ment of strategic resources, energy or minerals, and new global shipping routes – issues which can easily turn into factors of security of supply and thus "high politics".

Without a doubt the EU will need more and more specific think tank- and other additional tools to advice on the development of its policies for a more strategic, longterm perspective and to make sure it's several Arctic related policies are developed in coordination with decision makers of the most relevant pillars of European power in the Arctic; in economy and businesses, in science, and in cooperation with its lively civil society.

ICELAND: SMALL BUT CENTRAL

Alyson Bailes, Margrét Cela, Katla Kjartansdóttir, Kristinn Schram

Introduction: Arctic or sub-Arctic?

If asked whether Iceland should be considered an Arctic or sub-Arctic state, the best answer would be ‚both' – depending on the context. Geographically, Iceland lies outside the North polar zone proper, with its Northernmost island of Grimsey just grazing the Arctic Circle. Settled around 1000 years ago, it has no ‚indigenous peoples'. Its vegetation is mostly sub-Arctic, although 11 percent of the land is covered by ice-sheets. However, in the work of the Arctic Council, such as the preparation of Arctic Human Development Reports (ADHR), Iceland and other territories even further South have been included[1] as they are seen as part of a single environmental and economic complex. Iceland's economy is still heavily dependent on fishing and more generally on natural resources, which it exploits both for hydroelectric and geothermal power generation and to attract tourists; this gives it more in common with North Norway, Greenland and the Faroes than, say, mainland Denmark.

[1] For this expanded zone see e.g the cover of the 2004 ADHR at http://hdr.undp.org/en/reports/regionalreports/other/arctic_2004_en.pdf.

In terms of conscious identity-framing and policy positioning, Iceland has stressed its Arctic credentials not only by becoming a founding member of the Barents Euro-Arctic Council (1993) and the Arctic Council (1996), but by asserting that it is just as much a High Northern 'littoral' (coastal) state as are the 'Big Five'[2] who actually own land above the Arctic Circle. Overall, Iceland's attitude is well summed up by its claim to be the only sovereign state lying *entirely* within the Arctic zone.[3]

This chapter starts by identifying some basics of Iceland's external orientation as a 'small state', then traces the development of its official Arctic policies, and the external relationships and institutional frameworks in which the nation pursues its interests. The full range of Icelandic stakeholders and shapers of Arctic strategy is then reviewed, from ministries and academia, to private corporations from major economic branches with additional details about the issues at stake. Finally, we stand back from day-to-day politics to consider the nature of Arctic discourse(s) in Iceland, and the (sub) Arctic as a factor in Icelandic identity. A short conclusion speculates on the way ahead.

Arctic issues in Icelandic policy: the starting-point

With 320,000 inhabitants, Iceland is by far the smallest of the Arctic sovereign states, and its international position and policies are significantly shaped by size as well as location. 'Small state' studies are a branch of International Relations, pursued in Iceland and elsewhere, that focus on the limitations and vulnerabilities of such small entities and on their special opportunities. After the Cold War, for instance, some writers saw Iceland and similar small economies as smart, innovative, resilient and more flexible in responding to global competition.[4] The economic crisis which began in 2008 has however shown how exposed they are to global fluctuations, especially when pursuing high-risk policies in the search for profit. Small societies can also be disproportionately damaged by 'transnational' threats of human origin (terrorism, crime, and smuggling) and of a natural character (pandemics, natural disasters and climate change). Most obviously, small states can be hit hard by the cross-fire when the larger powers surrounding them are in a state of rivalry, destructive competition or even conflict. For a small state positioned as close to the action as Iceland is in the Arctic, avoiding such confrontations in the region (and defending itself against possible consequences) becomes a prime imperative of policy.

A small state with limited resources cannot afford to just observe such first-order threats, however. Like any modern polity, it needs to be aware of all the different aspects of security – military, political, economic or functional – that are crucial for its survival. Since it can rarely find the answers on its own, and its limited internal market also makes its prosperity highly dependent on outside relations, it needs a conscious national strategy to find the external support (or 'shelter') and the openings required at the most reasonable price.[5] In its overall policy since

[2] The reference is to Canada, Denmark (by virtue of Greenland), Norway, Russia and the US who held two high-level meetings 'at five' in 2009 and 2011 respectively. Iceland has strongly criticized this inner grouping and insists the Arctic Council should remain the central forum for Arctic governance. Also see below.

[3] See e.g. the speech 'Icelandic Perspectives on the Arctic' made by then Foreign Minister Össur Skarphéðinsson at Tromsø, 24 January, 2011, available at http://www.utanrikisraduneyti.is/media/nordurlandaskrifstofa/Icelandic-Perspectives-on-the-Arctic-Tromso-24-jan-2011.PDF.

[4] Katzenstein, P.J., 'Corporatism and Change: Austria, Switzerland and the Politics of Industry' (1984) and 'Small States in World Markets; Industrial Policy in Europe (1985): both Cornell University Press; Briguglio, L., Cordina, G. and Kisanga, E.J., 'Building the Economic Resilience of Small States', Univ. of Malta and Commonwealth Secretariat, London, 2006; Cooper, A.F., and Shaw, T.M., 'The Diplomacy of Small States', Palgrave Macmillan: London, 2009.

