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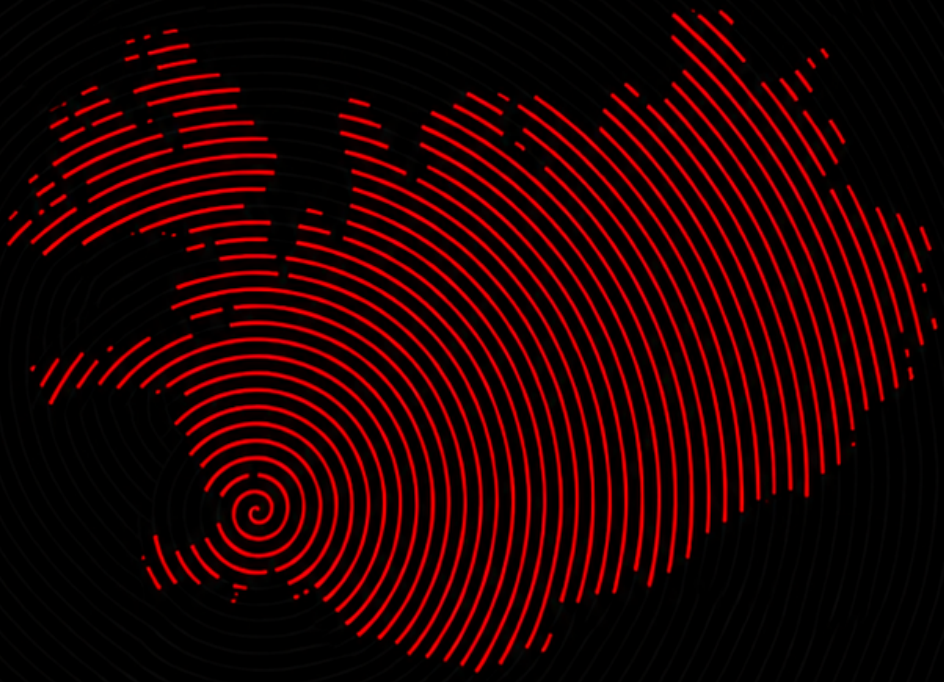
June 2026

Centring Security in a Peripheral State

Shifts in Iceland's Security Policy Post-Ukraine



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Contents

Abstract

This report examines recent transformations in Iceland's security and defence policy, highlighting shifts in emphasis, motivations and strategic outlooks. It provides some background on Iceland's historical security approach, followed by an analysis of the growing focus on military security in the wake of Russia's invasion of Ukraine. This includes the strategic significance of the Keflavík Air Base and Iceland's reliance on the United States within NATO. The report evaluates Iceland's engagement in multilateral frameworks, such as NORDEFCO, EU defence cooperation, and bilateral agreements, including recent initiatives with Germany, and considers the implications of potential EU policy shifts and public opinion. Key questions addressed include Iceland's evolving role in the Euro-Atlantic security architecture and the challenges posed by its geographic position, such as the GIUK gap. The report concludes with an assessment of Iceland's expanding security partnerships, the role of the US as a security guarantor, and the emerging diversification of defence cooperation with European states, including Germany, the Nordic and Baltic states. This may offer insights into potential strategic directions for the near future. Finally, policy recommendations for German, Nordic and European policymakers are presented.

Recent developments of Iceland's security and defence policies

Iceland is NATO's only unarmed member state and has never seriously considered establishing a military. At the turn of the century, an Icelandic Crisis Response Unit was created to enhance Iceland's contributions to NATO as the alliance was turning its attention away from the Atlantic. There was a short-lived debate about creating a military after Russia's attack on Ukraine in 2022, and again after Trump's threats concerning Greenland in 2025. In 2022 the Minister for Foreign Affairs adamantly opposed the idea, stating that if more money were to be allocated to defence, it would not be spent on a military[1]. But the fact that these ideas have even been aired demonstrates that there has been a considerable shift in Icelanders' approach to and understanding of security and defence. A founding member of NATO, Iceland has relied heavily on membership for its security. Complementing the alliance, however, is a bilateral defence agreement between Iceland and the United States. A US military base – the Keflavík Air Base (KAB) – was operated in Iceland from the early 1950s until 2006, safeguarding its borders and providing military protection. The centre, right and social democratic parties generally supported NATO membership and the base, but the left wing, specifically the People's Alliance (later the Left Green Movement) contested the base and US influence in Icelandic society overall.

