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Iceland: Outsized Importance for Transatlantic Security

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Abstract

Iceland, one of the 12 original NATO members, has been an ally and partner to the U.S. for more than 60 years. While the end of the Cold War lowered Iceland's profile as a geostrategic security partner, the failure of the Russian "reset" during the early days of the Obama Administration, and the resurgent belligerence of Russia, underscores that the island nation remains an important partner for safeguarding U.S. security interests. The U.S. must not allow Iceland's small size to obscure its outsized importance for Arctic and transatlantic security.

The United States is a global power with global interests. These interests include ensuring that the sea lanes of the North Atlantic remain open to the flow of commerce and information, and that the North Atlantic Treaty Organization (NATO) remains a bulwark that ensures peace and security for its member states. Iceland, one of the 12 original NATO members, has been an ally and partner to the U.S. for more than 60 years. While the end of the Cold War may have lowered Iceland's profile as a geostrategic security partner, the failure of the Russian "reset" during the early days of the Obama Administration, and the resurgent belligerence of Russia, underscores that the island nation remains an important partner for safeguarding U.S. security interests.

In the northern Atlantic Ocean, Iceland sits on the very frontier of the North American landmass, is the westernmost nation in Europe, and is a mere 186 miles from Greenland. Iceland's territory encompasses 39,769 square miles, roughly the same size as the state of Kentucky, with a population of 323,000, slightly larger than that of St. Louis, Missouri.[1] While small in geographic

Key Points

- Small in geographic and population terms, Iceland has long played an outsized role in security affairs, serving as a vital Atlantic outpost during both World War II and the Cold War.
- The end of the Cold War lowered Iceland's profile as a geostrategic security partner, but the resurgent belligerence of Russia, and Russian and Chinese interests in Arctic and North Atlantic waters, underscores the importance of the island NATO member to U.S. economic and security interests.
- The U.S. should rebuild its security partnership and strengthen relations with Iceland. This includes increasing America's contribution to the defense of Icelandic air space, deploying more surveillance aircraft from Iceland to monitor Russian naval activity, increasing joint training exercises both bilaterally and with NATO and Arctic Council members, and strengthening economic ties.

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and population terms, Iceland has long played an outsized role in security affairs, serving as a vital Atlantic outpost during both World War II and the Cold War.

Today, Iceland still plays an important role in transatlantic security, especially when viewed in light of recent Russian behavior in continental Europe, and both Russian and Chinese interests in Arctic and North Atlantic waters. The U.S. should seek to rebuild its security partnership and strengthen relations with Iceland. This includes increasing America's contribution to the defense of Icelandic air space, deploying more surveillance aircraft from Iceland to monitor Russian naval activity, increasing joint training exercises both bilaterally and with NATO and Arctic Council members, and strengthening economic ties.

Iceland's Historical Geopolitical Significance

Independent for its first three centuries, Iceland was ruled by both Norwegian and Danish kings for most of its history. On December 1, 1918, Iceland and Denmark signed the Danish–Icelandic Act of Union, which established Iceland as a largely independent state, though remaining under Danish rule. This meant that the Althing, the Icelandic parliament, conducted autonomous domestic government responsibilities, while Denmark retained control over Icelandic foreign and military affairs. In World War I, Denmark remained neutral, so Iceland was a neutral party as well. However, 1,200 Icelanders fought in the war, mostly for Canada, and 144 lost their lives.[2]

On April 9, 1940, during World War II, Nazi Germany began its occupation of Denmark. In response, the Althing passed resolutions vesting the Icelandic government with power over its foreign affairs, stating:

> Having regard to the situation now created, Denmark is not in a position to execute the authority to take charge of the foreign affairs of Iceland, nor can it carry out the fishery inspection within Icelandic territorial waters. Therefore the Althing declares that Iceland will for the time being take the entire charge of these affairs.[3]

Thus, Iceland set its course toward total self-government.

Its geographic location, the emergence of air travel and submarine technology, and fast-growing transatlantic trade magnified Iceland's importance. During World War II, the island became an area of strategic importance. The German Navy plied the waters of the Atlantic attacking shipping convoys that provided vital food and materiel to the United Kingdom. Upon obtaining new submarine bases and airfields in France after the French surrender in 1940, German U-boats gained greater capability to harass commercial and military vessels alike in the Atlantic.[4] Fearful of German control over these vital sea lanes astride Iceland, the United Kingdom invaded Iceland on May 10, 1940, to pre-empt the Nazis.[5] That the British invasion and occupation, codenamed Operation Fork, was undertaken by the cautious and reticent British Prime Minister Neville Chamberlain highlights how vital Iceland and its surrounding waters were to the competing powers in the war.

Retired Navy captain, and professor at Hawaii Pacific University, Carl Schuster described the importance of Iceland during the war:

> Located just outside bomber range of the North American land mass, Iceland was ideally positioned to decisively influence the battle of the Atlantic. Whoever possessed the island could base air and naval forces to dominate the sea and the

1. Central Intelligence Agency, *The World Factbook*, https://www.cia.gov/library/publications/the-world-factbook/geos/ic.html (accessed February 25, 2016).
2. Helgi Hrafn Guðmundsson, "'Icelandic Blood Has Been Shed': About 1,200 Icelanders Fought in World War I," *The Reykjavík Grapevine*, June 26, 2014, http://grapevine.is/mag/articles/2014/06/26/icelandic-blood-has-been-shed/ (accessed March 11, 2016).
3. Raphaël Lemkin, *Axis Rule in Occupied Europe: Laws of Occupation, Analysis of Government Proposals for Redress* (Clark, NJ: The Lawbook Exchange, 2005), p. 165.
4. Nick Hewitt, "The Convoys that Helped Britain During the Second World War," Imperial War Museums, http://www.iwm.org.uk/history/the-convoys-that-helped-save-britain-during-the-second-world-war (accessed March 7, 2016).
5. C. Peter Chen, "Invasion of Iceland: 10 May 1940–19 May 1940," World War II Database, http://ww2db.com/battle_spec.php?battle_id=218 (accessed March 7, 2016).

skies of the western and central Atlantic, through which virtually all of Britain's vital sea commerce had to transit. In effect, Iceland was a potential knife at Britain's seaborne jugular vein.[6]

Ensuring access to the sea lanes of the North Atlantic proved vital during World War II. The U.K. needed food, equipment, and petroleum, much of which came across the Atlantic. Western powers viewed Germany's U-boats as a critical threat during the war. In 1949, Winston Churchill would write the "only thing that ever really frightened me during the war was the U-boat peril."[7] Yet already in 1940, believing he needed all available manpower to defend the U.K. from a channel invasion, Prime Minister Churchill had requested American troops to replace the British contingent on Iceland.[8] By the time U.S. troops arrived in July 1941, more than 25,000 British troops were already in Iceland[9]—troops that were needed at home for the defense of the British Isles. The U.S. stayed in Iceland for the remainder of the war, during which time one American soldier was stationed on the island for every three Icelanders, illustrating both Iceland's small population and the significance the U.S. placed on the island nation.[10]

U.S.–Icelandic Security Cooperation Since World War II

On February 25, 1944, the Althing voted to formally break ties with Denmark. The parliamentary decision was ratified by popular referendum in May 1944. The U.S. was the first nation to recognize Iceland's full independence.[11]

In order to quell domestic Icelandic opposition to ratifying the NATO treaty and becoming a member in 1949, the U.S. assured Iceland that permanent basing during peacetime would not be a precondition for joining the alliance. Iceland subsequently ratified the treaty and became one of the original members at NATO's founding.[12]

Further strengthening the countries' security ties, the U.S. and Iceland signed a bilateral defense agreement in 1951. According to the agreement: "The United States on behalf of the North Atlantic Treaty Organization and in accordance with its responsibilities under the North Atlantic Treaty will make arrangements regarding the defense of Iceland."[13] Therefore, the U.S. remains bound to defend Iceland, not only by NATO's Article V,[14] but also by a bilateral agreement—a testament to the importance of Iceland to U.S. security interests.

