



# **Small State Security and EU Membership: It depends who you are?**

**Dragana Petrović Jovišić**

**Lokaverkefni til MA-gráðu í alþjóðasamskiptum**

**Félagsvísindasvið**

**September 2014**



**HÁSKÓLI ÍSLANDS**

**Small State Security and EU Membership:**  
***It depends who you are?***

Dragana Petrović Jovišić

Lokaverkefni til MA-gráðu í alþjóðasamskiptum

Leiðbeinandi: Alyson J.K. Bailes

Stjórn málafræðideild  
Félagsvísindasvið Háskóla Íslands  
September 2014

Ritgerð þessi er lokaverkefni til MA-gráðu í alþjóðasamskiptum og er óheimilt að afrita ritgerðina á nokkurn hátt nema með leyfi rétthafa.

© Dragana Petrović Jovišić 2014  
180582-2829

Reykjavík, Ísland 2014

## Útdráttur

Tilgangur þessarar ritgerðar er að rannsaka og draga nokkrar ályktanir varðandi almenn samskipti milli smáríkja og stofnana. Viðfangsefni vegna öryggismála smáríkja og mikilvægi þeirra í samskiptum við Evrópusambandið eru líka rannsökuð með því að bera saman tvö lítil ríki-Ísland og Króatíu- í því sem lýtur að fjórum mismunandi öryggispáttum.

Kenningarammi er unninn útfrá þremur vel þekktum kenningum í alþjóðasamskiptum, raunsæishyggju, stofnanahyggju og félagslegri mótunarhyggju, og þá með því að skoða núverandi skilning bæði á „öryggi“ (þar með talið hugtakið securitization) og á hlutverki smáríkja í alþjóðakerfinu.

Aðalbakgrunnur viðfangsefnisins er kynntur með stækkunaráætlun ESB og andstæðum tengslum þess við Króatíu (nýjasta aðildarríki) og Ísland, ríki sem hætti við samningsviðræður sínar. Bæði ríki eru greinilega lítil í þeim skilningi að þau verða að styðjast við sterkari ríki í alþjóðasamskiptum til að ná markmiðum sínum. Munurinn liggur bæði í tegund ávinnings og verndar sem þau leita eftir og þeirri viðleitni og vinnu sem þau leggja fram til að ná markmiðum sínum. Nákvæm greining á viðfangsefnum þeirra og val á hernaðarlegum, efnahagslegum og orku- og umhverfispáttum staðfestir að forsendur þeirra fyrir útfærslu öryggismála við sameiningu þeirra í ESB eru afar ólíkar, en einnig það að viðhorf ólíkra þjóða hafa áhrif á hvernig þær nálgast Brussel, og hvernig Brussel nálgast þær.

Í niðurstöðum kemur fram að aðild að ESB getur verið mikilvægur þáttur fyrir Króatíu sem smáríki með erfiða fortíð sem leitar eftir skjóli, öryggi, stöðugleika og endurnýjun þjóðarinnar. Staða Íslands er mun betri á alþjóðavettvangi og Ísland á möguleika á að taka upp hagnýtara framferði gagnvart ESB, á sama tíma sem ESB er betur sett til að þróa samvinnu fremur en að draga landið inn í algjöra sameiningu.

## Abstract

The aim of this dissertation is to examine and draw some conclusions about the general nature of relationships between small states and institutions. Security challenges for small states and their relevance for relationships with the European Union are explored by comparing two small states - Iceland and Croatia – in terms of four different security dimensions.

A theoretical framework is provided by the prominent theories of international relations, realism, neoliberal institutionalism and social constructivism, and then by examining current understandings both of ‘security’ (including the notion of securitization) and of small states’ role in the international system.

General background is provided on the EU’s programme of enlargement, and its contrasting relationships with Croatia (the newest Member State) and Iceland, a state having halted its entry negotiations. Both states are clearly *small* in that they must rely on stronger partners in international relations in order to achieve their goals. The difference lies both in the type of benefits and protection they seek, and in the efforts and work they have to invest in order to achieve these goals. Detailed analysis of their challenges and choices in the military, economic, energy and environmental fields confirms that the practical security implications of their integration in the EU are often widely different, but also that different national attitudes affect the way they approach Brussels – and the way that Brussels approaches them.

The overall finding is that EU membership can play an important role for Croatia as a small state with a difficult past, searching for shelter, security, stability and national renewal. Iceland is better situated on the international scene and able to adopt more pragmatic behaviour towards the EU, while the EU is more appropriately placed to cooperate than to pull the country into full integration.