After the United States shifted focus to the Middle East in the early 2000s, it decided unilaterally to close KAB in 2006, and agreements were made with other NATO member states, starting with Norway and Denmark, to secure air policing and ensure Iceland's military protection.[2]

In 2008, Iceland experienced its infamous financial crash, in the wake of which the government shifted focus from hard security to economic security. Iceland's geographical isolation was long thought to be a security guarantee in itself. The Second World War changed that perception and Iceland became a founding member of NATO in 1949, establishing the bilateral defence agreement with the US two years later. Throughout the Cold War, Iceland was seen as an 'unsinkable aircraft carrier' in the North Atlantic, and as such was even considered as instrumental to US territorial security. With shifts in focus after the terrorist attacks of 9/11, this importance started to fade. In 2006, the US closed KAB, much to the surprise of the Icelandic authorities. Subsequently, Iceland has had to do without a constant US military presence, forcing the state to adopt its own ideas on security.

In response to this new reality, Iceland conducted its first Risk Assessment, preparations for which commenced in 2007 and concluded in 2009. The report highlighted military, environmental, societal and economic risks in fifteen different categories. These included financial security; military threats; health security

1 Pétursson, V. Ö. (2023). Við þurfum að stofna íslenskan her. *Vísir*. https://www.visir.is/g/20232385456d/-vid-thurfum-ad-stofna-islenskan-her-; https://www.visir.is/g/20252693792d/leggur-til-is-lenskan-her-leyni-thjonustu-og-her-skyldu

2 Utanríkisráðuneyti Íslands (2007). Undirritun við Dani og Norðmenn um samstarf á sviði öryggismála. https://www.stjornarradid.is/efst-a-baugi/frettir/stok-frett/2007/04/26/ Undirritun-vid-Dani-og-Nordmenn-um-samstarf-a-svidi-oryggismala/ (accessed on 14 June 2026).

and pandemics; environmental threats, natural disasters and climate change; international terrorism; weapons of mass destruction; organized crime; cyber threats; human trafficking; migration and integration of immigrants; maritime safety; civil flight security; road security; food security; and the security of the electrical and communications system. The report's conclusions suggested that Iceland 'faces no direct military threats from other states or alliances in the short- or medium-term'[3]. The report became the foundation for Iceland's first National Security Policy (NSP), which was adopted by the country's parliament, Alþingi, in 2016. The protracted process can be explained largely by the tumultuous domestic politics after the financial collapse of 2008.

With the NSP in place, a National Security Council was established, composed of the Prime Minister, Minister for Foreign Affairs, Minister for Justice, and the permanent secretaries of these three ministries, as well as two members of parliament, one representing the majority and the other the minority.[4] In addition, the head of the Coast Guard, the National Police Commissioner and a representative of the ICE-SAR sit on the council. The Council's creation suggested that the policy was being institutionalized, with more of a focus on creating structures that allow Iceland to participate in military security cooperation. Survey findings from this time make it clear that Icelanders did not perceive military threats to their security, but rather focused on societal, economic and environmental risks. After Russia's invasion of Ukraine in 2022, however, military threats came to the fore, narrowing the gap between the political elite's emphasis on military security and the population's perceptions that a military threat might be real despite the apparent absence of overt threats.[5] At the same time, there has been a shift in the perception of what provides security, with far more respondents in surveys now indicating that it is NATO membership that provides security, rather than the country's size or its lack of military, which were more prominent in earlier surveys.[6]

3 Utanríkisráðuneyti Íslands (2009). Áhættumatsskýrsla fyrir Ísland: Hnattrænir, samfélagslegir og hernaðarlegir þættir. Iceland's Ministry for Foreign Affairs. Reykjavík.

4 Forsætisráðuneytið (n.d.). Þjóðaröryggisráð. Government of Iceland. https://www.stjornarradid.is/raduneyti/nefndir/nanar-um-nefnd/?itemid=-da5c64e2-5542-11e7-941a-005056bc530c

5 Ómarsdóttir S.B. (2021). Pragmatic and Wary of Change: Icelanders' Views on International Cooperation. Institute of International Affairs; Ómarsdóttir S.B. (2023). Leaning into Cooperation: Changes in Icelanders' Perspectives on International Politics after Russia's Invasion of Ukraine.