[5] Bailes, Alyson J.K. (2008) "Does a Small State need a Strategy?", Working Paper of the IIA/CSSS, University of Iceland, available at http://stofnanir.hi.is/ams/sites/files/ams/Bailes_Final_0.pdf.

winning the full attributes of a sovereign state in 1944, Iceland has tended to favour relying on US/NATO strategic cover, good relations with other large powers, and Nordic cooperation rather than fully joining in with the European integration process. While participating in EFTA, the European Economic Area and Schengen, it made its first application for EU membership as recently at July 2009 That application was 'frozen' by a Euro-sceptic government who took office in May 2013.[6] We shall see below how this pattern of national and international relationships is applied or adapted in the special context of Iceland's Arctic policy.

Iceland's Arctic objectives

The early 2000s have been a period of change for Iceland's foreign policy overall driven by shocks such as the US closing its military bases in the country in 2006 (despite lengthy attempts by the Icelandic government to convince them to stay),[7] and the economic crash already referred to. Following these events Icelanders had to redefine their priorities and responsibilities, and sought a new overview *inter alia* through a comprehensive, independent risk assessment published in 2009. When addressing the High North, this noted not only new economic developments, but challenges related to climate change and threats to the environment resulting from increased ship transport, oil and gas extraction, threats and risks linked with increased cruise shipping, military developments in the Arctic, and the importance of increased cooperation with neighbouring states.[8] In another report from 2009 dealing specifically with

[6] Bailes, Alyson J.K. and Baldur Thorhallsson, 'Iceland and the EU: Drifting Further Apart?', FIIA Briefing Paper no 139 of 2013, at http://www.fiia.fi/en/publication/360/#.Um6HIVPwq8k.

[7] Bjarnason, Gunnar Þór. *Óvænt áfall eða fyrirsjáanleg tímamót* (Out of the blue, or a predictable challenge). Reykjavik: University of Iceland press, 2008.

[8] Ministry for Foreign Affairs. *Áhættumatsskýrsla fyrir Ísland, Hnattrænir, samfélagslegir og hernaðarlegir þættir.* Seehttp://www.utanrikisraduneyti.is/media/Skyrslur/Skyrsla_um_ahattumat_fyrir_Island_a.pdf.

'Iceland and the High North', Iceland's interests were explored in a broad perspective looking at international cooperation, security and defence, natural resources and environmental protection, transportations, culture and society, science and monitoring.[9] This balanced approach was duly reflected in the resolution for an Icelandic Arctic policy, adopted in 2011 by the Icelandic parliament (Althingi) on the basis of proposals from the then Foreign Minister.[10]

The resolution establishes the following objectives for Iceland's Arctic policy, which are still in effect as of 2014:

1. Promoting and strengthening the Arctic Council as the most important consultative forum on Arctic issues.
2. Securing Iceland's position as a coastal State within the Arctic region.
3. Promoting understanding of the fact that the Arctic region extends both to the North Pole area proper and to the part of the North Atlantic Ocean closely connected to it.
4. Resolving differences that relate to the Arctic on the basis of the United Nations Convention on the Law of the Sea.
5. Strengthening and increasing cooperation with the Faroe Islands and Greenland with the aim of promoting the interests and political position of the three countries.
6. Supporting the rights of indigenous peoples in the Arctic.
7. Building on agreements and promoting cooperation with other States and stakeholders on issues relating to Icelandic interests in the Arctic region.
8. Using all available means to mitigate human-induced cli-

[9] Ministry for Foreign Affairs, *Ísland á norðurslóðum*. See http://www.utanrikisraduneyti.is/media/Skyrslur/Skyrslan_Island_a_nordurslodumm.pdf.

[10] The Ministry for Foreign Affairs, A Parliamentary Resolution on Iceland's Arctic Policy. See http://www.mfa.is/media/nordurlandaskrifstofa/A-Parliamentary-Resolution-on-ICE-Arctic-Policy-approved-by-Althingi.pdf.

mate change and its effects in order to improve the well being of Arctic residents and their communities.

9. Safeguarding broadly defined security interests in the Arctic region through civilian means and working against any kind of militarisation of the Arctic.
10. Developing further trade relations between States in the Arctic.
11. Advancing Icelanders' knowledge of Arctic issues and promoting Iceland abroad as a venue for meetings, conferences and discussions on the Arctic region.
12. Increasing consultations and cooperation at domestic level on Arctic issues.[11]

Under the coalition government of Social Democrats and Left Greens that held office until May 2013, the opening of accession talks with the EU gave cause for a separate Foreign Ministry report on what the EU's Arctic policies meant for Iceland. The report noted that should Iceland become a member of the European Union, it would be the Union's northernmost state and should have new chances to benefit from Arctic-related European investments in research, energy and shipping.[12] After the May 2013 elections, the High North was again given priority status in the coalition platform of the Progressive Party and the Independence Party, which stated that Iceland should become a leading power in Arctic and West Nordic cooperation, and should act upon possible opportunities relating to oil and gas in the High North.[13] While halting EU membership

[11] The Ministry for Foreign Affairs, *A Parliamentary Resolution on Iceland's Arctic Policy*. See http://www.mfa.is/media/nordurlandaskrifstofa/A-Parliamentary-Resolution-on-ICE-Arctic-Policy-approved-by-Althingi.pdf.

[12] Ministry for Foreign Affairs. *Þýðing norðurslóðastefnu ESB fyrir Ísland*. See http://www.utanrikisraduneyti.is/media/PDF/nordurslodastefna_ESB.PDF.