## **Preface**

This dissertation is my final assignment in the MA studies of International Relations at the University of Iceland. It corresponds to 30 ECTS credits and is written under the supervision of Alyson J.K. Bailes, Adjunct Professor at the University of Iceland.

Since I started my studies in the field of international relations I have been interested in security studies and small state studies. Learning about today's broad security spectrum was very interesting for me, especially noting how it is interwoven in all aspects of inter-state relations in the international community. I found it interesting how small states need to be flexible and sometimes pragmatic in the interrelations between states and international organizations. This influenced my choice of a research theme that explores the security issues facing small states, and their relationships with international organizations, by comparing four different dimensions of security challenges as they affect two contrasting small states in Europe. Given the range of different security dimensions that may be at stake in small states' institutional choices, it is interesting to compare these two countries to see what they need – or believe they need - from the EU, and what the EU offers to them. The European Union is a good example of an international organization that can offer much to all states, and especially for small ones, in response to security challenges. Considering that I originate from a small state in the Western Balkans, and live in Iceland, I am familiar with all developments in both countries which is why I chose Croatia and Iceland for this research question. The research question is interesting also because as it covers issues at the centre of current political debates, both in Iceland as a possible member of the EU, and in Croatia as the EU's newest Member State.

First and foremost I would like to thank my supervisor, Ms. Alyson J.K. Bailes for her inestimable assistance, professional supervision, advice and comments that she selflessly provided me during the time of my research. I am deeply grateful that she accepted to be my supervisor. I would also like to thank Ms. Bailes for introducing me to Dr Andrew Cottey of the University of Cork, who provided me also useful information for which I am very grateful.

Finally, I express my deep gratitude to my beloved husband for all his support, insight and patience: without him I would never have achieved my aim. I also offer my gratitude to my whole family.

## **List of Acronyms and Abbreviations**

<b>ASEAN</b>	Association of Southeast Asian Nations
AUI	Agricultural University of Iceland
CAP	Common Agricultural Policy
CEE	Central and Eastern Europe
CFP	Common Fisheries Policy
CFSP	Common Foreign and Security Policy
CO <sub>2</sub>	Carbon Dioxide
COPRI	Conflict and Peace Research Institute
CPM	Civil Protection Mechanism
CSDP	Common Security and Defence Policy
EAP	Environmental Action Programme
EC	European Commission
ECHO	European Community Humanitarian Office
EEA	European Economic Area
EFTA	European Free Trade Agreement
EIS	Environmental Information System
EMU	European Monetary Union
ENPI CBC	European Neighbourhood and Partnership Instrument for Cross Border Cooperation
ESDP	European Security and Defence Policy
ECTS	European Credit Transfer and Accumulation System
EU	European Union
EU-NAVFOR	European Union Naval Forces
EUR	Euro
FRONTEX	European Agency for the Management of Operational Cooperation at the External Borders

FRY	Former Republic of Yugoslavia
GCI	Global Competitiveness Report
GDP	Gross Domestical Product
GHG	Greenhouse gases
HERA	Hrvatska energetska regulatorna agencija (Croatian Energy Regulatory Agency)
HFC	Greenhouse gas refrigerants
ICES	International Council for the Exploration of the Sea
ICRU	Icelandic Crisis Response Unit
ICTY	International Criminal Tribunal for the former Yugoslavia
IMF	International Monetary Fund
ISAF	International Security Assistance Force
KAIA	Kabul International Airport
KFOR	Kosovo Force (NATO)
LNG	Liquefied Natural Gas
MFA	Ministry for Foreign Affairs
MINURCAT	United Nations Mission in the Central African Republic and Chad
MWh	Megawatt hour
NATO	North Atlantic Treaty Organization
NETS	New European Transmission System
NORDEFECO	Nordic Defence Cooperation
OSCE	Organization for Security and Co-operation in Europe
RES	Renewable Energy Sources Directive
SCR	NATO Senior Civilian Representative Office
SCSI	Soil Conservation Service of Iceland
SIPRI	Stockholm International Peace Research Institute
UK	United Kingdom



UN	United Nations
UNCCD	United Nations Convention to Combat Desertification
UNIFEM	United Nations Development Fund for Women
UNU	United Nations University
UNU-GTP	United Nations University Geothermal Training Programme
USA	United States of America
USD	United States Dollars
VAT	Value-added tax
VIS	Visa Information System
WMD	Weapons of Mass Destruction