These agreements proved mutually beneficial throughout the Cold War, as Iceland served as a vital geographic bulwark against Soviet submarines and aerial assets operating in a strategically important corner of the North Atlantic, and the United States, in turn, protected Iceland's territory.

In particular, Iceland's position allowed the U.S. and its allies in NATO to patrol the vitally important naval passages through Greenland, Iceland, and the United Kingdom, referred to as the "GIUK gap" (from the first initials of the three nations that make up the gap). Sovi-

6. David T. Zabecki, *World War Two in Europe* (New York: Garland Publishing, 1999), p. 1538.
7. Gary Sheffield, "The Battle of the Atlantic: The U-Boat Peril," BBC, March 30, 2011, http://www.bbc.co.uk/history/worldwars/wwtwo/battle_atlantic_01.shtml (accessed March 11, 2016).
8. Lt. Gen. William K. Jones, *A Brief History of the 6th Marines* (Washington, DC: U.S. Government Printing Office, 1987), http://www.marines.mil/Portals/59/Publications/A%20Brief%20History%20of%20the%206th%20Marines%20%20PCN%2019000310000_2.pdf (accessed March 30, 2016).
9. British Broadcasting Corporation, *Fact File: Britain Garrisons Iceland*, http://www.bbc.co.uk/history/ww2peopleswar/timeline/factfiles/nonflash/a1126496.shtml (accessed March 7, 2016).
10. Chen, "Invasion of Iceland."
11. U.S. Department of State, "U.S. Relations with Iceland," *Fact Sheet*, March 16, 2016, http://www.state.gov/r/pa/ei/bgn/3396.htm (accessed April 11, 2016).
12. Delegation of Iceland to NATO Brussels, "Iceland and NATO," http://www.iceland.is/iceland-abroad/nato/iceland-and-nato (accessed March 7, 2016).
13. Defense of Iceland: Agreement Between the United States and the Republic of Iceland, May 5, 1951, http://avalon.law.yale.edu/20th_century/ice001.asp (accessed March 30, 2016).
14. Article V refers to the NATO principle of collective defense "that binds its members together, committing them to protect each other and setting a spirit of solidarity within the Alliance." See North Atlantic Treaty Organization, "Collective Defense–Article 5," http://www.nato.int/cps/en/natohq/topics_110496.htm# (accessed March 7, 2016).

et submarines, bombers, and reconnaissance aircraft traversed the GIUK gap frequently to gain access to the Atlantic Ocean from the Northern Russian coast.[15] The U.S. installed radar stations to monitor Soviet submarines in Greenland, Iceland, and the United Kingdom, as well as an underwater sound surveillance system (SOSUS). SOSUS is a system of sound-detecting devices placed on the ocean floor, which could pick up on low-frequency noise at long distance. It was used to track Soviet submarines traversing the GIUK gap and elsewhere in the Atlantic Ocean.[16] The data was fed back to Naval Air Station (NAS) Keflavik, the headquarters of U.S. military operations in Iceland. Keeping tabs on Soviet submarine activity was critical to the U.S., as any movement that could signify an impending invasion of NATO territory might demand a major deployment of U.S.-based forces to reinforce NATO in Europe. SOSUS has largely been phased out since the end of the Cold War, both because the threat posed by Russia lessened at that point and because toward the end of the conflict, Russia developed quieter and less-detectable submarines.[17]

Also contributing to the obsolescence of SOSUS was the introduction of the P-3 Orion anti-submarine warfare (ASW) aircraft in 1969, which remains in operation today.[18] This aircraft provided advantages over SOSUS in mobility, multi-mission functionality, active weapons systems, and ease of upgrading the platform. The U.S. Navy is currently replacing its fleet of P-3s with the more advanced P-8 Poseidon aircraft.

In addition to submarine hunting activities, U.S. military planners recognized the importance of Iceland for strategic air power early on. "U.S. war plans relied on the retaliatory power of the Strategic Air Command (SAC). If SAC bases in Britain were destroyed by the Soviets, the United States wanted to proceed with the counteroffensive from Iceland."[19] The Soviet Union's actions strengthened the conviction that Iceland was a geographically strategic location, as the U.S. intercepted 176 Soviet aircraft flying off the coast of Iceland in 1980 alone.[20]

The U.S. military built NAS Keflavik in southwest Iceland during World War II and, with the exception of 1946 to 1951, operated a multi-service base there until 2006. In addition to the airfield and hangar facilities for various military aircraft, the U.S. headquartered a military command at Keflavik called the Iceland Defense Force (IDF) until its disestablishment in 2006.[21] The IDF was a subordinate command of the U.S. Atlantic Command for most of its existence, and was primarily made up of U.S. Navy, Marine Corps, and Air Force personnel.

Russian Assertiveness and Provocation

A revanchist Russia has undermined stability in Europe. In 2014, Russia invaded and annexed Ukraine's Crimean peninsula, and continues to fuel a lingering war in the Donbas region of eastern Ukraine. The conflict has cost more than 9,000 lives since Russia's invasion two years ago.[22]

15. Dario Leone, "How the U.S. F-15s Intercepted Russian Bear Bombers in the Giuk Gap," *The Aviationist*, August 4, 2014, http://theaviationist.com/2014/08/04/russian-bears-at-giuk-gap/ (accessed March 30, 2016).
16. Gustav Pétursson, "Icelandic Security in a Changing Regional and Geopolitical Seascape: Limited Capabilities and Growing Responsibilities," in Lassi Heininen, ed., *Security and Sovereignty in the North Atlantic* (London: Palgrave Macmillan, 2014), p. 29, and Einar Benediktsson, "At Crossroads: Iceland's Defense and Security Relations, 1940–2011," U.S. Army War College, August 18, 2011, http://www.strategicstudiesinstitute.army.mil/index.cfm/articles/Icelands-Defense-and-Security-Relations-1940-2011/2011/8/18 (accessed March 30, 2016).
17. "First-Generation Installations and Initial Operational Experience," *Undersea Warfare*, Vol. 7, No. 2 (Winter 2005), http://www.public.navy.mil/subfor/underseawarfaremagazine/Issues/Archives/issue_25/sosus2.htm (accessed March 30, 2016).
18. Federation of American Scientists, "P-3 Orion," December 27, 1999, http://fas.org/man/dod-101/sys/ac/p-3.htm (accessed March 30, 2016).
19. Valur Ingimundarson, "Britain, the US, and the Militarization of Iceland 1945–1951," *Scandinavian Journal of History*, Vol. 37, No. 2, (May 2012), pp. 198–220.
20. "U.S. Jets Intercept 176 Soviet Aircraft off Iceland in One Year," *Ocala Star-Banner*, November 23, 1980, https://news.google.com/newspapers?nid=1356&dat=19801123&id=vo5PAAAAIBAJ&sjid=swUEAAAAIBAJ&pg=5561,3724002&hl=en (accessed March 30, 2016).
21. Global Security, "Iceland Defense Force," http://www.globalsecurity.org/military/agency/dod/idf.htm (accessed March 7, 2016).
22. Thomas Gibbons-Neff, "As Focus Remains on Syria, Ukraine Sees Heaviest Fighting in Months," *The Washington Post*, February 16, 2016, https://www.washingtonpost.com/news/checkpoint/wp/2016/02/16/as-focus-remains-on-syria-ukraine-sees-heaviest-fighting-in-months/ (accessed March 30, 2016).

Following Russia's invasion of Ukraine, Iceland joined the U.S. and the European Union in leveraging sanctions against Russia. In August 2014, Russia retaliated by banning some Icelandic food imports. Since the fishing industry represents a large portion of Iceland's economy, this could have created political pressure on Iceland to relieve these sanctions. However, the Icelandic government has remained steadfast.