[13] Government Offices of Iceland. *Stefnuyirlýsing ríkisstjórnar Framsóknarflokksins og Sjálfstæðisflokksins* (Policy Declaration of the Independence Party/Progressive Party government) 2013. See http://www.stjornarrad.is/media/Rikjandi_rikisstjorn/stefnuyfirlysing-23-3-2013.pdf.

talks, as already noted, this government intends to continue European cooperation through the EEA and Schengen.[14]

Throughout this period, the steadily rising profile of Arctic as well as West Nordic issues (see below on the latter) has been and continues to be marked in the annual statements made by the Minister of Foreign Affairs to the Parliament. The 2013 report claims the High North is no longer on the edge of international politics, but plays an important part in the discourse on climate change, utilization of natural resources, environmental protection and shipping. This document confirms the Arctic's key status in Icelandic foreign policy.[15] Detailed steps taken by the government to back up their strategy include the establishment of an Icelandic consulate at Nuuk, Greenland, in 2013[16] and a statement of interest by the Foreign Minister in increasing cooperation with the Faroe Islands[17]. It is noteworthy that despite the major disagreements between parties over this period on general Icelandic strategy and especially the EU factor, the nation's emergent Arctic policy has at all times enjoyed broad (if not universal) cross-party and elite support, and the mainstream focus has been more on the opportunities related to Arctic developments[18] than the challenges. Where disputes have arisen they

[14] Ministry for Foreign Affairs. *Utanríkisráðherra fundar með Stefan Füle* (the Foreign Minister meets with Stefan Füle). See http://www.utanrikisraduneyti.is/frettir/nr/7710.

[15] Ministry for Foreign Affairs, *Skýrsla Össurar Skarphéðinssonar utanríkisráðherra um utanríkis- og alþjóðamál* (Report by Össur Skarphéðinsson on foreign and international affars), 2013, See http://www.althingi.is/altext/141/s/pdf/1007.pdf

[16] Ministry for Foreign Affairs, Aðalræðisskrifstofa opnuð í Nuuk 1. Júlí. Seehttp://www.utanrikisraduneyti.is/frettir/nr/7722.

[17] Ministry for Foreign Affairs, *Vilja efla frekara samstarf við Færeyjar* (Planning further cooperation with the Faroes). See http://www.utanrikisraduneyti.is/frettir/nr/7722

[18] Examples are found in these two reports on shipping opportunities in the High North, published by the Ministry for Foreign Affairs: *Fyrir stafni haf, Tækifæri tengd siglingum á norðurslóðum* (Working at sea, oppotrunities linked with Arctic shipping), published 2005, http://www.utanrikisraduneyti.is/media/Utgafa/vef_skyrsla.pdf and

have been connected with Icelandic policy choices that go wider than the Arctic context: notably the pros and cons of further commercial development of natural resources.

Arctic issues in bilateral and multilateral relations

As stated earlier, the theory of small states stresses their need for protection by larger powers and/or effective institutions. When complex, transnational challenges are involved, small players may especially favour the latter as offering the hope of formal 'equal' status and a regulated environment.[19] This model fits well with Iceland's recent Arctic diplomacy. The country's traditional strategic protector, the US, is less prominent today in the North Atlantic not just because of its Icelandic base closures, but because of its Arctic interests in Alaska. This has shifted Iceland's focus towards NATO as an institution, and to other interested Allies, when looking to stabilize 'hard' security conditions in its region. Since, however, Iceland rates the military risk as slight and sees more immediate challenges in 'soft' security fields, it leverages a number of other institutions, groupings and individual partners to cover the full range of its interests. These will be identified below, after covering the military issues in more detail.

In January 2009 Iceland hosted NATO's first ever high level conference on the Arctic, which explored the constructive roles the Alliance could play in monitoring, analysis, search and rescue – in partnership with Russia. In the face of Canadian objections, Iceland failed to have the

Ísinn brotinn, Þróun norðurskautssvæðisins og sjóflutningar...Áhrif og tækifæri (Breaking the ice, developments in the Arctic and shipping....Implications and opportunities), published in 2007,http://www.utanrikisraduneyti.is/media/Utgafa/Isinn_brotinn.pdf

[19] Alyson JK Bailes and Baldur Thorhallsson, 'Instrumentalizing the European Union in Small State Strategies', Journal of European Integration July 2012, ref. DOI 10.1080/07036337.2012/689828.

Arctic mentioned in the new NATO Strategic Concept of 2010.[20] The latter did, however, re-emphasize the 'core task' of collective defence, thus encouraging Nordic and Baltic Allies to review their needs for protection and update relevant NATO plans. Iceland for its part was granted periodic air and sea deployments by other member states to practise defending its air-space, on top of regular US reinforcement exercises ('Northern Viking'), and other NATO activities including search and rescue (SAR) simulations. Since 2006 Iceland has also made bilateral defence cooperation agreements with Norway, Denmark, the UK and Canada, amongst others. The resulting modest, largely over-the-horizon, NATO profile is quite a comfortable solution for Iceland as it reduces the risk of actually provoking Russia, not to mention aggravating internal friction with the anti-military Left. It allows Reykjavik to maintain its traditionally relaxed political/economic relations with Moscow and to act, if needed, as something of an East-West bridge.