## List of tables

Table 1. ....	3
---------------	---

## Table of contents

Útdráttur.....	iv
Abstract.....	v
Preface.....	vi
List of acronyms and abbreviations.....	vii
List of tables.....	x
<b>1.Introduction.....</b>	<b>1</b>
1.1. Purpose and Research Question.....	4
1.2. Methodological framework.....	4
1.3. Structure of thesis.....	5
<b>2. Theoretical approach.....</b>	<b>7</b>
2.1.	
2.1.1. Realism in international relations.....	7
2.1.2. Neoliberal institutionalism in international relations.....	11
2.1.3. Social Constructivism in international relations.....	15
2.2.	
2.2.1. The Modern Security Debate - broader and deeper, and securitization.....	18
2.2.2. Small states theory .....	21
<b>3. The European Union: security functions and enlargement.....</b>	<b>27</b>
3.1. European security functions.....	27
3.1.1. Common Foreign and Security Policy (CFSP).....	28
3.1.2. The Common Security and Defence Policy (CSDP).....	29
3.1.3. European humanitarian and civilian assistance.....	30
3.1.4. Internal security strategy and Schengen area.....	31
3.1.5. Summary .....	33

3.2. Enlargement.....	35
3.2.1. The accession of Croatia.....	38
3.2.2. The application of Iceland.....	38
<b>4. Security dimensions in the two national case-studies.....</b>	<b>40</b>
<b>4.1. Military security and conflicts.....</b>	<b>40</b>
<b>4.1.1. Croatia.....</b>	<b>40</b>
4.1.1.1. Benefits for Croatian military security from the membership.....	42
4.1.1.2. Expectations and obligations from the EU.....	44
4.1.1.3. Summary .....	47
<b>4.1.2. Iceland.....</b>	<b>48</b>
4.1.2.1. Icelandic security policy and defence.....	48
4.1.2.2. The Arctic policy.....	50
4.1.2.3. Icelandic engagement in international organizations.....	51
4.1.2.4. Summary.....	52
<b>4.2. Economy and financial security.....</b>	<b>54</b>
<b>4.2.1. Iceland.....</b>	<b>54</b>
4.2.1.1. The crash of 2008 and its consequences.....	55
4.2.1.2. Primary sectors as an obstacle to integration.....	57
4.2.1.3. The Arctic factor .....	61
4.2.1.4. Summary .....	62
<b>4.2.2. Croatia .....</b>	<b>64</b>
4.2.2.1. Transitional period and main structural sectors.....	64
4.2.2.2. Main economy policy problems today .....	66
4.2.2.3. Economic benefits expected from the membership.....	68
4.2.2.4. Summary .....	70

<b>4.3. Energy Security .....</b>	<b>72</b>
4.3.1. EU targets and guidance.....	72
<b>4.3.2. Croatia.....</b>	<b>75</b>
4.3.2.1. Renewable energy resources possibilities.....	76
4.3.2.2. Sustainable energy system.....	76
4.3.2.3. Current problems and prospects .....	78
4.3.2.4. The need for cooperation.....	78
<b>4.3.3. Iceland.....</b>	<b>81</b>
4.3.3.1. Energy system security .....	84
4.3.3.2. The advantages due to the clean and renewable energy.....	85
4.3.3.3. Possibilities of oil production.....	88
4.3.3.4. Iceland spread its knowledge about geothermal energy.....	88
4.3.3.5. Summary.....	89
<b>4.4. Environmental Security.....</b>	<b>89</b>
4.4.1. Environmental protection through legislation and prospects .....	91
<b>4.4.2. Iceland.....</b>	<b>94</b>
4.4.2.1. Greenhouse gases (GHG).....	94
4.4.2.2. Soil erosion.....	96
4.4.2.3. A clean ocean.....	98
4.4.2.4. The Arctic and climate change .....	99
4.4.2.5. Icelandic environmental policy.....	101
4.4.2.6. In relationship with the European Union.....	103
<b>4.4.3. Croatia.....</b>	<b>103</b>
4.4.3.1. Greenhouse gases (GHG).....	105
4.4.3.2. Waste management.....	106

4.4.3.3. The Adriatic Sea.....	108
4.4.3.4. The Water.....	110
4.4.3.5. Natural habitats .....	111
4.4.3.6. The EU and environment in Croatia.....	111
 <b>5. Conclusions and discussions .....</b>	<b>114</b>
<b>Bibliography.....</b>	<b>128</b>