It has also become increasingly clear that Russia seeks control in its geographic sphere of influence. As General Philip Breedlove, NATO Supreme Allied Commander Europe, has argued, "Russia has chosen to be an adversary and poses a long-term existential threat to the United States."[23] Russia's latest national security strategy, signed on December 31, 2015, states that it views NATO actions as a national security threat to the Russian Federation.[24] In a 2015 speech, Lieutenant General Ben Hodges, Commanding General of U.S. Army Europe, stated: "I am sure Putin wants to destroy our alliance, not by attacking it but by splintering it."[25]

Russian provocations have included increasing underwater activity. Vice Admiral Clive Johnstone, Commander of NATO Allied Maritime Command, stated that there is "more activity from Russian submarines than we've seen since the days of the Cold War," and that those submarines are operating at "a level of capability that we haven't seen before."[26] General Breedlove, testifying before Congress in March 2016, described how Russia does all of the production, testing, and work for its most sophisticated submarines off the northwest coast near Murmansk, saying that "to be able to employ those submarines, they have to come out through this area over here, we call the GIUK gap."[27]

Russia has also publicly declared its intentions in the Arctic. Admiral Vladimir Korolev, Commander of the Russian Northern Fleet, stated in December 2015 that "one of the priorities of the Northern Fleet is the development of the Arctic and the protection of state interests in this strategically important region. In the coming year, the Northern Fleet will continue performing long-distance campaigns with warships and submarines."[28]

As detailed in The Heritage Foundation's annual assessment of U.S. military power, the *Index of U.S. Military Strength*,

> Russia's Northern Fleet, which is based in the Arctic, counts for two-thirds of the Russian Navy. A new Arctic command was established in 2015 to coordinate all Russian military activities in the Arctic region. Over the next few years, two new so-called Arctic brigades will be permanently based in the Arctic, and Russian Special Forces have been training in the region. Old Soviet-era facilities have been reopened; for example, the airfield on Kotelny Island has been put into use for the first time in almost 30 years. The ultimate goal is to deploy a combined Russian arms force in the Arctic by 2020, and it appears that Russia is on track to accomplish this.[29]

Russia conducted major naval exercises in the region in September 2015 and is purportedly planning additional Arctic exercises in 2016.[30]

23. Khatuna Mshvidobadze, "Commentary: New Russian Security Strategy," *Defense News*, January 26, 2016, http://www.defensenews.com/story/defense/commentary/2016/01/26/commentary-new-russian-security-strategy/79294976/ (accessed March 30, 2016).
24. Ibid.
25. Justin Huggler, "Putin Wants to Destroy NATO, Says US General Ben Hodges," *The Telegraph*, March 4, 2015, http://www.telegraph.co.uk/news/worldnews/vladimir-putin/11448971/Vladimir-Putin-wants-to-destroy-Nato-says-US-commander-in-Europe-Ben-Hodges.html (accessed March 30, 2016).
26. Franz-Stefan Gady, "Russian Submarine Activity at Highest Level Since Cold War," *The Diplomat*, February 5, 2016, http://thediplomat.com/2016/02/russian-submarine-activity-at-highest-level-since-cold-war/ (accessed March 30, 2016).
27. Hearing on United States European Command, Committee on Armed Services, U.S. Senate, 114th Cong., 1st Sess., March 1, 2016.
28. "2016: Russia's Northern Fleet Ready to Defend State Interests in the Arctic," *Sputnik News*, December 13, 2015, http://sputniknews.com/military/20151231/1032540929/russia-fleet-arctic.html (accessed March 30, 2016).
29. Dakota L. Wood, ed., *2016 Index of U.S. Military Strength* (Washington, DC: The Heritage Foundation, 2016), p. 146, http://index.heritage.org/military/2016/assessments/threats/europe/.
30. Vishakha Sonawane, "Russian Airborne Forces Plan to Conduct Military Exercises in the Arctic," *International Business Times*, November 30, 2015, http://www.ibtimes.com/russian-airborne-forces-plan-conduct-military-exercises-arctic-2203652?rel=rel2 (accessed March 30, 2016).

Russia's latest maritime doctrine, released in 2015, calls for an increased Russian naval presence and level of activity in the North Atlantic.[31] Recent activity indicates that Russian naval leadership is striving to implement that doctrine. As stated above, Russian submarines are operating in the Atlantic at a rate not seen since the end of the Cold War. Indeed, Admiral Viktor Chirkov, commander in chief of the Russian navy, stated in 2015 that the navy had ramped up submarine patrols 50 percent from just 2013.[32]

Furthermore, both submarines and surface vessels from Russia's Northern Fleet have been increasingly operating near transatlantic communications cables. In one particularly provocative move, the Russian spy vessel *Yantar* sailed just off the U.S. east coast on its way to Cuba after having sailed across the Atlantic in September 2015.[33] This vessel is equipped with deep-sea unmanned submersibles capable of performing surveillance and possibly cutting cables.[34] As former NATO Supreme Allied Commander Admiral James Stavridis remarked, "This is yet another example of a highly assertive and aggressive regime seemingly reaching backwards for the tools of the Cold War, albeit with a high degree of technical improvement."[35]

Russia has also increased provocative air force activities near European airspace, particularly near NATO member airspace. Iceland is no exception. In February 2015, two Russian Tupolev Tu-95 bombers flew within 26 nautical miles of Iceland, making two passes.[36] It was reportedly the closest that Russian military aircraft had flown to Iceland since 2006.[37] For the past decade, Russian military flights have flown annually near Icelandic airspace.[38] U.S. Deputy Secretary of Defense Robert Work recently stated that "the Russians have long done transit flights where they pass close by Iceland, but they've recently made several circumnavigation flights."[39]

Growing Chinese Interest in Iceland

Iceland could become a major shipping hub as the Northern Sea Route (NSR) becomes increasingly viable for commercial passage. This route, along the northern coast of Russia and Europe, reduces the trip from Hamburg to Shanghai by almost 4,000 miles, and reduces delivery time between the two cities by a week.[40] As evidence of shipping potential for Iceland, the nation announced in October 2015 that it was beginning feasibility studies for a deep-water port at Finnafjörður, in the northeast of the country.[41] Most of the economic potential from the NSR for Iceland derives from such ports being used as transshipment hubs. As U.S. Special Representative for the Arctic Admiral Robert J. Papp explained at a Heritage Foundation presentation in August

31. Sean MacCormac, "The New Russian Naval Doctrine," Center for International Maritime Security, November 24, 2015, http://cimsec.org/new-russian-naval-doctrine/18444 (accessed March 30, 2016).
32. Demetri Sevastopulo, "Russian Navy Presents US Navy with Fresh Challenge," *Financial Times*, November 2, 2015.
33. David E. Sanger and Eric E. Schmitt, "Russian Ships Near Data Cables Are Too Close for U.S. Comfort," *The New York Times*, October 25, 2015, http://www.nytimes.com/2015/10/26/world/europe/russian-presence-near-undersea-cables-concerns-us.html?_r=0 (accessed March 16, 2016).
34. Bill Gertz, "U.S. Shadowing Russian Ship in Atlantic Near Nuclear Submarine Areas," *The Washington Free Beacon*, September 3, 2015, http://freebeacon.com/national-security/u-s-shadowing-russian-ship-in-atlantic-near-nuclear-submarine-areas/ (accessed March 30, 2016).
35. Sanger and Schmitt, "Russian Ships Near Data Cables Are Too Close for U.S. Comfort."
36. Zoe Robert, "Two Russian Bombers Fly Close to Iceland," *Iceland Review*, February 19, 2015, http://icelandreview.com/news/2015/02/19/two-russian-bombers-fly-close-iceland (accessed March 30, 2016).
37. Zoe Robert, "Russian Flyby 'Should Be Taken Seriously,'" *Iceland Review*, February 20, 2015, http://icelandreview.com/news/2015/02/20/russian-flyby-should-be-taken-seriously?language=en (accessed March 30, 2016).
38. Alex Elliott, "Russian Military Flight Threat Reduced," *Iceland Review*, September 20, 2015, http://icelandreview.com/news/2015/09/20/russian-military-flight-threat-reduced (accessed March 30, 2016).
39. Christopher P. Cavas, "Resurgent Russia Drawing Northern Nations Closer," *Defense News*, September 8, 2015, http://www.defensenews.com/story/defense/2015/09/08/resurgent-russia-drawing-northern-nations-closer/71869042/ (accessed March 30, 2016).
40. James M. Roberts and William T. Wilson, "2015 Global Agenda for Economic Freedom," Heritage Foundation *Special Report* No. 170, August 26, 2015, http://www.heritage.org/research/reports/2015/08/2015-global-agenda-for-economic-freedom.
41. "Germany and Iceland Cooperate on New Transpolar Port," Arctic Newswire, October 20, 2015, http://www.adn.com/article/20151020/germany-iceland-cooperate-new-transpolar-port (accessed March 30, 2016).