Like other Arctic Council (AC) members Iceland values the UN-negotiated Convention on the Law of the Sea (UNCLOS) as the legal frame for maritime regulation and peaceful settlement of territorial claims, and in 2013 proposed its own candidate, for the first time, to join the Law of the Sea Tribunal. Like the others, however, it rejects the idea of a comprehensive 'Arctic Treaty' or of transferring Arctic governance *in general* to a global forum.[21] Iceland prefers to use the Arctic Council itself as an egalitarian, inclusive, non-legalistic framework for joint analysis and policy discussions, whose conclusions if necessary can be implemented through other channels. Reykjavik accordingly opposes any inner Arctic grouping such as that of the five littoral states who held separate Ministerial meetings in 2009 and 2011. Within the AC, Iceland hosted the workshop meetings that reached final agreement on both of the Arctic states' legally binding agreements (on SAR, 2011, and oil-spill response, 2013); and it provided the first Secretary-

[20] Text at http://www.nato.int/cps/ar/natolive/topics_82705.htm.

[21] Iceland does appreciate the value of the global International Maritime Organization (IMO) for shipping regulation.

General, Magnús Jóhannesson, for the new AC permanent secretariat launched in 2013.

Iceland has welcomed all proposals for extending observer status at the AC, including to the European Union. Whaling aside, Iceland's stated goals in the Arctic match well with EU policy documents, and as a small economy in the large Arctic market, Iceland's membership in the European Economic Area and Schengen provides both status and regulatory protection. Iceland has also been a net recipient from relevant EU educational and research funds. These coinciding interests in the Arctic exist independently of the ups and downs in Iceland's formal relationship with the EU, which are outlined above, and are currently aggravated by a dispute over mackerel catches.

Iceland also participates with Norway, Russia and all EU members in the EU's 'Northern Dimension' programme,[22] which offers funding for joint development projects and addresses the High North through the 'Arctic window' scheme. As a founder-member of the Barents Euro-Arctic Council, Iceland supports that organization's efforts to stabilize relations and promote development across the land borders of Russia, Norway, Sweden and Finland. Significantly more active, however, is Iceland's diplomacy within the Nordic Cooperation framework, comprising the Parliamentary Nordic Council and Nordic Council of Ministers (NCM), and its West Nordic sub-group.[23] In 2008-2009 Iceland managed to insert Arctic-related proposals into Thorvald Stoltenberg's report commissioned by the NCM on boosting Nordic security cooperation.[24] Two special Icelandic hopes were realized when, in Spring 2011, the Nordic countries pledged each other mutual aid in civilian emergencies (the 'Nordic solidarity clause'), and again in 2012 when Sweden and Finland agreed to contribute aircraft for monitoring exercises over Iceland. Within the Nordic 'Haga' programme, launched in April 2009 for civil security cooperation, Iceland has pushed for joint risk analysis and response planning to be directed specifically at incidents in the Arctic seas. Meanwhile, 'West Nordic' cooperation allows Iceland to consult with Greenland and the Faroes on societal and civil security concerns, and on economic opportunities (notably for hydrocarbon exploitation), without Denmark or the other larger Nordics peering over their shoulders.[25] Iceland's new government has highlighted West Nordic cooperation in its policy platform.

The present government also advocates cooperation with BRICs and other Asian powers for diversifying Iceland's trade relations, investment sources and economic base. Iceland has not only supported several nations' wishes to become AC observers, but was one of the first OECD states to conclude a Free Trade Agreement with China, and recently gave one seabed exploration licence to a part Chinese consortium. As noted below (under 'Tourism'), however, actual Chinese investment in Iceland is slight so far and has evoked some internal opposition.[26] Research, educational, and tourism relationships have shown more dynamism. Iceland has also welcomed some major Indian investments (in the hotel sector) and has increasing contact with South Korea. Overall, speculation about China making Iceland a special protectorate or strategic base – often floated by media in Canada where the Arctic is generally seen in a more competitive and militarized light – should be taken with a large pinch of salt.

Stakeholders and shapers

As Arctic issues have grown in importance for Icelandic foreign policy, participation has stretched far beyond the diplomatic establishment.

[22] See http://www.eeas.europa.eu/north_dim/.

[23] See http://www.vestnordisk.is/Apps/WebObjects/SW.woa/wa/dp?id=1295.

[24] Text of the report: http://www.regjeringen.no/en/dep/ud/whats-new/news/2009/nordic_report.html?id=545258.

[25] West Norwegian regions do share in some cultural/social activities.

[26] In particular, an attempted land purchase for a tourist centre by a wealthy Chinese businessman in 2012 fell through because of environmental concerns, combined with a more political/cultural unease about alienating the Icelandic patrimony.

While the Foreign Ministry remains in the lead, Arctic challenges and possibilities have become a focus point for different policy agencies in Iceland, including most other ministries, as well as the agencies and services dealing with emergency management and environment protection. In October 2013, the Prime Minister announced that to improve consultation and coordination, a ministerial committee had been established with himself in the chair and otherwise consisting of the four ministers of foreign affairs; the interior; industry and innovation; and environment and natural resources, respectively.[27] Further, Iceland's President Ólafur Ragnar Grímsson (in office since 1996) has long campaigned for more international attention to Arctic issues and, as an example, promoted the first large-scale 'Arctic Circle' meeting at Reykjavik in autumn 2013.[28]

Academia

When identifying key actors within Iceland's Arctic initiatives one cannot exclude academia. Iceland has had a strong presence in the EU's and other international organisations' scientific and educational networks. During Iceland's successful chairmanship of the Arctic Council, from 2002-2004, Iceland saw the launch of two important reports: the Arctic Climate Impact Assessment (ACIA) and the Arctic Human Development Report (AHDR). Akureyri in North Iceland hosts the offices of two working groups of the Arctic Council, CAFF (Conservation of Arctic Flora and Fauna) and PAME (Protection of Arctic Marine Environment), as well as the Northern Research Forum secretariat. Akureyri University also runs an International Polar Law LLM and MA programmes, and regularly hosts international Arctic conferences.