6 Ibid

EU cooperation and challenges

Iceland is not a member state of the European Union (EU) but is highly integrated in European policies via its membership of the European Economic Area (EEA). The current Icelandic government will call a referendum in August 2026 on whether Iceland should reopen its accession negotiations with the EU. Icelandic membership of the EU is highly contested within the country, and the campaign for and against membership is likely to become heated. While economic aspects, particularly related to fisheries, are dominant in the debate, security has recently come into stronger focus. While pro-EU parties argue that the EU would increase Iceland's security in the world, anti-EU parties tend to argue that EU membership cannot provide such benefits as it is not a formal military alliance.

During a visit to Iceland in July 2025, Ursula von der Leyen and Iceland's Prime Ministerannounced that the EU and Iceland aimed to sign an Agreement on Security and Defence Partnership. According to von der Leyen, this would bring Iceland into the European Security and Defence network and include access to SAFE, a 150 billion euro joint defence procurement programme.

As a political signal, the signing was postponed when the EU imposed tariffs on silica on states outside the EU, including Iceland and Norway in late 2025, contrary to their heavy opposition and lobbying efforts, as it is perceived to go against the regulations of the EEA.

In early January 2026, Foreign Minister Þorgerður Katrín Gunnarsdóttir announced that Iceland would continue to work on a bilateral defence agreement with the EU. The benefits of such an agreement, she noted, would include defence against hybrid threats, inclusion in the EU's space defence programme, and access to technology in the future.

According to a survey on international politics conducted in January and February 2026, the Icelandic population is equally divided on EU membership; 42% are for, while 42% stand against, with 16% undecided. Therefore, it is hard to tell what Icelanders will eventually decide.[7] If the Icelandic population votes to reopen the accession talks during the EU referendum, a serious discussion on EU membership in Norway is likely to take place.[8] Both states have benefited from membership of the EEA and EFTA, but if either Iceland or Norway became an EU member it would impact the other drastically.

7 Böðvarsdóttir E.M. (2026). Þjóðin klofin gagnvart ESB og fylgi við NATO á hreyfingu. *Vísir*. https://www.visir.is/g/20262838574d/thjodin-tvik-lofin-gagn-vart-esb-og-fylgi-vid-nato-a-hreyfingu

8 Sæberg Á. (2026). Formaður systurflokks Sjálfstæðisflokksins vill Noreg í ESB. *Vísir*. Formaður systurflokks Sjálfstæðisflokksins vill Noreg í ESB - Vísir

Specific policies and strategic approaches

Iceland has continued to build up military infrastructure at Keflavík Air Base (KAB), especially since 2017. In recent years, numerous structures have been erected to house NATO soldiers. The buildup is funded mainly by NATO members, and partially by the Icelandic government.[9] Currently, a 390 m berthing area and a 25,000 m2 oil depot are under construction as part of the enlargement of NATO's overall oil reserves. From 2017 to 2023 NATO allies' overnight stays in Iceland increased by about 158%.[10]

In January 2026, increased fears of a possible US invasion of Greenland arose in Iceland after President Trump's statements on the topic, not least when he confused Iceland with Greenland. Public fears that Iceland might be used to launch an attack on Greenland emerged, while the government repeatedly emphasized that nothing can be done about Greenland without Greenland, and that international law should be upheld.[11]

The same month, President Trump's appointee as ambassador to Iceland, Billy Long, made the news. Apparently, Long had joked that Iceland would become the 52nd state of the U.S. and he would become its governor. This was not well received in Iceland, where a petition to bar Long from becoming the ambassador gained traction. An MP in the government coalition has pushed against his nomination and called his statement a threat to Iceland's national security. The Minister for Foreign Affairs said she was 'not amused' by Long's joke and called on the US embassy for clarification.

Iceland's reliance on the United States for its security is a fact. Therefore, this recent development has been taken very seriously. The Icelandic government, especially Prime Minister Kristrún Frostadóttir and Minister for Foreign Affairs Þorgerður Katrín Gunnarsdóttir, have repeatedly emphasized that Iceland and the US maintain a strong bilateral relationship. They have both emphasized in the Icelandic media that the bilateral defence agreement from 1951 still holds and that Iceland's policy has not changed. Public attitudes, however, have changed significantly. Increasingly, Icelanders regard NATO membership as the foundation of Iceland's security, and notably, an increasing reliance on European allies is discernible as a European pillar within NATO. The shifts are particularly notable when data are compared from before and after Russia's full-scale invasion of Ukraine in 2022.[12]

9 Hilmarsdóttir M.S. (2024). 300-400 hermenn og mikil uppbygging á varnarsvæðinu. *RÚV*. https://www.ruv.is/frettir/innlent/2024-12-09-300-400-hermenn-og-mikil-uppbygging-a-varnarsvaedinu-430604

