence of the Warsaw Pact. The collapse of communism and of the Warsaw Pact speeded up the withdrawal of Soviet forces from Central and Eastern Europe. Repercussions of these policy changes in Moscow were bound to be felt on the high seas as well, because Soviet open-ocean strategy was a function of interests and strategic objectives on land at any given time, and not vice versa. A difficult economic situation and reduced appropriations for fuel and maintenance of the Soviet Navy also had its effects, but construction of submarines and surface warships nevertheless continued for some time.

The changes on the Continent had the effect of significantly lengthening NATO's warning time, and the danger of a massive surprise attack on western Europe disappeared. The dissolution of the Soviet Union and its imminent economic collapse led to a second turning-point in the autumn of 1991, also in the Iceland area. That year, Keflavík-based fighters

intercepted 26 Soviet aircraft, the last in the first half of September. Since then, no Russian military aircraft have been observed in the vicinity of Iceland, and submarine traffic has been very limited. The Russian Navy, generally speaking, shows little activity either in its home waters or outside them.

Although the military threat in the North Atlantic has been removed by the changed political environment, it could still be revived, because the Russian Northern Fleet, despite significant reductions, remains large and powerful. It lacks the economic resources for training and maintenance, and there is little construction going on. If the situation of the Northern Fleet does not change in the near future, the force may be expected to deteriorate. This is especially the case as regards its ability to conduct military operations on the high seas.

Despite the reduced interest in and emphasis on the Northern Seas among many NATO countries, these ocean areas will inevitably remain important. Russia's most important naval bases on the Atlantic are on the Kola Peninsula, as before, and it continues to operate submarines in the Northern Seas, armed with SLBM's.

In the course of the Committee's talks in Brussels and Washington, the mutual opinion was expressed that the basic factors determining Iceland's strategic situation remained unaffected. Geographical fact and Icelandic-US defence cooperation continue to have an abiding importance for the fundamental security interests of NATO and the United States. Facilities in Iceland remain the key to surveillance of the North Atlantic, which is indispensable for NATO and the United States. Reinforcement and resupply across the Atlantic would still have to be secured under all circumstances, for which task Iceland remains highly important.

The Keflavík base is also important as a refuelling point for an airlift from North America to places of conflict within and outside Europe. The base has a sufficient infrastructure for handling large numbers of aircraft, and its location is eminently suited for transatlantic air traffic. During the Gulf War, and the succeeding months, there was a great increase in the number of US military transport aircraft transiting Keflavík.

Iceland therefore remains of importance, notwithstanding the military capabilities and activities of Russia's Northern Fleet at any time. Iceland is also closely connected to European and Atlantic security in the post-Cold War era, and to NATO's New Strategic Concept. This policy envisages a general reduction in forces, with an emphasis upon the availability of rapid-deployment forces. The reduction of US forces in Europe, from about three hundred thousand a few years ago to about one hundred thousand in 1996, adds importance to the North-Atlantic SLOC's. Finally, the Keflavík base, and in particular its role in an airlift, has significance in case NATO were to commit itself to out-of-area tasks, under a mandate from the United Nations or the CSCE.

During talks with NATO's most senior officials, the Committee heard that all these factors have increased Iceland's importance in the event of a serious crisis in Europe, even if the threat were not to involve a major conflict, as in the Cold War, but only a regional conflict. Iceland is a pillar supporting the bridge over the Atlantic. NATO's emphasis on Iceland would therefore not diminish, although a different security context might call for new arrangements there.

US officials pointed out that United States commitments and their own assessment of Iceland's strategic importance could be deduced from the fact that costs associated with the Keflavík base were being reduced considerably less than in many other places, at a time when a number of military bases, including some in the United States, were being closed down or appropriations to them greatly reduced. There were not said to be any plans for significant changes at the Keflavík base. However, great uncertainty surrounds federal appropriations after the end of the next fiscal year (in October 1993), which can be traced to the difficulty of predicting developments in Congress. Increased pressure for further reductions in defence expenditure can be expected when the budget is being prepared, which is bound to be felt in one way or another in Iceland. The uncertainty surrounding the position of Congress prevented any unequivocal information from being obtained about appropriations to the Keflavík base after the fiscal year 1993, or the possible effects that later cuts in appropriations would have on the operation of the base or the military capability or missions of the IDF.

No indications have emerged since the change of administration in the United States that the US Government intends to alter fundamental aspects of the country's security policy, despite the fact that defence appropriations are likely to be reduced more than previously envisaged. It will continue to participate in collective defence, and maintain land and sea forces in key locations outside the United States and the capability to move large forces and their equipment over long distances at short notice.