2015, Singapore has expressed interest in supporting Icelandic port operations because (as a global shipping hub itself) it recognizes this potential.[42]

China has taken great interest in exploiting the NSR, and as a result has increased its activity in Iceland in recent years. In 2012, the Chinese icebreaker *Xue Long* became the first Chinese vessel to sail across the NSR to the Barents Sea.[43] The *Xue Long* returned by sailing straight across the North Pole via the transpolar sea route, which is north of the NSR and is less frequently an open passage.[44] In October 2015, COSCO, China's largest shipping company, stated that it intends to begin a regular shipping route to Europe via the Arctic Ocean.[45] The Chinese have also been negotiating with various foreign companies to enhance their infrastructure to take advantage of the NSR, indicating that their declared interest in the Arctic is more than just geopolitical rhetoric. For example, the Chinese shipping company Sinotras entered into a contract with a Greek shipping firm to purchase Arctic-class liquid natural gas tankers from a Korean shipbuilder.[46] This deal, among others, will take advantage of the natural gas output from the Yamal Peninsula on the Kara Sea in Russia, which feeds north into the Arctic Ocean. This will create a new energy source for China while strengthening its ties with Russia.

China is Iceland's fourth-largest trading partner; in 2013, 7.8 percent of imports to Iceland originated in China.[47] While trade between China and Iceland may be small in overall size, it has increased in recent years. In 2013, Iceland signed a free trade agreement (FTA) with China,[48] the first European nation to do so. The FTA has afforded China increased leverage in Iceland, a nation the Chinese value for its geographic location and membership in the Arctic Council (of which China is already an observer nation). Underscoring the importance that China places on its presence in Iceland, the Chinese embassy in Reykjavik can accommodate a staff of up to 500 people.[49] The U.S. embassy by comparison has about 70 people.[50]

China has also taken concrete steps to secure natural resources in Iceland. In 2011, state-owned China National Bluestar bought Norwegian firm Elkem,[51] which owned a plant in Iceland that processed the iron-silicon alloy ferrosilicium, a key component in solar cells. This is unsurprising, given China's aggressive investment in alternative energy.[52] In January 2015, a Chinese company announced its intention to build an aluminum smelter in Iceland. While the proposed smelter would be the smallest in Iceland, the agreement was viewed as important enough for former Icelan-

42. "Examining Arctic Opportunities and Capabilities: Does the U.S. Have the Infrastructure, Ships and Equipment Required?" The Heritage Foundation, video of panel discussion, August 18, 2015, http://www.heritage.org/events/2015/08/admiral-papp.
43. Trude Pettersen, "China Starts Commercial Use of Northern Sea Route," *Barents Observer*, March 14, 2013, http://barentsobserver.com/en/arctic/2013/03/china-starts-commercial-use-northern-sea-route-14-03 (accessed March 30, 2016).
44. Trude Pettersen, "China Icebreaker Bound for North Pole," *Barents Observer*, August 23, 2012, http://barentsobserver.com/en/arctic/chinese-icebreaker-bound-north-pole-23-08 (accessed March 30, 2016).
45. "Cosco Announces Arctic Shipping to Europe," *The Japan Times*, October 27, 2015, http://www.japantimes.co.jp/news/2015/10/27/asia-pacific/cosco-announces-arctic-shipping-route-europe/#.VsTZyPkrJph (accessed March 30, 2016).
46. "DSME Launches World's First Icebreaking LNG Carrier," *The Maritime Executive*, January 18, 2016, http://www.maritime-executive.com/article/dsme-launches-worlds-first-icebreaking-lng-carrier (accessed March 30, 2016).
47. The Observatory of Economic Complexity, "Iceland," http://atlas.media.mit.edu/en/profile/country/isl/#Trade_Balance (accessed March 31, 2016).
48. Icelandic Ministry for Foreign Affairs, "Free Trade Agreement Between Iceland and China," April 15, 2013, https://www.mfa.is/foreign-policy/trade/free-trade-agreement-between-iceland-and-china/ (accessed March 30, 2016).
49. Didi Kirsten Tatlow, "China and the Northern Rivalry," *The New York Times*, October 5, 2012, http://rendezvous.blogs.nytimes.com/2012/10/05/china-and-the-northern-great-game/ (accessed March 30, 2016).
50. Ibid.
51. News release, "Orkla Sells Elkem to China National Bluestar," Elkem, December 15, 2014, https://www.elkem.com/news/Orkla-sells-Elkem-to-China-National-Bluestar/ (accessed March 30, 2016).
52. "China to Increase Wind, Solar Power Capacity by 21% in 2016," Bloomberg News, http://www.bloomberg.com/news/articles/2015-12-30/china-plans-to-raise-wind-solar-power-capacity-by-21-in-2016 (accessed March 30, 2016).

dic Prime Minister Sigmundur Davíð Gunnlaugsson to attend its signing.[53]

China has also demonstrated interest in Icelandic technology, specifically as it relates to harvesting renewable energy. Almost 100 percent of Iceland's electricity production comes from two sources, hydropower (71 percent) and geothermal power (28.9 percent).[54] Iceland and China have developed a symbiotic relationship in the geothermal-energy sector. Iceland helps train Chinese engineers and researchers. In exchange, Iceland gains access to a lucrative Chinese market.[55] Additionally, in July 2015, the Chinese automotive manufacturing company Geely announced it was investing $45.5 million[56] in an Icelandic company that operates the world's first renewable methanol plant.[57] China is also interested in non-renewable energy sources in Iceland, where it owns a 60 percent share of a joint venture exploring for oil and natural gas in the Dreki area, part of a seabed within Iceland's Exclusive Economic Zone.[58]

Some worry that the increased Chinese interest in Iceland means that China has more than simply economic access on its mind. In one very public episode, a Chinese developer and former official in the Communist Party's Propaganda Department[59] sought unsuccessfully to buy and then lease[60] a 115-square-mile tract of land on Grimsstadir, an old, isolated northeastern farm that holds Iceland's record for lowest recorded temperature, ostensibly to build a luxury hotel and "eco resort." The plan was rejected on account of restrictions on foreign ownership.[61] While the proposal was never proven to have been nefarious, it set off a debate within Iceland over the nature of the proposed project, which would have included renovation of a small landing strip.[62]

While China may have legitimate business interests in Iceland, the amount of political, economic, and diplomatic effort it has put recently into building its relationship with Iceland should give U.S. policymakers further reason to bolster U.S.–Icelandic relations.