10 Althingi (2023). Svar utanríkisráðherra við fyrirspurn frá Andrési Inga Jónssyni um viðveru herliðs. 1167/154 svar: viðvera herliðs | Þingtíðindi | Alþingi

11 Reynisson J.T. (2026). Bandaríkin gætu notað Ísland í innrás í Grænland. *Heimildin*. https://heimildin.is/grein/25917/bandarikin-gaetu-notad-island-i-innras-i-graenland/ ; Morgunblaðið (2026). Uppnám á Alþingi. https://www.mbl.is/frettir/innlent/2026/01/22/uppnam_a_althingi_i_umraedu_um_graenland/

12 Ómarsdóttir S.B. (2021). Leaning Into Cooperation: Changes in Icelanders' Perspectives on International Politics after Russia's Invasion of Ukraine. Institute of International Affairs.

A number of particular challenges derive from Iceland's strategic position, including the historically strategic area called the Greenland–Iceland–UK (GIUK) gap. The GIUK gap is vital for both North-America's and Europe's security to defend against possible attacks by, for example, Russian nuclear submarines. While it is currently unlikely that Iceland would face a direct invasion, sightings and an apprehension of Russia's so-called shadow fleet within Iceland's Exclusive Economic Zone (EEZ) show that Iceland is not isolated from wider geopolitical developments. Threats are likely to take the form of hybrid warfare and other non-traditional security challenges. Moreover, Iceland's security is closely interconnected with that of Europe, not only because of its reliance on NATO allies, but also because of Iceland's economic dependence on Europe.

Continued reliance on the United States or diversification?

The Icelandic government has repeatedly emphasized that Iceland still counts on US defence guarantees. Nevertheless, a need to diversify Iceland's security has also been emphasized. A new trend towards expanding security partnerships has emerged, especially with European allies. This applies to Nordic partners within the framework of NORDEFCO, and more recently to Germany.

Iceland and Germany signed a Letter of Intent on Bilateral Defence Cooperation between the German Federal Ministry of Defence and Iceland's Ministry for Foreign Affairs in October 2025. Although the Letter of Intent is not legally binding, it does highlight areas of bilateral cooperation in which the two states aim to increase their cooperation. This includes areas such as information sharing, situational awareness and responses to common threats, coordination to detect and deter hybrid activities and seeking areas of possible innovation to cooperate.

The importance of the Letter is exemplified by two high-level visits to Iceland. The first was by Boris Pistorius, Federal Minister of Defence, in October 2025, and the second by Johan Wadephul, German Minister for Foreign Affairs, in January 2026. After Wadephul's visit, Gunnarsdóttir stated that while the bilateral defence agreement with the US is still a pillar of Iceland's defence, Iceland would continue to strengthen ties with other countries, such as Finland, Canada and Germany. At a joint media conference, the two also discussed Greenland's security and US threats to annex the island, noting that sovereignty must be respected.

This crystallizes Iceland's current security strategy, that is, to continue to emphasize the status of the US as a reliable partner, while exploring, expanding and strengthening ties with other NATO member states. Over recent years, financial contributions to national defence have increased significantly, with a stated aim of reaching 1.5% of GDP by 2035. Iceland has also taken clear steps to demonstrate its commitment to the alliance. Icelandic staff have been seconded to a number of NATO positions in the US and Europe, and military exercises are increasing in frequency.[13] Iceland's identity as an unarmed state remains strong, however, and debates around security and safety of the population generally converge more on societal aspects than potential military threats. The Coast Guard is the most trusted public agency in the country and support for ICE-SAR is strong as well.

13 Viðskiptablaðið (2025). Ísland mun verja 1,5% af landsframleiðslu í varnir. https://vb.is/frettir/island-mun-verja-15-af-landsframleidslu-i-varnir/ ; Erlingsdóttir M.H. (2025). Útgjöld Íslands til varnarmála duga til - í bili. *Vísir*. https://www.visir.is/g/20252809741d/ut-gjold-is-lands-til-varnar-mala-duga-til-i-bili

Future outlook

Iceland faces various challenges but also opportunities in the development of the state's security policy. It must navigate a rapidly evolving geopolitical landscape and increased Great Power competition in the Arctic region, while also facing a rapidly changing environment and climate change, which may also pose a security risk.

Since Russia's invasion of Ukraine, a debate has evolved on whether Iceland should establish its own military. Although there are a few notable individuals in both academia and among former diplomats who favour this policy direction, the consensus remains that Iceland should not establish its own military. The establishment of an Icelandic military is therefore unlikely to happen any time soon.