Ranging across such disciplines as Environment and Natural Resources, Geology, Engineering, Geography, Humanities and the Social Sciences, the University of Iceland hosts a dynamic group of researchers focused on Arctic issues. In 2013 it established a new Centre for Arctic Policy Studies providing a forum for interdisciplinary collaboration in the field of Arctic research, with emphasis on governance and society. Iceland's universities also cooperate with its West Nordic counterparts through exchange and course development. Recently a joint West Nordic Master's program has been developed, focusing on sustainable management and governance. It encourages and facilitates the mobility of students and staff within the region.

State owned enterprises and the private sector

Just as the Arctic has been growing in importance for the public sector, so it has for the private sector. Much has happened in the last few years. In 2013 the Icelandic Arctic Chamber of Commerce (IACC) was established with nine companies represented on its board: Arctic Services, Eykon Energy, Eimskip (shipping company), Icelandair, ÍAV (construction company), Íslandsbanki bank, Mannvit (engineering company), Norðurflugs (airline), and Samskip (shipping company). The IACC's main purpose is to create a business environment in the Arctic where Icelandic companies can compete for the emerging commercial opportunities.[29] All the companies mentioned above have taken a leading position within Iceland's private sector as regards actual and potential Arctic business and have shown willingness to act upon actual and potential opportunities. That is not to say they are the only companies looking for Arctic openings: on the contrary, a rapidly growing number of private companies in different sectors are starting to show interest, ranging, for example, from Efla (an engineering consultancy firm) to the fast growing tourism industry as outlined below.

Aware of their relatively small size, Icelandic enterprises have created specialized platforms to advertise their Arctic offerings such as, the

[27] Prime Minister's Office. *Forsætisráðherra ávarpar ráðstefnu um þróun orkumála á norðurslóðum - Ráðherranefnd um málefni norðurslóða sett á fót* (Prime Minister addresses conference on Arctic energy development – Ministerial Council for Arctic affairs established). See http://www.forsaetisraduneyti.is/frettir/nr/7729.

[28] Ólafur Ragnar Grímsson, Speeches, see http://www.forseti.is/Raedurogkvedjur/Raedur2013/.

[29] Iceland Chamber of Commerce. *Norðurslóða-viðskiptaráð stofnað* (Arctic Chamber of Commerce established). See http://www.vi.is/um-vi/frettir/nr/1579/.

Akureyri-based Arctic Services group who combine industrial and technical service providers, research facilities, engineering companies, aviation services and public utilities to offer high-quality services and infrastructure for those involved in exploration, oil search and mining in the Arctic.[30] The Icelandic Arctic Cooperation Network was established in 2013 to facilitate cooperation amongst Icelandic public and private organizations, institutions, businesses and other actors involved in Arctic issues.[31]

Shipping

Private sector roles can be more fully appreciated by looking at the Icelandic angle on some specific Arctic opportunities. In the shipping sector, Fáfnir Offshore has invested more than 4.6 million Euro in a vessel specially equipped to service the offshore oil industry to the North and East of Iceland.[32] Maritime service-related opportunities have been discussed in Iceland since early 2000, notably the idea of building a transshipment port, which private sector and local municipalities are exploring in cooperation with Icelandic and foreign investors.[33] In 2012 the Parliament adopted a resolution tasking ministers of foreign affairs and the interior, in cooperation with the rest of government, to explore the viability of the idea.[34] However, there are also sceptics who question whether the new ice-free sea routes likely to open in the foreseeable future will actually include Iceland. Service harbours seem more feasible, especially in the context of plans for rapid extractive development in Greenland, where Iceland can offer the nearest ice-free locations. One such project became reality in 2013 when several private companies signed an agreement to invest some 51 million Euro in building a service harbour in the North-East of Iceland, at Dysnes in Eyjafjörður.[35]

Oil exploration

The chances of Iceland becoming an oil producer are gaining increased attention. The Icelandic government have issued three licences for explorations in the Dreki area of the seabed to the North-east of Iceland.[36] Interestingly, one licence was issued to a team of companies from Iceland (Eykon Energy), Norway (Petero), and China (China National Offshore Oil Corporation, CNOOC) - making Iceland the first state to open the door to a CNOOC stake in the Arctic.[37] The Icelandic government has shown great interest in the development of this field, and the establishment of a state owned oil company has been up for discussion, together with the idea of a Norwegian-style, oil-powered ethical investment fund.[38]

Tourism

The geopolitical relevance of Arctic tourism rivals even resource extraction and may prove crucial for the self-sufficiency and economic

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30 Arctic Services, see http://www.arcticservices.is/en/our-service.