Recent U.S.–Icelandic Security Cooperation

As stated, the U.S. and Iceland have had a security relationship for decades. While Iceland does not have a formal military, it operates a number of civilian security forces, including a Coast Guard and a national police force.[63] These forces have worked alongside the U.S. and other NATO members, performing joint training exercises for capabilities such as search and rescue (SAR). Today, the Icelandic Coast Guard consists of 200 personnel, three major offshore patrol vessels, one logistics and support vessel, and three medium helicopters.[64] Iceland also has four radar sites and an Air Command and Control System, which are part of NATO's Integrated

53. Eyglo Svala Arnarsdottir, "Chinese to Fund New Smelter in Northwest Iceland," *Iceland Review*, July 3, 2015, http://icelandreview.com/news/2015/07/03/chinese-fund-new-smelter-northwest-iceland (accessed March 30, 2016).
54. Orkustofnun (National Energy Authority), "Energy Statistics in Iceland 2014," April 2015, http://os.is/gogn/os-onnur-rit/orkutolur_2014-enska.pdf (accessed March 30, 2016).
55. Arthur Guschin, "China, Iceland, and the Arctic," *The Diplomat*, May 20, 2015, http://thediplomat.com/2015/05/china-iceland-and-the-arctic/ (accessed March 30, 2016).
56. "Geely Invests U.S. 45.5m in Methanol Plant," *Eco-Business*, July 7, 2015, http://www.eco-business.com/news/geely-invests-us455m-in-methanol-plant/ (accessed March 30, 2016).
57. "China's Geely Invests in Iceland's Methanol Plant," *Industry Week*, July 5, 2015, http://www.industryweek.com/companies-executives/chinas-geely-invests-iceland-methanol-factory (accessed March 30, 2016).
58. Guschin, "China, Iceland and the Arctic."
59. Andrew Higgins, "Teeing off at Edge of the Arctic: A Chinese Plan Baffles Iceland," *The New York Times*, March 22, 2013, http://www.nytimes.com/2013/03/23/world/europe/iceland-baffled-by-chinese-plan-for-golf-resort.html (accessed March 30, 2016).
60. Leslie Hook and Clare McCarthy, "Chinese Mogul Iceland Bid on the Rocks," *Financial Times*, December 7, 2012.
61. Lily Kuo, "The Chinese Property Tycoon Who Wanted to Buy a Chunk of Iceland May Settle for Norway," Quartz, February 13, 2014, http://qz.com/176908/the-chinese-property-tycoon-who-wanted-to-buy-a-chunk-of-iceland-may-settle-for-norway/ (accessed March 30, 2016).
62. Higgins, "Teeing off at Edge of the Arctic."
63. Nordic Adventure Travel, "The Icelandic," http://nat.is/travelguideeng/icelandic_police.htm (accessed March 7, 2016).
64. International Institute for Strategic Studies, *The Military Balance 2016*, February 9, 2016, https://www.iiss.org/en/publications/military%20balance/issues/the-military-balance-2016-d6c9 (accessed March 30, 2016).

Air and Missile Defence (NIAMD) system. According to NATO, NIAMD "safeguards and protects Alliance territory, populations and forces against any air and missile threat and attack. It contributes to deterrence and to indivisible security and freedom of action of the Alliance."[65]

From 1951 forward, Iceland's security was provided largely by the U.S. military through the Iceland Defense Force.[66] Requested through NATO to officially establish the U.S. as the arbiter of Icelandic national security, the IDF was formed in 1951 at NAS Keflavik.[67] Though the force's primary official responsibility was the protection of Iceland, it enabled U.S. military forces to secure American security interests as well. The IDF enabled the U.S. to project power and reassure NATO members and other European partners through its geographic proximity to continental Europe. A permanent base in Iceland acted as a stopover point for refueling and maintenance of various military aircraft, provided space for small contingents of troops, and afforded all the service branches unique training opportunities. Most important, in the Cold War as today, Iceland is a geographically advantageous point of embarkation for missions to monitor Russian activity, and ideally deter further provocations either over Northern European air space or in waters such as the North Sea, Arctic Ocean, the GIUK gap, and the Northern Atlantic Ocean.

The IDF was disestablished by bilateral agreement in 2006, when many policymakers no longer viewed Russia as a strategic threat. The two countries agreed to shut down the IDF "given the current strategic environment and the intense demand for United States conventional military resources in other parts of the world."[68] The decision was largely influenced by the focus on operations in Iraq and Afghanistan requiring additional military resources and personnel, as well budgetary pressure. In the decade since the IDF shut down, the naïve belief that Russia would be a security partner for the U.S. has repeatedly proven false.[69] Yet the U.S. remains responsible for protecting Iceland. At the time of the IDF closure, Iceland's ambassador to the U.S. Helgi Agustsson lamented, "We are deeply disappointed over the decision. We have a defense agreement with the U.S., and with the withdrawal of the fighter aircraft, it raises the question of credible authority. Iceland has no military forces."[70]

When the U.S. disestablished the IDF, it was estimated that it cost the U.S. military roughly $260 million annually to operate the forces, or roughly 0.05 percent of the total U.S. defense budget in 2006. This illustrates that relatively minimal investments from the U.S. military can yield significant elements of security for both Iceland and the U.S. However, it was also reported at the time that Icelandic officials, hoping to not lose the IDF, were offering to pay the majority of the costs associated with the force.[71] It is unclear what level Iceland's government would be willing to pay or what level of U.S. forces it would accept, but the historic openness to sharing costs combined with similar deals for the U.S. military elsewhere indicate the feasibility of cost sharing.

By taking steps to maintain the NAS Keflavik facilities at an operational level, Iceland has reinforced the notion that it is willing to shoulder a greater burden to see a greater return of U.S. forces.[72] U.S.

65. North Atlantic Treaty Organization, "NATO Integrated Air and Missile Defence," February 9, 2016, http://www.nato.int/cps/en/natolive/topics_8206.htm (accessed March 30, 2016).
66. Global Security, "Iceland Defense Force," http://www.globalsecurity.org/military/agency/dod/idf.htm (accessed March 7, 2016).
67. Ibid.
68. Agreement Between the Government of the United States of America and the Government of the Republic of Iceland Regarding the Withdrawal of U.S. Forces from and the Return to Iceland of Certain Agreed Areas and Facilities in Iceland, September 29, 2006, http://www.iceland.is/media/us/002_Skilasamningur_Islands_og_USA.pdf (accessed March 30, 2016).
69. Russia has demonstrated a willingness to use military force to change the boundaries of modern Europe. In 2008 Russia invaded Georgia, and still occupies South Ossetia and Abkhazia (amounting to 20 percent of Georgia's internationally recognized territory). In 2014, Russia invaded and annexed Crimea in Ukraine, and fomented an insurgency in eastern Ukraine. Russian troops and weaponry have helped create a frozen conflict in Ukraine. Russia has also acted aggressively by using energy delivery, cyberattacks, and propaganda as tools of war.
70. Josh White, "U.S. to Remove Military Forces and Aircraft from Iceland Base," *The Washington Post*, March 17, 2006, http://www.washingtonpost.com/wp-dyn/content/article/2006/03/16/AR2006031601846.html (accessed March 30, 2016).
71. MacCormac, "The New Russian Naval Doctrine."
72. Cavas, "Resurgent Russia Drawing Northern Nations Closer."

Deputy Secretary of Defense Work also toured the base during his trip to Iceland in September 2015, leaving open the possibility of increased U.S. military activity in Iceland.[73] Work had also stated that "Iceland is interested in increasing military cooperation."[74] Coincidentally, just before his visit to the Keflavik facilities, two U.S. Air Force F-16s flying a transatlantic trip landed there because they were experiencing mechanical difficulties and required unforeseen maintenance, illustrating one of the strategic advantages Iceland's geographic location provides to U.S. forces.[75]

A major component of the IDF was the U.S. Air Force 85th Group, a subordinate of the 48th Fighter Wing stationed at Royal Air Force Lakenheath in the U.K. This Air Force group included 1,300 personnel, and various aircraft types.[76] The wing fielded a squadron of fighter aircraft until 1994, when a smaller rotational force of F-15s flying from the U.S. was deemed acceptable.[77] Another significant aviation component was the 960th Airborne Warning and Control Squadron, which was stationed at Keflavik between 1979 and 1992. This squadron "supported two deployed rotating [E-3 Sentry AWACS] aircraft with crews in Iceland to provide early detection of Soviet aircraft flying between Iceland and Greenland."[78] This aircraft provides broad-range intelligence, surveillance, and reconnaissance (ISR) and command and control for U.S. and NATO defense forces.[79] The 960th was disestablished when it left Keflavik, but was re-established at Tinker Air Force Base in Oklahoma in 2001. Given Russia's recent increased activity in this airspace, reviving these airborne warning and control system (AWACS) flights over the Northern Atlantic and parts of the Arctic Oceans is likely in America's interest.