Both sides agreed that consultations were necessary on possible changes at the Keflavík base, a point that the Committee emphasized on several occasions. Consultations would have to take place in advance and in such a manner as to allow any decisions to be based on a joint assessment by Icelandic and US authorities. US officials expressed their understanding of this point and confirmed that every measure would be taken to ensure close and timely consultations with Icelandic authorities.

The US considers that an understanding should be reached as soon as possible concerning "fair" distribution of costs relating to the operation of Keflavík Airport, pointing out that since the end of the Cold War, over 40% of the traffic using the airport is civilian, and the Keflavík base is the most expensive US military installation in the Atlantic area.

The Committee maintained that a distinction should be made between cost reduction and cost sharing, and that Iceland was prepared to cooperate as regards the former. The US officials, on the other hand, considered that cost sharing might be a matter of current interest within Congress. In the Icelandic context, however, this would apply only to the operation of the airport, but not to the cost of maintaining the defences. The Icelandic contribution to the defences, made by providing land for facilities, is already defined in the Defence Agreement.

Iceland's Defence

The new security context allows changes to be made at the IDF. The number of fighters has already been reduced from 18 to 12, and AWACS are not permanently deployed to Keflavík. Fighter aircraft are no longer kept on alert to take off at a few minutes notice.

Even though a squadron of eight P-3 marine patrol aircraft remains under IDF command, only six such aircraft are stationed at Keflavík at any particular time, and one of them is in fact generally deployed to other bases in the Atlantic area.

The ocean expanses in the vicinity of Iceland are regularly patrolled. Emphasis is now also placed on shallow water anti-submarine warfare training in the North Sea, in cooperation with the ASW-forces of other NATO countries. The increased attention given to regional conflicts in NATO's post-Cold War strategy also demands increased capability for submarine hunting in shallow waters.

As a cost-saving measure and a part of the reorganization of the US Army Reserves, it is planned to disband the army reserve units assigned to Iceland's defence. These will be replaced by other units, but no concrete decisions have been made on this issue. Regular training of the present units will continue in Iceland, for as long as they remain active.

Thus, an exercise involving a few hundred men is planned for the summer of 1993, mainly taking place at the Keflavík base and in its vicinity.

There is no doubt that US forces must remain in Iceland in order to protect Icelandic sovereignty and territorial integrity, and because of the common security interests of Icelanders and their Allies. Credible defence also hinges upon continuing plans for reinforcements. In addition, the Government, administrative system and institutions of the state must remain able to function efficiently in time of crisis or war.

This would constitute minimum defence, independent of the exact military situation at any particular time, and a foundation on which further preparations could be built, if necessary. All defence plans concerning Iceland must be prepared in consultation with Icelandic authorities and institutions. Iceland does not have indigenous armed forces, but this must not lead to a renouncement of Iceland's sovereign rights.

Increased participation by Icelanders in their country's defence has occasionally been discussed. The policy of having Icelandic parties overtake those aspects of the IDF's functions which only demand commitments compatible with civilian duties should be continued. The part played by the Icelandic Coast Guard in surveillance around Iceland should be specially examined, since some interest was revealed during the talks conducted by the Committee, particularly in Brussels, in making use of the Coast Guard for NATO's benefit.

While emphasizing the bilateral defence cooperation with the United States, there is also reason to mention the activities of the Royal Netherlands Navy at Keflavík and the presence there of liaison officers from various European NATO states. Icelandic authorities should facilitate such defence cooperation at the Keflavík base and also promote bilateral consultations between Icelandic representatives and the individuals responsible for defence and security in neighbouring European states, most notably the United Kingdom, Denmark, Norway and Germany.

Conclusions

The pace of international events has been rapid during the past four years. The possibility of a worldwide conflict has diminished. The situation around Iceland has also become more benign, and Iceland is no longer subject to a direct military threat.

Among the most important consequences of these changes is the smaller scope available now for confining an assessment of security interests to national defence alone. Other factors have assumed greater weight in proportion. Peace is a boon to trade and international cooperation. The interests of states are interdependent in various ways, and the delimitation between foreign and national domestic affairs tends to become blurred.

But despite the fact that humanity does not have to live with the threat of a war of mass destruction, the end of the Cold War was in many ways inconclusive. The Cold War period was certainly a dangerous one, but nevertheless a measure of stability reigned.

Subsequent conditions are characterized by uncertainty and instability. The division of Europe subjected international relations to rigid, if uneasy, limits. On the other hand, the attempts to establish a new European security structure have not met with the desired success. Regional conflicts, like the war in the former Yugoslavia, could spread and threaten the security of Europe as a whole.

Furthermore, an immense quantity of conventional and nuclear weapons is still present in the world. About twenty states are considered capable of producing at least two or three kinds of weapons of mass destruction, namely nuclear, biological or chemical weapons, or missiles to deliver them.