## 1. Introduction

Security in its broad meaning is one of the fundamental social functions and a condition for the existence and functioning of individuals, societies, states, and the international community as a whole. It has been important for centuries and it has had an impact in shaping the world that we know today. It has been one of the crucial challenges for all states in the world through human history. The traditional approach to security is rooted in a strategy of balance of power among great powers and hence national security was based on situational interpretation of the concept among the great powers.<sup>1</sup> Security policy making is priority among other goals for states and societies.<sup>2</sup> However, the term security has been used by many people in many ways, and it is possible to find different interpretations of its meaning. Notably, the security concept and its content were defined differently in the traditional understanding from the way they are generally handled at the present day, inter alia because they are now applied in different and more varied contexts.

In the traditional context, security was about security from invasion and war with other state or states. In scholarly terms this is often now called “hard” security.<sup>3</sup> It leads states to seek peace primarily through a strategy of balance of power among great powers<sup>4</sup>, who are assumed to be each others’ natural enemies or competitors.<sup>5</sup> However, increased globalization in the last decades has resulted in stronger and easier connections between states and international communities. This has made the world smaller, more connected and more interdependent between states. In turn this has inspired a wider and broader concept of security that includes many new, non-military risks and challenges<sup>6</sup>: natural disasters, human and animal epidemics, dependence on foreign economic resources, cyber security and many others. These challenges are more concrete and frequent challenges for states in the current time than the old hard/military security risks. As one consequence, many states and

---

<sup>1</sup> Karen A. Mingst and Jack L. Snyder, *Essentials Readings in World Politics*, 3rd edition (New York: Norton & Company Inc., 2004), 132-133.

<sup>2</sup> Tim Dune and Brian C. Schmidt, “Realism” in *Globalization of Worlds Politics: an Introduction to International Relations*, John Baylis, & Steve Smith, third edition, (New York: Oxford University Press, 2008), 166.

<sup>3</sup> Ken Booth, *Security in Critical Security Studies and World Politics*, (London: Lynne Rienner Publishers, 2005), 21.

<sup>4</sup> Kenneth N. Waltz, “Anarchic Orders and Balances of Power,” in *Neorealism and Its Critics*, Robert Keohane (ed.), (New York: Columbia University Press, 1986), 116.

<sup>5</sup> Barry Buzan, *People States and Fear*, 2nd edition, (Colchester: ECPR Press. 2007), 66.

<sup>6</sup> David Mutimer, “Critical Security Studies: A Schismatic History”, in *Contemporary Security Studies*, Alan Collins, (New York: Oxford university Press, 2007), 60.

institutions have created security “strategies” to help them prepare for handling as many security challenges as possible.<sup>7</sup> Nowadays, scholars increasingly research security in the same multiple and complex terms, going broader and deeper than before<sup>8</sup>.

Still today, however, states are different in their starting point and approach to defining security aims and strategies. Large and economically strong states are at an advantage in relation to small states which usually are too weak to protect themselves. Traditionally, small states usually have sought protection from their big neighbours or international institutions.<sup>9</sup> The small state thus has to be more flexible in order to achieve protection and ensure its security, while also protecting its independence, identity, special interests and ambitions.

Small states studies in international relations have shown that small states have specific problems. Small states usually seek protection from great powers or international organizations because of their size. They may seek specific economic protection, safety and security protection, or they just may be nervous about their smallness and seek to achieve the “shelter” of belonging to a larger state or international organization. For small states, the membership of international institutions has become increasingly important as a strategic option for increasing security and finding protection.<sup>10</sup> This is particularly true in the light of the broader and deeper security spectrum that exists today, including many global or transnational problems that a single large protecting state could not guarantee to solve. We may conclude that it is harder for small states to deal with security challenges and these affect the small state behaviour in international relationships.

The present thesis will explore the issue of security challenges for small states, and their relationships with international organizations, by comparing two small states that have recently negotiated for membership of the European Union (EU): Iceland, which applied in 2009 but then halted its negotiations, and Croatia which joined the Union in 2013. The EU is a good example of a multi-functional and continuously evolving international organization that can offer much in response to security challenges for all states, and especially for small

---

<sup>7</sup> See Alyson J.K. Bailes, „Does a Small State Need a Strategy“, Faculty of Political Science, University of Iceland, at [http://stofnanir.hi.is/sites/files/ams/Bailes\\_Final\\_1.pdf](http://stofnanir.hi.is/sites/files/ams/Bailes_Final_1.pdf) (accessed 7.8.2014)

<sup>8</sup> Ken Booth, *Security in Critical Security Studies and World Politics*, (London: Lynne Rienner Publishers, 2005), 14.

