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Regional Programme Nordic Countries

Iceland bets on the status quo

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Aftermath of the EU Referendum and What Comes Next

On 29 August, Icelanders went to the polls to vote on whether to resume EU accession negotiations. After a fierce campaign by the Yes and No movements, a narrow majority rejected the proposal. 52.8% voted "no" and 47.2% voted "yes", on a strong turnout of 82%.

The result is not comparable to Brexit. Iceland remains closely tied to the EU and a participant in its internal market through the European Economic Area (EEA) Agreement. Icelanders simply chose not to change that arrangement.

A Long-Running Debate

Iceland is the only Nordic country never to have concluded accession talks with the EU. Norway has twice voted on completed accession treaties — in 1972 and 1994 — rejecting both times. Denmark joined in 1973, Finland and Sweden in 1995. In the wake of the 2008 financial crash, Iceland's new left-wing government took the historic step of applying for EU membership in 2009. The process was never completed, and after elections in 2013, the incoming government suspended the accession talks. The application was never formally withdrawn, however, which meant that when the pro-European coalition of the Social Democratic Alliance, Liberal Reform Party, and People's Party took office at the end of 2024, it was able to include in its coalition agreement a commitment to hold a referendum on whether to resume accession talks — "by 2027 at the latest."

It therefore came as something of a surprise when Foreign Minister Þorgerður Katrín Gunnarsdóttir introduced a parliamentary resolution in spring 2026 proposing to hold the vote at the end of summer. Both Prime Minister Kristrún Frostadóttir and Gunnarsdóttir cited Iceland's increasingly uncertain international environment as a reason to accelerate the referendum. US President Trump's efforts to take control of Greenland, Iceland's nearest neighbour, had reached a peak in the early months of the year.

Given this backdrop, it was remarkable how little the unprecedented geopolitical turbulence around Iceland featured in the actual referendum campaign. Despite Iceland having no standing military of its own, global realities received virtually no attention in the public debate: "The campaign kept staring intensely inward, isolated from the tectonic shifts taking place across the continent," commented political science professor Eiríkur Bergmann.

Why Did No Win?

The government bore political responsibility for putting the question to the people. By doing so, it aimed to secure an unambiguous popular mandate to resume the accession process and steer it toward a completed treaty — which would then have been put to a second referendum. Yet the government's leaders consciously stepped back from leading the Yes campaign, framing the vote as a matter now in the hands of the people rather than politicians. Prime Minister Frostadóttir was notably restrained, stressing that whatever the outcome, the government would respect it. It was Foreign Minister Gunnarsdóttir of the Liberal Reform Party who was the most passionate Yes advocate among coalition figures. The third coalition party, the People's Party, does not have EU membership in its party programme, though its leader Inga Sæland supported holding the referendum. Polls in the run-up to the referendum showed that close to 50 per cent of the (remaining)

supporters of the PP tended towards voting 'yes' – in contrast to over 90% of the supporters of the Social Democrats and Liberal Reform.

The main Yes movement adopted the slogan "Yes to See" — arguing that voting yes was not a commitment to join the EU, but simply a mandate to begin negotiations and find out what terms Iceland might be offered, with the actual accession treaty then put to a second decisive vote. The hope was that this framing would win over voters who were open-minded but not yet convinced that Iceland should join. For a time it appeared to be working: polls through the summer showed a narrow but fairly consistent majority for yes. It was only in the final stretch that the No side pulled ahead.

There was a striking urban-rural divide. 57% of voters in the capital voted yes, while in the most rural constituency (Iceland has six constituencies in total) nearly two in three voted no.