In light of the uptick in Russian submarine activity in the North Atlantic, the U.S. Navy has requested funding in fiscal year 2017 to upgrade facilities at Keflavik to enable operations of P-8A Poseidon aircraft in the region. This funding request is part of the military's European Reassurance Initiative (ERI), which is directed at assuring U.S. allies in Europe and deterring further Russian aggression. The Navy explained that the upgrades "will support P-8A short duration/expeditionary type detachments and reassure allies of the U.S. commitment to their security."[80]

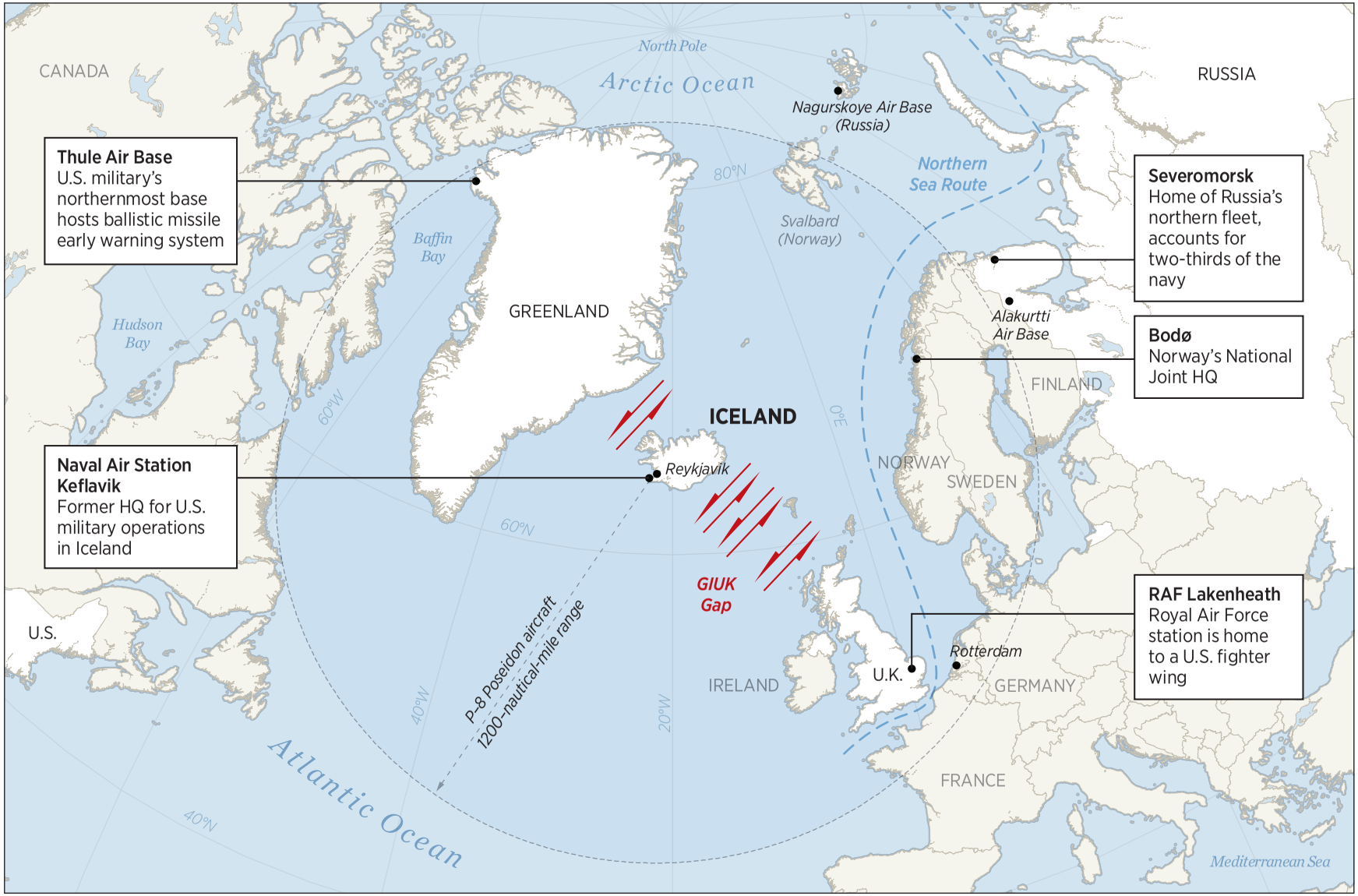
This aircraft primarily serves an anti-submarine warfare role, but also performs anti-surface warfare missions as well as various ISR responsibilities. It can also be equipped with an array of offensive weapons, including torpedoes, cruise missiles, bombs, and mines.[81] With a combat radius of 1,200 nautical miles, the P-8A is capable of flying missions over the entirety of the GIUK gap.

Stationing P-8s at Keflavik, even on a rotational basis, will amplify the U.S. military's ability to maintain awareness of Russia's submarine fleet throughout the GIUK gap. Given its ability to loiter for hours at a time, fly close to the sea surface, and its durability in icy conditions, the P-8 is also well suited to supporting SAR missions in North Atlantic and Arctic waters. This additional function further illustrates the mutual benefit the increased presence of P-8s at Keflavik would provide.

73. Eyglo Svala Arnarsdottir, "U.S. Military to Reopen Base in Iceland," *Iceland Review*, September 11, 2015, http://icelandreview.com/news/2015/09/11/us-military-reopen-base-iceland (accessed March 30, 2016).
74. Cavas, "Resurgent Russia Drawing Northern Nations Closer."
75. Ibid.
76. Staff Sergeant Nicholasa Reed, "Group Mission Inactivates at Keflavik, Iceland," U.S. Air Force, June 30, 2006, http://www.af.mil/News/ArticleDisplay/tabid/223/Article/130541/group-mission-inactivates-at-keflavik-iceland.aspx (accessed March 30, 2016).
77. Global Security, "Iceland Defense Force."
78. Air Force Historical Research Agency, "960 Airborne Air Control Squadron (ACC)," March 31, 2008, http://www.afhra.af.mil/factsheets/factsheet.asp?id=11928 (accessed March 30, 2016).
79. Federation of American Scientists, "E-3 Sentry (AWACS)," http://fas.org:8080/man/dod-101/sys/ac/e-3.htm (accessed March 7, 2016).
80. See Navy budget request justification materials, Department of Navy, *Fiscal Year 2017 Budget Estimates: Military Construction Active Force (MCON) and Family Housing Programs Justification Data*, February 2016, p. 234, http://www.secnav.navy.mil/fmc/fmb/Documents/17pres/MCON_Book.pdf, (accessed March 30, 2016).
81. Naval Air Systems Command, "P-8 Poseidon," http://www.navair.navy.mil/index.cfm?fuseaction=home.display&key=CFD01141-CD4E-4DB8-A6B2-7E8FBFB31B86 (accessed March 7, 2016).

MAP 1

Iceland's Strategic Location in the North Atlantic



SOURCE: Heritage Foundation research.