<sup>9</sup> Hans J. Morgenthau, *Politics Among Nations*, Fourth printing, (New York: Alfred A. Knopf, 1968), 282.

<sup>10</sup> Robert O Keohane, „Lilliputian’s Dilemmas“, in *Small States in International Relations*, Christine Ingebritsen, Iver Neumann, Sieglinde Gsthöl and Jessica Beyer (eds.), (Seattle: University of Washington Press, 2006), 58.



ones. The two small states chosen here as examples – Iceland and Croatia – have many contrasting features as seen in Table 1 below, and their security situations are also different.

	<b>Area in sq km.</b>	<b>Population</b> July 2014 est.	<b>Real GDP</b> <b>growth rate</b> 2013 est.	<b>GDP per</b> <b>capita</b> 2013 est.
Iceland	103.000 sq km	317.351	1.9%	\$ 40.700
Croatia	56,594 sq km	4.470.534	-1%	\$17.800

Table 1. Vital Statistics.<sup>11</sup>

Croatia is a former Yugoslav republic, with a recent war history, huge economic debts, a difficult economic transition process after the collapse of Communism, and many internal problems such as corruption, minority rights, and the aftermath of the war. Iceland by contrast is a small democratic European state in the middle of the Atlantic sea, with no war history, a market economy, and a homogenous society with no serious internal problems, relatively low levels of corruption and high standards of human rights protection. Both are clearly ‘small’ states that must rely on stronger partners in international relations in order to achieve their goals. The difference lies both in the type of benefits and protection they seek, and in the efforts and work they have to invest in order to achieve these goals.

Given the range of different security dimensions that may be at stake in small states’ institutional choices, it is interesting to compare these two countries to see what they need from the EU and what the EU offers to them. What sacrifice must small states make for the institutional approach to security and an ‘escape from smallness’? Is the EU capable of meeting their expectations, and for what price? By looking at two contrasting cases, the aim is to draw some conclusions also about the general nature of such institutional relationships today, which will be discussed in the last part of this assignment.

The research requires a precise formulation of the security dimensions to be examined for the chosen states. The aim is to see how each dimension impacts each small state’s behaviour toward the European Union and vice versa, as well as how the EU treats these states more generally in view of their security strength and position in the international community.

---

<sup>11</sup> Central Intelligence Agency, World Factbook, Croatia and Iceland at <https://www.cia.gov/library/publications/the-world-factbook/geos/hr.html> (accessed 7.8.2014)

After detailed consideration and comparison of the given states, four security dimensions have been chosen. It is not possible to include all security dimensions due to several reasons. First, the scope of this thesis is 30 ETCS and considering time available for MA dissertation the whole spectrum is not an option. Second, not all security dimensions are appropriate for comparative research because some of them fit one of the two states but not the other. Thus, the experience of regional conflict and state failure is something familiar to Croatia but not to Iceland. On the other hand, the security aspects of migration are more relevant to Iceland than Croatia. Finally, some dimensions are not currently appropriate to either state, such as terrorism and weapons of mass destruction (WMD).

Against this background, the security dimensions that will be examined are: military security and conflicts; economic and financial security, energy security and environmental security.

### **1.1. Purpose and Research Question**

After a review of existing works in this field, it appears that no-one has researched the behaviour of specific small states in their relations with the EU based on specific and varied dimensions of security. The same is true of the literature in Croatian. The two small states selected here, with their resemblances but many differences, therefore offer a chance to make an original contribution to the existing literature in this field. The author is, moreover, able to examine the authentic literature of both countries in three languages, which should add to the credibility and utility of the findings.<sup>12</sup>

The research questions for this thesis are consequently two:

1. What dimensions of security are relevant to the applications for EU membership of Iceland and Croatia, respectively, and how are these issues viewed by each country and the EU?
2. What does this tell us about the security challenges of small states and the role of integration in institutions as a way of handling them?