It is inevitable under the circumstances, and despite the fact that the direct military threat has been removed, that the Icelandic authorities continue to take appropriate measures in order to secure Iceland's defence. Defence cooperation with the United States and participation in NATO are, and will remain, the solid foundation upon which Icelandic security can be built.

Thus, in times of rapid international change, Iceland cannot preserve its own security except by active participation in international cooperation, and by defence cooperation with friendly neighbours.

The major international organizations and institutions are now adapting to the changed circumstances. Current security challenges are, however, too complex for any single international organization to tackle on its own. Mutual cooperation among institutions and organizations enhances efficiency and eliminates unnecessary overlapping of effort. It is important for Iceland to take as much part in this adaptation as possible.

Participation in the activities of international institutions and organizations must be assessed with Iceland's possible contribution to security and defence cooperation in mind, even though Iceland does not possess armed forces of its own. Emphasis on democratic government, human rights and the rule of law will increasingly characterize the attempts to secure lasting peace, especially in Europe. Peacekeeping operations are constantly becoming more complex, and peacekeeping now includes, in some cases, humanitarian aid and even human rights.

Iceland should emphasize active participation in such work, viewing this as its contribution to the promotion of stability and peace in its own hemisphere and throughout the world.

Continued emphasis is to be placed on Icelandic participation in NATO and the process of adaptation now taking place there. Iceland must guarantee its influence within NATO, since the Alliance provides a permanent connection between its security interests on either side of the Atlantic. Furthermore, Iceland should strive to guarantee the Alliance's effective role in European security, since this is in Iceland's own interest. Within the Alliance and in particular within the North Atlantic Cooperation Council, Iceland should seek to make certain that the views of cooperation partners who have recently been freed from communism are taken into account.

Associate membership of the WEU conforms fully with the fundamentals of Icelandic security policy. It is a successful measure to prevent Iceland from being marginalised in consultations and common policy-making on European security. Iceland needs to further the cause of transatlantic relations within the WEU.

The end of the Cold War has raised hopes that the United Nations will now be provided with an opportunity to implement their original objectives. The UN have gained in strength, and have added to their impact in fields where they had rendered valuable service before, including disarmament, human rights and peacekeeping, and most notably the environment. In this respect Iceland must not fail to make a contribution.

Membership of the European Community is not on the agenda of the Icelandic Government. It is not included in the policy platforms of any political party, even though some do not preclude this possibility. Through attachment to the European Economic Area and associate membership of the WEU, Iceland has established trade and security ties with the member states of the European Community. However, Iceland remains outside the process of European political integration, and in order to avoid becoming isolated as a result, must give greater priority to cooperation with the European states within other fora. In this respect it is natural to focus in particular on cooperation within the Nordic Council, CSCE, and Council of Europe.

Historically and geographically, Iceland's security interests are clearly defined. It is important that Icelandic security policy continues to take these interests fully into account, both in relations with the United States and within international organizations.

Iceland continues to be of significance for NATO's interests in the Atlantic and in Europe. The transformed security environment and the considerations in NATO's new strategy have increased Iceland's importance for peace and stability in Europe. The Keflavík base is also relevant to possible out-of-area operations by NATO members, under a mandate from the United Nations or the CSCE. For all these reasons, the reduced activity of the Russian Northern Fleet has only a limited impact on the importance of the Keflavík base for Iceland and Iceland's Allies.

It is necessary to continue to maintain credible defences in Iceland in order to protect Icelandic sovereignty and Icelandic territory. Plans for increased readiness must also be available in case of need. The US authorities have stated clearly that the changed

circumstances do not affect the commitments of the United States under the Defence Agreement, namely to defend Iceland and its inhabitants. At the same time, reduced defence appropriations have the effect that a further reduction in operational activity at the Keflavík base can not be ruled out. The status of the Keflavík base must not be determined exclusively by unilateral US responses to budgetary pressures; such decisions must rather be based on a joint assessment by Icelandic and US authorities of the new security context. In the course of the Committee's discussions with US authorities, there was full agreement on this point.

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Iceland's geographical location provided Icelandic Governments with a means of exerting considerable influence during the period of the Cold War. The leaders of all NATO countries were aware that Alliance strategy depended on secure facilities in Iceland. It was furthermore clear that the Soviet Government stressed the importance of friendly relations with Iceland and made particular use of trade and commerce for this purpose.

As a result of these factors, Iceland's voice frequently carried greater weight than would otherwise have been the case. Now the situation is different and it is highly important for the Icelandic authorities and the public to realize that a change has taken place. Iceland must adapt to this fact and manage its international affairs accordingly. The new circumstances may increase the difficulty of making Iceland's voice heard, or having other nations take account of it.