31 Icelandic Arctic Cooperation Network, see http://nordurslodanetid.is/en/adhdragandi-og-stofnun.

32 *Viðskiptablaðið* (business news), 'Fáfnir Offshore kaupir skip fyrir 7,3 milljarða' (Fafnir Offshore buys a ship for 7.3 Billions). See http://www.vb.is/frettir/82143/.

33 Unnarson, Kristján Már. *Kínverjar vilja fjárfesta í umskipunarhöfn á Íslandi (Chinese investors interested in a transhipment port)* see: http://www.visir.is/kinverjar-vilja-fjarfesta-i-umskipunarhofn-a-islandi/article/2012121129606.

34 Tillaga til þingsályktunar um umskipunarhöfn á Íslandi vegna siglinga á norðurslóðum. (Parliamentary resolution on a transshipment port related to Arctic shipping). See http://www.althingi.is/altext/140/s/1149.html.

35 Unnarson, Kristján Már. *Dysnes við Eyjafjörð verði þjónustuhöfn Norðurslóða (Dysnes, Eyjafirdi will become a service harbour for the High North)* See http://www.visir.is/dysnes-vid-eyjafjord-verdi-thjonustuhofn-nordursloda/article/2013130529582

36 Fá leyfi til olíuleitar í næstu viku (Will be granted licences for oil exploartion next week) See http://www.mbl.is/vidskipti/frettir/2014/01/17/fa_leyfi_til_oliuleitar_i_naestu_viku/.

37 Askja Energy THE INDEPENDENT ICELANDIC ENERGY PORTAL. *China and Norway Team Up on Iceland's Continental Shelf* and *CNOOC on the Icelandic Continental Shelf.* See http://askjaenergy.org/category/oil-and-gas/.

38 Icelandic Energy Agency. *Stofnun ríkisolíufélags (The establishment of a state oil company)* See http://www.orkustofnun.is/orkustofnun/frettir/nr/1224.

security of smaller nations there.[39] Tourism is a fast growing industry in Iceland and a major pillar of its economy.[40] The promotion of Iceland as an Arctic destination and gateway is expressed unambiguously in terms of celebrating its wilderness, cold climate and northern landscapes. The increased use of the adjective 'Arctic' in tourism companies' names (e.g. Arctic Sea Tours, Arctic Comfort Hotel, Arctic Experience etc.) attests to Icelanders' adaptation to the outer world's Arctic appetite. However, tourism also rivals oil extraction in its double-sided nature, given the dynamic interplay between producers and consumers, not to mention its environmental impact.[41] The capacity to receive growing numbers of tourists and yet preserve the very thing drawing them - Iceland's pristine nature – has become increasingly a point of contestation. Also contested are concessions to foreign-controlled tourism development. A case in point was the proposed purchase of a farmstead in a peripheral region in Iceland, Grímstaðir á Fjöllum, later reduced to a leasing request, by Chinese investment group Zhongkun. The company's tourism concept, a golf resort, was met with skepticism that some might see as linked simply with the ethnicity of its owners (the notion of 'polar orientalism').[42] Others saw reason for legitimate concern over China's growing worldwide power and its widely attested, dubious environmental/societal practices.[43] The former government may have eventually rejected the Chinese proposal, but the current government has signaled a more positive inclination.

39 Timothy, D. J., 'Contested place and the legitimization of sovereignty claims through tourism in polar regions' in Hall, M. C. & Saarinen, J. (eds.), *Tourism and change in polar regions: Climate, environments and experiences* (Abingdon: 2010, Routledge) pp. 288–300, p. 299.

40 In 2009, the share of tourism in Iceland's GDP was 5.9%, while in 2008 it was 4.6%. Since 2008, the proportion of tourism in Iceland in total export revenue has been around 14%, rising to 19% if activities of Icelandic tourism companies outside Iceland are included. *Tourism in Iceland in figures, April 2012.* Report by Oddný Þóra Óladóttir. Icelandic Tourist Board.

41 Britton, S., 'Tourism, capital, and place: Towards a critical geography of tourism'. *Environmentand Planning D: Society and Spac*e, 9, (1991) 451–478.

42 See e.g. Huebert, R., *Managing Polar Orientalism: East Asia, Euro-Asia and the Arctic Region*. University of Calgary, Canada, 2013.

(Sub-)Arctic discourses and Icelandic identity

Besides drawing on the image of untouched nature, public representations of Iceland have also been based on discourses and identification. With growing practical involvement in the Arctic, the question of Iceland's Arctic *identity* has come to the fore – and not only among officials trying to bolster its claims for participation. In the wake of fading militarized, bipolar paradigms and a growing awareness of common ground with its geographical neighbours, one could expect a strengthening awareness in Iceland of a Northern Atlantic or Arctic identity. Indeed, while Iceland's official Arctic strategy with its emphasis on Arctic coastal status and Nordic/West Nordic cooperation has only recently been formalized, actors in the fields of advertisement, arts and popular culture have cultivated and capitalized on the aesthetics and discourses of the High North ever since the turn of the century.

Discourses on the High North are rooted in historical mythologies, with the past being used to create political narratives in the present. Historically the concept of the North is full of extremes and ambiguities. Throughout modernity, the 'fringes of the north' have retained much of their dual character as "a place of darkness and dearth, the seat of evil", or alternatively "a place of austere felicity where virtuous peoples live behind the north wind and are happy".[44] Perpetuated by exotic travel writing and fiction (one often indistinguishable from the other), a cer-

43 See e.g. Huijbens, Edward H. and Alessio, Dominic, 'Arctic "concessions" and icebreaker diplomacy? Chinese tourism development in Iceland', *Current Issues in Tourism*, (2013, Routledge).