BG 3121 heritage.org

U.S.–Icelandic Diplomatic and Economic Relations

Iceland has, in recent years, implemented economic policies that demonstrate a commitment to free-market principles and a resistance to government intervention. The *2016 Index of Economic Freedom*, co-published by The Heritage Foundation and *The Wall Street Journal*, ranked Iceland's economy 20th-freest in the world, rising from 26th the previous year. The nation has shown progress in reducing government spending, enhancing monetary freedom, and fighting corruption. The U.S. can fortify its other relations with Iceland through increased economic cooperation.[82] One way to increase trade ties with Iceland that will promote economic freedom, enhance the economic strength of both nations, and form stronger diplomatic relations, is for the U.S. to pursue an FTA with Iceland. A genuine free trade deal would advance economic freedom while strengthening the U.S.–Icelandic relationship. Symbolism is vitally important in global affairs, and an FTA with Iceland would help showcase U.S. commitment not only to Iceland, but to the Arctic region in general. U.S. interests are best served when pursuing policies that strengthen strong bilateral ties to allies in Europe. The U.S. could pursue a trade deal with Iceland bilaterally, as Iceland did when it signed an FTA with China on April 15, 2013. Another approach could be to negotiate a trade deal through the European Union Free Trade Association (EFTA). The EFTA currently has in place 25 FTAs covering 36 nations; however, the U.S. is not one of them. In either approach, the U.S. should be able to negotiate a simple, streamlined free trade deal that avoids regulatory harmonization pitfalls that are neither desirable nor efficient.

Iceland as a NATO Member

More than just a geostrategic location, Iceland has also served a more direct role in enhancing NATO abilities. For example, in February 2014, Iceland hosted the NATO exercise "Iceland Air Meet 2014," a training exercise with participation from NATO members Iceland, the Netherlands, Norway, and the U.S., along with nonmembers Finland and Sweden.[83] This exercise included a significant number of fighter, rotary, and tanker aircraft.[84] This joint exercise was a great step in strengthening nations connected by NATO, the Arctic, and Northern Europe while also showing a greater commitment to securing Iceland. It was particularly noteworthy as it was the first time that partner countries Finland and Sweden, flying under the command of Norway, flew with NATO member nations over Iceland.[85]

Iceland also hosted a joint explosive ordnance disposal (EOD) exercise in 2012 for NATO under the treaty organization's "Work for Defence Against Terrorism" initiative.[86] This exercise illustrates Iceland's active role in NATO security and relevant training exercises even though it does not have a military. The Iceland Coast Guard operated with eight other NATO members including the U.S. in this exercise.[87]

Since May 2008, NATO has undertaken an Icelandic air policing mission based in NAS Keflavik. While the Icelandic Coast Guard keeps constant surveillance of the nation's airspace from the ground and at sea,[88] NATO provides a periodic deployment

82. Terry Miller and Anthony B. Kim, *2016 Index of Economic Freedom* (Washington, DC: The Heritage Foundation and Dow Jones & Company, Inc., 2016), pp. 233–234, http://www.heritage.org/index/country/iceland.
83. News release, "NATO Flies with Partners over Iceland for First Time," North Atlantic Treaty Organization, February 3, 2014, http://www.nato.int/cps/en/natohq/news_106841.htm (accessed March 30, 2016).
84. Norway provided six F-16s, Finland provided five F/A-18s and two army NH90 helicopters, Sweden provided seven Gripen fighter aircraft and one TP-84 variant of the C-130 cargo aircraft, the Netherlands provided one KDC-10 tanker aircraft, and the U.S. provided one KC-135 refueling aircraft, which had flown from the RAF base in Mildenhall, U.K. Iceland supported the effort with SAR capabilities, including three helicopters as well as the facilities at Keflavik. "Iceland Air Meet Warms Up Scandinavian Ties," Airheadsfly, January 30, 2014, http://airheadsfly.com/2014/01/30/icelandic-air-meet-warms-up-scandinavian-ties/ (accessed March 11, 2016).
85. News release, "NATO Flies with Partners over Iceland for First Time."
86. News release, "Iceland Hosts Multinational Bomb Disposal Exercise," North Atlantic Treaty Organization, October 2, 2012, http://www.nato.int/cps/en/natolive/news_90255.htm (accessed March 30, 2016).
87. Ibid.
88. Staff Sergeant Chad Warren, "CRC Brings NATO Assets Together in Iceland," U.S. Air Forces in Europe Air Forces Africa, May 15, 2015, http://www.usafe.af.mil/news/story.asp?id=123448134 (accessed March 30, 2016).

of fighter aircraft from member states to provide an aerial presence over the island nation. Iceland's Coast Guard Commander Senior Grade Jon Gudnason described the NATO Icelandic Air policing mission as "a great opportunity with the U.S. and other nations that come out here every year, to exercise and maintain our capability, to support training for our staff, and to show what NATO is for and show what the bilateral defense agreement between the U.S. and Iceland stands for."[89] The U.S. has deployed nine times since 2008 in support of the Icelandic air policing mission. While partner countries like Finland and Sweden have contributed to exercises in the past, NATO's airborne surveillance and interception capabilities to meet Iceland's peacetime preparedness needs are only conducted by NATO member states.[90]

The NATO deployments usually last three to four weeks and take place three times per year.[91] However, the deployments are erratic and based on the willingness and ability of other NATO members to commit a handful of aircraft to the mission. Reinforcing the sentiment that this force does not properly fulfill an air policing role, the mission's name was changed in 2013; it is now officially "airborne surveillance and interception capabilities to meet Iceland's peacetime preparedness needs."[92] NATO has emphasized that this activity is for air-defense training missions, not persistent policing of Iceland's airspace.[93] This is in contrast to NATO's Baltic Air Policing mission, which provides a year-round permanent presence over the airspace of the Baltic States.[94] It should also be noted that the NATO Icelandic Air Policing mission flies far fewer sorties than did the 85th Wing.

The Icelandic air policing mission was formed in part due to the closure of the IDF. During the IDF disestablishment, then–Icelandic Prime Minister Geir H. Haarde requested an assurance from NATO allies that Iceland's airspace would continue to receive protection.[95] Indeed, soon after the IDF closed, Russia began flying strategic bombers over the Arctic for the first time since the end of the Cold War, as well as flying into and near Icelandic air space.[96] Given this continued increase in Russian activity, the need for a more robust air policing effort has only grown over the past decade.

Finally, Iceland should help push the NATO alliance to develop a comprehensive strategy for the Arctic, taking into account the unique challenges presented by the region. While hopes were high in advance of the 2014 Wales Summit that Arctic issues would be on the agenda, in the 13,000-plus words of the Wales Summit Declaration, the word "Arctic" was not mentioned once. The U.S. should work with Iceland to help propel the alliance toward a comprehensive Arctic strategy in advance of the 2016 Warsaw Summit in July.

Iceland as an Arctic Nation

Iceland's relevance to U.S. policy is also largely derived from its location at the edge of the Arctic Circle. Iceland is one of eight members of the Arctic Council, the world's primary intergovernmental multilateral forum on the Arctic region. The council discusses all Arctic policy issues other than military affairs. Established in 1996, the council is composed of nations who have territory in the Arctic.[97] The

89. Ibid.
90. News release, "NATO Flies with Partners over Iceland for First Time."
91. North Atlantic Treaty Organization, Allied Air Command Ramstein Air Base, "Czech Air Force Deploys to Iceland on NATO Mission for Second Time," July 20, 2015, http://www.ac.nato.int/page5931922/czech-air-force-deploys-to-iceland-on-nato-mission-for-second-time-.aspx (accessed March 30, 2016).
92. North Atlantic Treaty Organization, Supreme Headquarters Allied Powers Europe, "Iceland's Peacetime Preparedness Needs," July 2, 2013, http://www.shape.nato.int/icelands-peacetime-preparedness-needs (accessed March 30, 2016).
93. Ibid.
94. News release, "Spain and Belgium Take Over NATO's Baltic Air Policing Mission," North Atlantic Treaty Organization, January 8, 2016, http://www.nato.int/cps/en/natohq/news_126427.htm (accessed April 11, 2016).
95. Iceland Ministry of Foreign Affairs, "French Air Force in Iceland," May 5, 2008, https://www.mfa.is/news-and-publications/nr/4240 (accessed March 30, 2016).
96. North Atlantic Treaty Organization Parliamentary Assembly, "Security at the Top of the World: Is There a NATO Role in the High North?" 2010, http://www.nato-pa.int/default.asp?SHORTCUT=2082 (accessed March 7, 2016).
97. Arctic Council, "20 Years of the Arctic Council," February 15, 2016, http://www.arctic-council.org/index.php/en/about-us/arctic-council/20-year-anniversary (accessed March 30, 2016).