It is clear that Icelandic security interests are more closely intertwined with other aspects of foreign policy now that the Cold War is over. As a result, a purposeful foreign policy demands an overview of many aspects at once, and of their multifarious connections.

Among the implications of this are a need to take stock of issues that may affect security but are in themselves unrelated. If such a perspective is not maintained, inconsistencies and discrepancies may emerge which might result in damage to important interests.

The effect of the changes which have occurred is that Icelandic security interests must have more pillars than the Defence Agreement with the United States and NATO membership. The present circumstances demand more diverse and more active participation in international cooperation, and a willingness on Iceland's part to shoulder heavier burdens. The adaptation to changed international circumstances requires coordination on the home front, a coordinated and efficient application of efforts.

All these considerations demand a comprehensive foreign policy and purposeful Icelandic participation in international cooperation.

Thus, it is vital for Iceland to be represented in European consultations on security affairs within the Western European Union. Any such participation in European consultations must also serve the principal purpose of promoting, within that forum, the importance of the transatlantic link. Similar considerations apply to Nordic cooperation, which is important for Iceland, not least for strengthening its future links with Europe. Security issues today are also viewed in a different light within the Nordic forum. Consultations amongst the Nordic countries must not, however, detract from the principal emphasis placed on security cooperation within NATO.

Today, a coherent foreign policy also demands a comprehensive view of Icelandic defence interests and trade interests. If Iceland remains outside the European Community, and if the process of European integration continues in the fields of foreign affairs and security, as seems likely, the significance of the Defence Agreement with the United States will grow. At the same time the European Community remains by far the largest market for Icelandic exports. In contrast to the developments among Iceland's Allies in Western Europe, where still further integration in the field of trade and security is foreseen, these two branches of Icelandic foreign policy are likely to diverge. Evidently, one of the most important challenges for Icelandic foreign policy is to prevent such evolution from leading to conflict and collision in the future.

Attachment I

23 June 1992

**A COMMITTEE ON SECURITY AND DEFENCE
LETTER OF COMMISSION**

During the past few years far-reaching changes have occurred in the international arena with an inevitable effect on Iceland's foreign relations, including security and defence. It is inevitable that the authorities should strive to assess the impact of the changes that have occurred, and react to them in the appropriate manner.

The Minister for Foreign Affairs has decided to appoint a Committee comprised of representatives of the parties in Government and of officials. The Committee's task is to analyze and assess Iceland's position in the new security and defence climate and to consider in this context, in particular, bilateral defence cooperation between Iceland and the United States of America.

In executing its assignment the Committee will collect any material necessary to enable it to consider in detail the evolution of security and defence matters, and the best way to serve Icelandic interests in this regard. For this purpose the Committee will request discussions with United States authorities and other partners within the North- Atlantic Alliance, as applicable. Details of the Committee's procedures shall be determined by the Committee itself.

The Committee, which commences its functions immediately, shall submit its joint conclusions to the Minister for Foreign Affairs in the form of a preliminary report before 1 October, 1992, and a final report before the end of the year.

(signed) Jón Baldvin Hannibalsson

Attachment II**PRESS RELEASE
from the Icelandic Ministry for Foreign Affairs**

No. 71

Today, the following declaration was issued by the Icelandic and United States discussion committees in Washington. The discussions conducted there were initiated by a Committee appointed by the Minister of Foreign Affairs with the task of considering Iceland's security interests in the changed international environment. The chairman of the Committee was Mr. Þorsteinn Ingólfsson, Permanent Under-Secretary at the Ministry for Foreign Affairs:

Senior representatives of the Governments of Iceland and the United States met in Washington on 10-11 September 1992 for bilateral consultations on security issues. In a series of meetings at the State Department, the Pentagon, and the White House, they reviewed the changing strategic environment in the North Atlantic and the world at large and the evolution of their longstanding security relationship. They noted the significant contribution made through their past joint efforts to the positive strategic developments of recent years. It was also noted that despite the dramatic changes in international politics, the evaluation of mutual security interests is still to a large extent based on geographic fact.

Looking to the future, the two sides reaffirmed the abiding importance of their relationship and the 1951 Bilateral Defence Agreement to the security of their two nations and the NATO Alliance as a whole. They noted that the Icelandic-U.S. defence ties have special significance as a key element of the transatlantic security framework linking the European and North-American members of NATO. They pledged to continue to maintain their mutually beneficial relationship on the basis of close cooperation and consultation in the spirit of the bilateral Defence Agreement of 1951.

Ministry for Foreign Affairs,
Reykjavík, 11 September 1992