### **1.2. Methodological framework**

In this thesis, a qualitative research method will be used as the most appropriate for the research questions. Qualitative research emphasizes interpretation and words- so called

---

<sup>12</sup> John W. Creswell, *Research Design: Qualitative, Quantitative and Mixed Methods Approaches*, 2nd edition, (London: SAGE Publications, 2003) 199.

textual data- rather than quantification and measurement in the collection and analysis of data. The analysis in the qualitative research is interpretative and the researcher focuses on understanding and examining carefully collected data. The empirical theories of international relations studies will be used in order to explain and examine the behaviour of small states towards the European Union in the security context. This research is comparative in that it selects two states and applies to them four carefully chosen security dimensions.<sup>13</sup> Further, the research is evaluative because state's behaviour towards the EU and vice versa in the security sphere will be evaluated<sup>14</sup>, and it constitutes a case study because it selects two states (Iceland and Croatia) on the one hand and the EU as an organization on the other.<sup>15</sup> In order to understand their interactions and behaviour towards the EU it is necessary to study them separately but also as integrated into one whole.

### **1.3. Structure of thesis**

The thesis will be organized into five chapters of which this introduction is the first.

Chapter two covers appropriate theories of international relations and necessary concepts, and is divided into two sections. First the international relations theories, realism, neoliberal institutionalism and social constructivism will be presented and evaluated. Then the concepts of security studies and small states studies are introduced in greater detail.

Chapter three introduces the EU's role in the specific context of security and defence policy and enlargement policy.

Chapter four starts by examining four different security dimensions (as defined above) in relation to the present situation and concerns of both Iceland and Croatia. It discusses the attitude of the EU towards Iceland and Croatia in that context, with special reference to the security dimensions of their membership. The aim is to examine and understand how Iceland and Croatia behave towards the EU and what the best solution is for the EU regarding these two countries.

Chapter five presents the conclusions and examines the findings of the thesis in relation to the original research questions. What kinds of relationships exist between Iceland-EU and

---

<sup>13</sup> Chris Hart, *Doing your Masters Dissertation*, (London: SAGE Essential Study Skills, 2009) 392 -332.

<sup>14</sup> Ibid., p. 121.

<sup>15</sup> Ibid., p. 327.

Croatia-EU regarding the chosen security dimensions, and what possible conclusions could be drawn from this relationship regarding the integration of small states into international organizations?

## 2. Theoretical approach

The theoretical framework for this research will be divided into two parts, given the nature of the research question and the need to provide theoretical background for all concepts used.

The first part of the theoretical framework will cover international theories: realism, neoliberal institutionalism and social constructivism. These theories will explain the behaviour of states in international relationships. All of them aside from realism can also be applied to the non-military security dimensions that will be presented and compared in this thesis, because these theories assume that states interact not only because of military security but also in view of other goods and issues at the international level. The second part of the theoretical framework will cover the definition of the term security. Through the theoretical discussion the process of 'securitization' will be examined, exploring how and why some issues become classified as security threats. Finally, small states theory will be presented in order to explain the behaviour of small states in the international system.

### 2.1.

#### 2.1.1. Realism in international relations

Realism has been a dominant theory in international relations in the last century with Hans Morgenthau as a main figure among representatives of this theory. Morgenthau asserts that power is dominant in human nature: one man will always seek the power to be strong enough to dominate the actions of others.<sup>16</sup>

In realism, the international system is anarchic and it is characterized by interaction among states.<sup>17</sup> By anarchy it is considered that international politics take place in an arena that has no overarching central authority above the individual collection of sovereign states.<sup>18</sup> States are in a constant struggle for power and security but there is no central authority.<sup>19</sup> According to Max Weber, the state has the monopoly of the legitimate use of physical force within a given territory. The meaning of the sovereign state is bound up with the use of force.<sup>20</sup> Waltz

---

<sup>16</sup> Hans J. Morgenthau, *Politics Among Nations*, Fourth printing, (New York: Alfred A. Knopf, 1968), 27.

<sup>17</sup> Robert O. Keohane, "Theory of World Politics Structural Realism and Beyond", in *Neorealism and its Critics*, Robert O. Keohane, (New York: Columbia University Press, 1986), 166.

<sup>18</sup> Ibid.,

<sup>19</sup> Tim Dunne, Milja Kurki and Steve Smith, *International relations Theories, Discipline and Diversity*, second edition, (New York: Oxford, 2007), 163.