United States took up the chairmanship of the council in 2015 and will continue in that role through 2017.

Two important actions that the council has taken are agreements on SAR and oil spill response activities in the Arctic. Both the U.S. and Iceland will play integral roles in these agreements. For example, given the unique operating environment of Iceland with respect to SAR, its coast guard can continue to enhance fellow Arctic Circle members' SAR capabilities and provide an educational training environment in its waters.

The U.S. Coast Guard also hosted a meeting in October 2015 to create the Arctic Coast Guard Forum. This meeting brought together the chiefs of each council member's coast guard (or equivalent), who formally entered into an agreement "with the purpose of leveraging collective resources to foster safe, secure and environmentally responsible maritime activity in the Arctic."[98] It includes the same members as the Arctic Council but is a separate entity.[99] This will be an important step in ramping up cooperative security activities between Iceland and the U.S., since Iceland can more directly contribute to this forum than it can in NATO, which is a military alliance.

There are other actions the U.S. and Iceland can take to strengthen their Arctic security ties as well, such as performing more bilateral training exercises for SAR, oil spill and other incident response, and counterterrorism. In 2012, the U.S. Air Force 493rd Expeditionary Fighter Squadron, flying from the RAF base in Lakenheath, participated in a combat SAR training exercise with the Iceland Coast Guard. The U.S. commander involved lauded the Icelandic Coast Guard, saying that "the ICG averages 200 real [SAR] missions a year—to say it better, they are experts. They gave us techniques and ideas we'd never seen or heard of before."[100]

The U.S. Coast Guard and its Icelandic counterpart should look for other areas where other such joint exercises will benefit both countries. The U.S. could sail one of its new *Legend*-class national security cutters (NSC) to train with Icelandic personnel and amplify Arctic maritime domain awareness for both nations. The NSC is capable of operating in heavy sea states and harsh weather conditions, which also makes it suitable for training in Iceland's northern waters. NCSs have already executed patrols of Alaskan waters, enforcing protections of living marine resources, among other missions. Given the significance of the fishing industry for Iceland's economy, a joint exercise involving the NSC could yield lessons learned for both nations. An NSC periodically visiting Iceland and engaging in joint exercises, particularly in the island's northern waters, will also demonstrate that the U.S. takes its role in cooperative Arctic and Northern Atlantic maritime security seriously, and could support Iceland's securing of its own territorial and exclusive economic water zones.

Ways to Strengthen U.S.–Icelandic Relations

It is clear that Iceland is important for U.S. strategic interests today, for the same reasons it was during the Cold War. Policymakers should not overlook Iceland when thinking about ways to strengthen transatlantic and Arctic security. Rather, the U.S. should:

- **Make a greater commitment to defending Icelandic air space.** As described above, the current policing only sporadically and partially patrols Iceland's airspace. Given Russia's increased air force activity in recent years, the U.S. should consider how to provide 24/7 coverage of Icelandic airspace. The U.S. can lead fellow NATO members by example by taking steps to restore its aircraft presence in Iceland to previous levels.

- **Consider re-establishment of the Iceland Defense Force.** As illustrated in this *Backgrounder*, much has changed in U.S.–Russian relations since 2006, when the decision was made to remove U.S. troops from Iceland. In light of Russian aggression, the U.S. and NATO must be prepared to defend every member state. Fur-

98. Lt. Katie Braynard, "Establishment of the Arctic Coast Guard Forum," Coast Guard Compass, October 30, 2015, http://coastguard.dodlive.mil/2015/10/establishment-of-the-arctic-coast-guard-forum/ (accessed March 30, 2016).

99. Ronald A. Labrec, "The US Coast Guard is (Quietly) Building Up Allies in the Arctic," Defense One, November 3, 2015, http://www.defenseone.com/ideas/2015/11/us-coast-guard-quietly-building-allies-arctic/123356/ (accessed March 30, 2016).

100. Jerilyn Quintanilla, "CSAR Training Builds Confidence for USAF, Icelandic Coast Guard," US Air Forces in Europe Air Forces Africa, June 7, 2012, http://www.usafe.af.mil/news/story.asp?id=123305086 (accessed March 30, 2016).

thermore, the U.S. remains individually responsible for the security of Iceland's land and air space through the 1951 treaty. In light of these commitments, the U.S. should study the potential of re-establishing elements of the IDF, such as restoring the operations performed by the U.S. Air Force 85th Air Group. This will ensure that U.S. and NATO forces are more adequately performing air policing in Iceland's geographic area, enable the U.S. military to make more effective use of the installation at Keflavik, and strengthen the bond between the two nations through security cooperation, as prior to 2006.

- **Increase joint Coast Guard exercises.** The U.S. Coast Guard engages in numerous joint exercises and missions throughout the world, from multinational counternarcotic efforts to bilateral training exercises. Yet, there has been very little such cooperation between the U.S. and Icelandic Coast Guards in recent years. Increasing the frequency of such visits would contribute to enhancing both nations' expertise, support Arctic Council goals, and show a new form of U.S. presence in the North Atlantic. If this includes NSC missions to Iceland, the U.S. government must, in turn, look at that fleet's capacity to execute it and make a greater commitment to enlarging and modernizing its fleet accordingly.

- **Include Iceland in the State Partnership Program (SPP).** The National Guard's SPP strengthens ties between the U.S. and allies across the world. It also allows U.S. servicemembers an opportunity to train and deploy overseas in support of allied nations. Building a relationship with Icelanders through the SPP would be mutually beneficial, low cost, enduring, and would strengthen the transatlantic security bond.[101]

- **Agree to a trade deal with Iceland.** The U.S. should negotiate an FTA with Iceland. The interests of the United States are best served with a strong Iceland outside the European Union. A U.S.–Iceland FTA would advance economic freedom, increase economic and political ties between the two nations, and help convince Iceland that its future is brightest outside the EU rather than in.

- **Strengthen U.S. leadership in the Arctic.** As the U.S. enters its second year as chair of the Arctic Council, it should show leadership on maintaining the safety, security, and economic freedom of the Arctic waters of the council members, which will benefit Iceland and the other nations facing challenges from increased traffic in the Arctic Ocean, as well as potentially from Russian assertiveness in the region. One way that America can accomplish this is by making a greater commitment to the assets it requires to operate in the Arctic, such as a more robust polar icebreaker fleet.

- **Collaborate with Iceland to develop NATO Arctic strategy.** It is time for NATO to develop a comprehensive Arctic policy that addresses security challenges in the region. The U.S. should work with fellow Arctic NATO member Iceland to ensure that a NATO Arctic strategy is on the agenda for the Warsaw summit in July.

Conclusion

While the end of the Cold War may have lulled some in the U.S. into believing that Iceland is no longer an important security partner, Russia's recent aggression in Europe and provocations against NATO have shattered this illusion. The renewed security importance of Iceland combined with an Arctic region that grows more economically and strategically important, means that the U.S. must give serious thought and action to strengthening the economic and political ties between Iceland and the United States, while investing real resources into a pre-existing and long-standing defense partnership. The U.S. must not allow Iceland's small size to obscure its outsized importance for Arctic and transatlantic security.

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101. States with air National Guard fighter wings that might be a good fit for partnership with Iceland include Wisconsin, which has historical ties to Icelandic immigrants. Wisconsin's air national guard, for instance, already has experience in Iceland; the 115th Fighter Wing participated in the Northern Viking exercises in 2011.