A Flood of Flag-Waving Ads

The campaigns were run by civil society organisations. On the No side, the established anti-EU group Heimssýn — which describes itself as a movement for national sovereignty in European affairs — led early, while a broader No umbrella movement emerged in July under the slogan "Áfram Ísland!" ("Forward Iceland!"), which is the slogan traditionally shouted by the crowd in support of the national team at international sports matches. Among the movement's most prominent spokespeople were a former director-general of the Confederation of Icelandic Enterprise, a former president of Iceland, and a radical trade union leader. The campaign was evidently well-funded, and a huge wave of advertising hit the public in the final weeks before polling day.

The No campaign hammered the message that this was not really a vote on negotiations but on EU membership as such, and that membership would threaten Icelandic control over natural resources — above all the fishing grounds. Icelandic agriculture, they argued, was incompatible with EU agricultural rules. The potential costs of membership were emphasised heavily, while the economic benefits of adopting the euro — a central Yes argument — were largely dismissed.

A typical No voter's sentiment was captured in this comment from a Reykjavík voter on polling day: "I know perfectly well I might be better off with EU membership. But I voted no — for Iceland!" This illustrates how the No side succeeded in framing

what was technically a vote on reopening negotiations as a question of national sovereignty and self-determination.

Young voters persuaded to vote No

Among the most striking features of the No campaign's success was the extent to which younger voters — those aged between 18 and 25 — ended up casting their ballots for No. This group was specifically targeted by the No campaign, both through social media (TikTok in particular) and telephone canvassing. There is evidence that No campaign callers told young people, among other things, that the country would forfeit control of its natural resources, that it would be obliged to fund Montenegro's EU accession, and that young Icelanders would be conscripted into a "European Army." It appears that the arguments which ultimately persuaded many young voters to choose No were those centering on the claim that a Yes vote would place Iceland's independence and sovereignty at risk.

It was also striking how diverse the coalition behind No was. Large fishing companies and major capital owners stood alongside the country's most radical trade union leaders and figures from the far left — an unusual alignment. The main trade union confederation chose to abstain from having a public opinion on the issue, taking no position either way. The employers' federation quietly but clearly backed No. So did the leadership of the Independence Party — Iceland's mainstream right-wing party, which has governed the country for most of the years since the republic was founded. In opposing EU membership, the party stands in stark contrast to its sister parties across the Nordic region, such as Norway's Høyre and Sweden's Moderaterna, which have been very consistent in their pro-EU stance for decades. The other opposition parties — nationalist-conservative Centre Party and the agrarian Progressive Party — also campaigned actively for No.

Continuing with the EEA

The day after the referendum, government leaders announced that the outcome meant Iceland would continue to build its relationship with Europe on the foundation of the EEA Agreement — and that the broad support for the EEA that had been expressed throughout the campaign was welcome, given that it had not always enjoyed such unambiguous backing.

Foreign Minister Gunnarsdóttir wrote to her Irish counterpart Helen McEntee, whose country holds the rotating presidency of the EU Council, informing her of the result and confirming that the

government had no intention of resuming accession talks. The letter stressed that Iceland's close cooperation with the EU would continue on a solid foundation, and highlighted the importance of the EEA, shared challenges, and improved implementation within EEA cooperation. Gunnarsdóttir also expressed Iceland's wish to strengthen cooperation with the EU in security and defence, Arctic affairs, and ocean governance, and reaffirmed Iceland's support for Ukraine.

When parliament reconvened after the summer recess, the hardest-line opposition members demanded that Iceland's membership application be formally withdrawn, arguing this was the logical consequence of the No vote. Prime Minister Frostadóttir responded that the referendum had only asked about resuming negotiations, and that the government would respect the outcome without taking further action on the application — consistent with the approach of every government since 2013. Some members of the Centre Party went further, calling for Gunnarsdóttir's resignation. Activists launched a petition to the same end, and police opened an investigation into threats the minister received in the run-up to the vote.