44 Davidson, Peter, The Idea of the North (London: Reaktion Books, 2005), 21.

tain Arctic awareness was thrust upon the otherwise European-oriented population of the Danish Crown's Icelandic dependency.[45] Nineteenth and early twentieth-century Icelandic nationalists rejected this exotic image of themselves, stressing their modern Europeanness, sophistication, and developed – albeit deep-rooted – literary culture.[46] In turn, they expressed abhorrence for the allegedly primitive nature-folk they saw on the other side of the culture-nature dichotomy.

Today, by contrast, representations of cultures in the North Atlantic have again become increasingly infused with images of "nature folk" rather than of "culture nations". Images of the primitive survival of the Icelandic nation in a harsh and barren land, simultaneously preserving an ancient culture of language and literature, are commonly conjured up. Examples of this abound in visual images, especially in advertisements, film and art, centering on and manipulating an iconography of rugged northernness. A popular book, and exhibition, *Icelanders and Faces of the North*, have juxtaposed rural Iceland with its Greenlandic and Faroese counterparts. In contemporary times marked by international market forces, tourism and global media, Icelanders are no longer simply the reluctant receivers of exotic representations but have become, to an extent their active performers. The remoteness and 'arcticness' of the West-Nordic region has thus become increasingly visible in representations of Iceland both in promotional material and performative spaces, including museums and cultural institutions where North Atlantic or West Nordic identities are both expressed in a variety of ways.

[45] See for example Ísleifsson, Sumarliði, *Iceland: Descriptions of Iceland and Icelanders Written by Foreign Writers of Previous Centuries* (Reykjavík: Landsbókasafn Íslands, 2003); and edited by the same author, *Iceland and Images of the North,* Quebec: Presses de l'Université Québec og ReykjavíkurAkademían, 2011.

[46] Hálfdánarson, Guðmundur, *Íslenska þjóðríkið: uppruni og endimörk* (The Icelandic nation-state, origins and finality) (Reykjavík 2001); Karlsson, Gunnar, 'The Emergence of Nationalism in Iceland' in Tägil, S. (ed.) *Ethnicity and Na-tion Building in the Nordic World*. (C. Hurst Publishers, London 1995).

Arts and culture

A number of Icelandic artists have played with both national and regional themes related to the North in their work. Two examples are musical artist Björk Guðmundsdóttir and visual artist Ragnar Kjartansson. Although a cosmopolitan performer, Björk has put Iceland on the cultural map to the extent of becoming its best-known spokesperson. The image of Björk, presented in international media and video performances, is very much related to Icelandic nature and she rarely gives an interview without mentioning her strong emotional connection with nature and affection for her homeland. Björk has made various overtures to other North Atlantic countries, for example including a Greenlandic choir in her musical performances. Another example is the rising and internationally acclaimed visual artist Ragnar Kjartansson who also plays with themes and threads of the North, such as masculinity, heavy drinking and melancholia related to the dark winter months. Ragnar engages with both the Scandinavian and North-American notion of "arcticness", but also evokes provocative images of colonialism and Iceland's subjugation by the Kingdom of Denmark.[47]

Iceland's colonial history and the relationships involved[48] are, however, rarely dealt with head-on in Nordic cultural centres. While this may change with growing ties to the Danish Kingdom's remaining West Nordic dependencies, joint North Atlantic efforts such as the North Atlantic House[49] in Copenhagen - housed in an 18th century warehouse at the former 'Greenland docks' that stored West Nordic products such as fish, whale, skin etc. on their way to the European market - have hitherto approached their cultural common ground with relative subtlety. Interestingly the same

[47] 'Kolonisering' (Colonialization) at Stalke Gallery, Kirke Sonnerup 2003 and Nýlendan/the Colony 2003 Kling og Bang, Reykjavík.

[48] Iceland was technically a dependency rather than a colony. Such ambiguities of sovereignty, or what might be called Iceland's cryptocolonial status, are increaslingly being dealt with within academia.

[49] Nordatlantens Brygge, established in 2003, http://www.nordatlantens.dk/en/home/).

building accommodates the representatives for Greenland and the Faroe Islands, and the Icelandic Embassy, as well as the purported centre of new Nordic cuisine: Noma. A further North Atlantic culture house located at the harbour of Odense, was designed to "embody the significant assembly point for the culture of Greenland, Iceland and Faroe Islands."

Mobility in the West Nordic region

Whether driven by the acquisition of routes, markets, territory and natural resources, or the pursuit of social capital within new communities, mobility is a crucial factor in Arctic self-awareness and identification, and provides an important component of what might be called globalization 'from below.'[50] The issue is of growing importance considering movements within the zone that may be forced by climate change, and the expected influx of people and resources into the region in the foreseeable future. Workforces for large-scale projects will form a significant part of this, but no less important are the professional and creative classes who are influential in structuring and sustaining the region both socio-economically and culturally.