<sup>20</sup> Ibid., page 172.

states that the state of nature is the state of violence.<sup>21</sup> The state has a supreme power to make and enforce law. According to realism, the state is identified as a crucial and principal actor in international relations: it is the ultimate power and, with its political acts, the most important player.<sup>22</sup> The core national interest for all states is survival. The survival of any given state can never be guaranteed and the duty of the state is therefore to take appropriate steps to guarantee its power and existence in a hostile environment.<sup>23</sup> In his main book *Politics Among Nations*, Hans Morgenthau states that the international relations are about the struggle for power.<sup>24</sup> The concept of interest as defined in power terms provides the possibility for states to understand international politics and to be understood.<sup>25</sup>

Power is crucial to the realist and it is defined in military strategic terms, through the threat of use of force. Hans Morgenthau's definition of power is: man's control over the minds and actions of other men.<sup>26</sup> States constantly need to be prepared to use force otherwise its neighbours will use it against them. Human nature is what drives states and their leaders forward.<sup>27</sup>

As Waltz states: ... "*The state among states, it is often said, conducts its affairs in the brooding shadow of violence*"<sup>28</sup>. While states have various other interests, for instance economic, environmental and humanitarian, if their very existence is jeopardized these other interests would stand no chance of ever being realized.<sup>29</sup> All that the state does, economically and politically, is transformed into power. The power and distribution of power between states explain international relations under realism. Each state considers itself to be the highest authority and does not recognize a higher power above itself. Weaker states have to assimilate to great powers, while great powers create the situation in international system. States with more power stand a better chance of surviving than states with less power. The nature of

---

<sup>21</sup> Kenneth N. Waltz, "Anarchic Orders and Balances of Power" in *Neorealism and Its Critics*, Robert O. Keohane (ed.), (New York, Columbia University Press, 1986), 98.

<sup>22</sup> Karen A. Mingst, *Essentials of International Relations*, 3rd edition, (New York: W.W. Norton & Company, 2004), 65-71.

<sup>23</sup> Tim Dune and Brian C. Schmidt, "Realism" in *Globalization of Worlds Politics: an Introduction to International Relations*, John Baylis & Steve Smith (eds.), third edition, (New York: Oxford University Press, 2008), 162.

<sup>24</sup> Hans J. Morgenthau, *Politics Among Nations*, Fourth printing, (New York: Alfred A. Knopf, 1968), 25.

<sup>25</sup> Ibid., 5.

<sup>26</sup> Ibid., 26.

<sup>27</sup> Tim Dune and Brian C. Schmidt, "Realism" in *Globalization of Worlds Politics: an Introduction to International Relations*, John Baylis & Steve Smith, third edition, (New York: Oxford University Press, 2008), 166.

<sup>28</sup> Kenneth N. Waltz, "Anarchic Orders and Balances of Power", in *Neorealism and Its Critics*, Robert O. Keohane, (New York, Columbia University Press, 1986), 98.

<sup>29</sup> Tim Dune and Brian C. Schmidt, "Realism" in *Globalization of Worlds Politics: an Introduction to International Relations*, John Baylis & Steve Smith, third edition, (New York: Oxford University Press, 2008), 164.

competition is viewed in zero-sum terms; in other words more for one actor means less for another.<sup>30</sup> In the anarchical nature of world politics states often look at their positions as a zero-sum game in relations to other states.<sup>31</sup>

Realists are sceptical of the idea that universal moral principles exist and argue that they cannot be applied to the actions of states. The need for survival requires state leaders to distance themselves from traditional morality. For states, there can be no political morality without prudence aimed at national survival.<sup>32</sup> Realism considers prudence to be the important virtue in politics.<sup>33</sup>

In order to keep peace in an anarchical international system, states have to keep the balance of power between them.<sup>34</sup> Within an anarchical order, Kenneth Waltz develops the theory of the balance of power which means stability within a system composed of a number of autonomous forces. It ensures stability between the nations and the freedom of one nation from domination by the other. Whenever the equilibrium is disturbed either outside the system or inside, the system seeks to re-establish either the original or a new equilibrium. A multipolar international system where states are in opposition is more secure than a bipolar one, because there is little possibility for one state's power to prevail over the other.<sup>35</sup> The balance of power, according to Waltz, is the distinctively political theory of international politics.<sup>36</sup> The international system is one of *self-help* and insecurity in which states must take care of their security<sup>37</sup>. States are only willing to secure other states against danger if they gain something from it themselves. A prime example of this principle is the past relationship between USA and Iceland.<sup>38</sup> The way that small states feel threatened by larger states can drive them to make coalitions of stronger states, join forces, establish formal alliances, and/or protect their own independence by checking the balance of power of the

---

<sup>30</sup> Ibid.,

<sup>31</sup> Karen A. Mingst and Jack L. Snyder, *Essentials Readings in World Politics*, 3rd edition, (New York, Norton & Company Inc., 2004), 133

<sup>32</sup> Hans J. Morgenthau, *Politics Among Nations*, Fourth printing, (New York: Alfred A. Knopf, 1968), 10.