A Stricter EU Partner

One likely consequence of the No vote is that the EU will be less accommodating toward Iceland — and the other EEA-EFTA states — on the implementation of EEA legislation. Norwegian EU law expert Halvard Fredriksen pointed this out immediately after the result. Iceland faces significant difficulties in incorporating EEA acts into Icelandic law within the required timeframes — a clear breach of the EEA Agreement. With the No vote, Fredriksen predicted the EU would "take off its velvet gloves." It is worth noting that EEA parties can withdraw from the agreement with one year's notice.

Iceland's dependence on Norway within the EEA is also worth underlining — a fact rarely acknowledged in Icelandic public debate. Norway bears most of the operational costs of the EEA and its administration has considerably greater capacity to monitor and advance the EFTA-EEA States' interests in dealings with the EU. After the No vote, Iceland has become even more dependent on Norway within EEA cooperation than it was before.

There is now growing debate in Norway about the adequacy of the EEA Agreement as a framework for managing Norway-EU relations. Norwegian Foreign Minister Espen Barth Eide announced new

measures in mid-September aimed at making the incorporation of EEA legislation significantly more efficient. This debate could ultimately lead Norway to make a third attempt at EU membership — and if Norway were to pursue accession, Iceland would have little choice but to follow, in a much weaker negotiating position than it would have been today.

The Trump Factor

The volatility of Iceland's international environment was underlined dramatically in the two weeks after the referendum, when President Trump posted an AI-generated map on his Truth Social platform showing territory from the Panama Canal in the south to Canada, Greenland, and Iceland in the northeast — all coloured in the stars and stripes under the heading "United States of North America." Foreign Minister Gunnarsdóttir summoned the US ambassador and formally protested.

This was the first time Iceland had been explicitly included in Trump's public statements about expanding US territorial control. Shortly after, Icelandic public broadcaster RÚV revealed that in late November 2024 — just after Trump had won the presidential election but before taking office — he had telephoned then-Prime Minister Bjarni Benediktsson shortly before Iceland's parliamentary elections, and had repeatedly urged Benediktsson to consider the option of Iceland becoming the 51st state of the United States. Benediktsson had chosen not to make the call public, though a memorandum of it was recorded. The chair of the Althingi's foreign affairs committee declined to comment on what had been discussed in the committee meeting about the call, but told RÚV it was serious when Iceland's sovereignty was "being toyed with."

In the wake of these revelations, speculation arose about whether the referendum result might have been different had this information been publicly known beforehand.

Will the EU offer New Models of Flexible Integration?

Meanwhile, a significant development unfolded at the European level. Canadian Prime Minister Mark Carney has been in dialogue with EU leaders about new ways to deepen Canada-EU ties. He was a special guest when European Commission President Ursula von der Leyen delivered her annual State of the Union address to the EU Parliament in Strasbourg on 16 September, where she invited Canada to become the EU's first

associate member — a form of relationship that does not yet formally exist. Carney received a standing ovation from MEPs when he addressed the Parliament the following day. The proposal envisages Canada gaining access to the internal market on terms somewhat similar to the EEA, as well as enhanced cooperation in defence manufacturing, student exchanges, scientific collaboration, and energy and communications infrastructure. But the details remain to be worked out.

The United Kingdom, which left the EU in 2020, is also actively seeking ways to repair the damage Brexit has caused and is likely to be highly interested in any such innovative frameworks for closer association with the EU's internal market, as well as European security and defence cooperation.

The thought presents itself: could the twin threats of Russian aggression from the east and the America-First unpredictability from the west drive the prosperous, EU-sceptic nations of northwestern Europe — the UK, Norway, Iceland — together with Canada into a geopolitical experiment with the EU, one that would allow them to bind themselves closely to the Union without full membership of its supranational institutions? From the EU's perspective, this would represent a willingness to deploy new forms of flexible integration.

Having rejected the option of resuming accession talks, Iceland now finds itself at a crossroads. Full participation in such a geopolitical initiative — whatever form it might take — could be precisely the unexpected opportunity that Iceland should be looking for as it navigates an increasingly unpredictable geopolitical environment.

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