Another debate has evolved around whether Iceland should be supporting Ukraine by buying weapons for its defence. This topic became heated during Iceland's presidential elections in 2024. This is notable because foreign policy is not often the main topic of discussion, especially in political debates. Iceland has contributed ISK 4 billion annually (around 27.85 million euros) to the Czech fund for purchasing weapons for the Ukrainian army.[14] Iceland's president, Halla Tómasdóttir, has been very critical of this policy shift, both during her presidential campaign and after, arguing that Iceland should be a promoter of peace and not buy weapons. Her position did not find support among the political leadership at the time – then Minister for Foreign Affairs Þórdís Kolbrún Reykfjörð Gylfadóttir (Independence Party) called such a position 'arrogant', i.e., to force Ukrainians not to buy what they need, but what Icelanders might feel more comfortable with.[15] Despite the change in government, it is unlikely that Iceland's position has changed and it is thus likely to continue to contribute to the fund in the future.

Looking ahead, Iceland is likely to further strengthen its ties with European partners, with particular emphasis on cooperation with the Nordic countries, the UK and Germany. These relationships provide Iceland with important political, economic and security linkages within Europe, complementing its transatlantic orientation and NATO commitments. Together, these partnerships offer Iceland avenues for diversifying its external relations while reinforcing its position within established European and transatlantic frameworks.

Iceland has good relations with the other Nordic states and participates in the Nordic Defence Cooperation (NORDEFCO). In the wake of Russia's full-scale invasion in 2022, a clearer emphasis on Nordic cooperation has become apparent. Sweden and Finland's membership of NATO have further strengthened the relationship between the Nordic

14 Kjartansson K. (2024). Ólík sýn á hvort Ísland eigi að styðja vörn Úkraínumanna. *Vísir*. https://www.visir.is/g/20242578731d/o-lik-syn-a-hvort-is-land-eigi-ad-stydja-vorn-ukrainu-manna

15 Gylfadóttir, Þ. K. R. (2024). Hví styður Ísland vopnakaup fyrir Úkraínu? Vísir. https://www.visir.is/g/20242581243d/hvi-stydur-is-land-vopnakaup-fyrir-ukrainu

countries with regard to security. Strengthening ties with Nordic allies is highly likely to continue in the foreseeable future, in particular as the Nordics are seen as aligned with Iceland's cultural values and emphasis on societal security and resilience.

In terms of a broader vision of Iceland's future role in European and transatlantic security and defence it will remain unarmed, while ensuring that NATO continues to secure its defences. While the Icelandic government has maintained that the US can still be relied on, it is also strengthening its security cooperation with other partners. This is evident in the bilateral agreements Iceland has entered into with European partners. The trend towards strengthening ties with European partners will continue for the foreseeable future, at least as long as the current government remains in power. It should be noted that Gunnar Pálsson, former ambassador to NATO, has argued that EU membership might endanger the US-Iceland bilateral defence agreement,[16] while others argue that such claims are unfounded.

Based on our findings in this short paper, several policy recommendations have emerged for Nordic, German and broader European policymakers. First, greater attention should be paid to Iceland's growing strategic importance in the Arctic and North Atlantic. As geopolitical competition increases, and as European states continue to strengthen their cooperation and strategic coordination, Iceland's role as a vital ally in transatlantic security is likely to expand.

Second, understanding Icelandic domestic and foreign policy is imperative for European policymakers. While Iceland remains an unflinching ally within NATO, domestic political debates and economic considerations impact foreign policy decisions. Gaining a nuanced understanding of the factors shaping Iceland's foreign policy will help European states and partners to engage more effectively with Iceland.

To conclude, it should be kept in mind that Iceland generally views itself as a pacifist society. Discussion on geopolitics has not been as prominent since the Cold War ended, but support for NATO membership has never been higher. This may in part be explained by the intensity of Russia's full-scale invasion, and the perception of Ukraine as the first line of Europe's, and therefore Iceland's, self-defence.

16 Morgunblaðið (2026). Óþekkt áhrif á varnarsamstarf. https://www.mbl.is/frettir/innlent/2026/06/08/othekkt_ahrif_a_varnarsamstarf/

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Centring Security in a Peripheral State

Russia's invasion of Ukraine has reshaped Iceland's security as a state and is bringing military security to the fore. The US remains its key guarantor but Iceland is increasingly diversifying its defence ties towards European partners like Germany, with significant implications for transatlantic and Arctic security.

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