While Icelanders are few in number, they are generally mobile people both within and beyond the Nordic context. National origin, cultural heritage and national identities play a significant part in the everyday power relationships of groups and individuals. Exotic images of the North have played a considerable part in the everyday life of Icelanders abroad – not least during the period of global expansion and booming Icelandic business ventures around 2000–2008, known as the 'Icelandic raid' (íslenska útrásin). Today Icelanders form, for example, the largest expatriate group – aside from Danes - in Greenland.[51] Many of them went there looking for opportunities during the economic crisis in Iceland. Recent ethnographic research in Greenland has found, interestingly, that despite their disparate cultural backgrounds, many Icelanders and Greenlanders speak of their mutual affinity while feeling separate from Danish or other ethnic groups within the country. Incorporating themes of shared colonial history; close ties with nature; and initiation rights through hunting trips, and shared narratives show how any ethnic rift between Icelanders and Greenlanders is bridged through "West Nordic" identification.

[50] Benton-Short, Lisa and Price, Marie D., 'Migrants to the Metropolis: The Rise of Immigrant Gateway Cities, an Introduction' in Benton-Short, Lisa and Price, Marie D. (eds.), *Migrants to the Metropolis. The Rise of Immigrant Gateway Cities* (New York: Syracuse University Press, 2008) pp.1-22, 22.

[51] *Greenland in figures*. http://www.stat.gl/publ/en/GF/2013/pdf/Greenland%20in%20Figures%202013.pdf.

Where next?

Our analysis suggests the key lines of Iceland's policy are logically suited to its position as a small state in a sensitive and geographically central setting. They also benefit from wide cross-party support and from synergy with non-state efforts, including academic and other independent research, and the bottom-up as well as constructed framing of national/ethnic identity. Further, while Iceland is a Euro-sceptic nation and generally cautious about binding commitments, in this particular field it has made good use of formal multilateral cooperation and has done especially well in leveraging the Arctic Council and Nordic frameworks to its advantage.

At the same time, Iceland can be argued to show some of the more ambivalent and disputable features of a typical small-state approach. Its strategy and behaviour seek to evade responsibility for larger issues that more powerful actors are expected to decide. A more critical observer could call this free-riding, and it may also amount to double standards when the small actor feels free to take actions exacerbating problems it blames others for. A well–known example in Iceland's case is its uniquely high per capita carbon emissions, caused by the installation of large industrial plants the present government would like to see further expanded. Again, while opposing Arctic 'militarization' Iceland has been rather inactive in terms of specific proposals for arms control or demili-

tarization. While relying strongly on the support of international structures including those linked to the EU, it frequently acts unilaterally and against the letter or spirit of common rules – as seen in the current mackerel dispute – when national profits are at stake.

Similar ambiguities could be detected in Iceland's 'Arctic' and 'West Nordic' identification and especially, in the conscious use of identities. We have seen that there is a cultural basis for these facets of identity and for the behaviours and relationships that draw on them, reflecting inter alia, a shared colonial history, exoticized representations of the North as periphery/extreme, and the affinities among a diverse and increasingly mobile West Nordic population – as well as environmental and economic realities. Stressing such factors can often serve Iceland's practical interest in establishing its distinctness and ´branding' itself as a material and cultural producer. On the other hand, Iceland's non-state actors are also thoroughly engaged in the dynamics of globalized market forces and geopolitics. Like business and governmental players, they emphasize different identities and credentials when its suits them; but sometimes they may also be ahead of the tide and can offer counter-narratives to official discourse.

Such larger issues aside, three aspects of Iceland's Arctic role may require special attention in the future: strategic/political balance, resources, and overall strategy. Iceland cannot expect to dictate any of the main parameters or dynamics of Arctic development. It must therefore remain agile and flexible, friendly with all major players and open to all possible twists and turns in the development process, without becoming over-dependent on any one actor or any one road to profit. We have seen that excessive reliance on China (or anyone else) is not really an issue at present, but Iceland's leaders, public and commercial, must ensure this remains the case. Strong anchoring in Western institutions, including the EEA and Schengen, together with financial prudence and strong enforcement of societal and environmental standards for sustainable solutions, should provide the best guarantee in this context.

Iceland's diplomatic resources and its government machinery in general have been severely trimmed since the crash of 2008, though the Foreign Ministry has so far avoided cutting the Arctic affairs team as such. The new government's latest steps, which include plans for more active promotion of Icelandic interests in Brussels and a new consulate in Greenland's capital, as well as the new Arctic coordination committee, may imply a positive shift in resources allocation but this needs to be carried through in all relevant branches including monitoring and emergency management services, and fundamental and applied research and education. To some extent, the increased Icelandic emphasis on cooperation with Greenland and the Faroes can be seen as relevant and sensible here: the small entities cannot solve each other's resource gaps, but they can benefit from shared information, shared solutions, and where appropriate a common stand vis-a-vis with other actors and institutions

Last but not least, the new resolve on improved coordination needs to be carried through. This is not an easy matter at the practical level, even in the smallest of states, and Icelandic culture tends more towards independence and competition than cohesion among ministries, agencies and economic branches. However, it also demands a coherent strategy and goals towards which all can align themselves, and which help to keep Iceland's wishes clearly in view for outside partners. The Icelandic Arctic strategy has so far fulfilled this need reasonably well; but it has yet to be embedded within an overall security strategy for Iceland which would show how the Arctic factor can be made to serve the nation's other needs and goals. Political agreement on such a broader strategy might not be easy; but it is something that most of Europe's other small states have achieved. It could be an important part of Iceland's prescription for coping with smallness in the middle of a great Arctic game.