<sup>33</sup> Ibid.,

<sup>34</sup> Karen A. Mingst and Jack L. Snyder, *Essentials Readings in World Politics*, 3rd edition, (New York, Norton & Company Inc., 2004), 132-135.

<sup>35</sup> Hans J. Morgenthau, *Politics Among Nations*, Fourth printing, (New York: Alfred A. Knopf, 1968) 166.

<sup>36</sup> Kenneth, N. Waltz, "Anarchic Orders and Balances of Power " in *Neorealism and Its Critics*, Robert O. Keohane (ed.), (New York, Columbia University Press, 1986), 116.

<sup>37</sup> Ibid., p. 100-2

<sup>38</sup> Tim Dune and Brian C. Schmidt, "Realism" in *Globalization of Worlds Politics: an Introduction to International Relations*, John Baylis & Steve Smith, third edition, (New York: Oxford University Press, 2008), 167. More about the relationship between USA and Iceland in Valur Ingimundarson, *Í Eldinu Kalda Stríðsins: Samskipti Íslands og Bandaríkjanna 1945-1960*, (Reykjavík: Vaka Helgafell, 1996).

opposing side. This leads to the equilibrium of power in which case no one state or coalition of states is in a position to dominate over the others.<sup>39</sup>

Cooperation in such a system is possible only if it ensures gains for the state, under particular conditions that favour the balance of power in international relations.<sup>40</sup> Such cooperation can result in the creation of alliances, but these alliances usually involve no binding commitment if trouble occurs.<sup>41</sup> Each state tries to maximize its gains in cooperation, and while the main aim is to ensure the balance of power, relative gains in cooperation with others are justified.<sup>42</sup> The outcome is thus not common gain, but a question of who gains more and who depends on the other.<sup>43</sup> This also explains why states can abandon each other despite having joined in organizations.<sup>44</sup> As stated above, the state is the highest functioning power and actor in the international system and realists do not believe in international organizations, like the United Nations (UN) and the League of Nations. The existence of these and other institutions is possible only if states are willing to let them function. Realists find legitimacy for this argument in the past failure of international organizations –notably that of the League of Nations to maintain collective security and prevent World War II.<sup>45</sup> It prevented no war and was ineffective in maintaining international order: thus proving that only national states are able to maintain the moral and political objectives of international organizations.<sup>46</sup>

In these conditions, security for the individual state can logically be defined as avoiding or resisting attack from other states, including invasion; or in the case of invasion, the ability to repel it and protect the core values of the state.<sup>47</sup> States may however choose between two main tracks in pursuing these goals. In defensive mode, as defined mainly by Waltz, the state is not interested in attacking other states or multiplying its own power. The state is only

---

<sup>39</sup> Hans J. Morgenthau, *Politics Among Nations*, Fourth printing, (New York: Alfred A. Knopf, 1968), 166-167.

<sup>40</sup> Karen A. Mingst and Jack L. Snyder, *Essentials Readings in World Politics*, 3rd edition, (New York, Norton & Company Inc., 2004), 126-135.

<sup>41</sup> Patrick Morgan, "Security in International Politics: Traditional Approaches" in *Contemporary Security Studies*, Alan Collins, (New York, Oxford University Press, 2007), 19.

<sup>42</sup> Karen A. Mingst and Jack L. Snyder, *Essentials Readings in World Politics*, 3rd edition, (New York, Norton & Company Inc., 2004), 73.

<sup>43</sup> Kenneth N. Waltz, "Anarchic Orders and Balances of Power" in *Neorealism and Its Critics*, Robert O. Keohane, (New York, Columbia University Press, 1986), 103.

<sup>44</sup> *Ibid.*, page 110.

<sup>45</sup> Lynn H. Miller, "The Ideas and the Reality of Collective Security" in *The Politics of Global Governance*, Paul F. Diehl ed, (London: Lynne Rienner Publisher, 2005), 200.

<sup>46</sup> Hans J. Morgenthau, *Politics Among Nations*, Fourth printing, (New York: Alfred A. Knopf, 1968) 453.

<sup>47</sup> Tim Dune and Brian C. Schmidt, "Realism" in *Globalization of World Politics: an Introduction to International Relations*, John Baylis & Steve Smith, third edition, (New York: Oxford University Press, 2008), 174.



occupied with its own security,<sup>48</sup> because only survival can ensure other goals such as power and profit.<sup>49</sup> The possibility that any state could use force to advance its domination and interests results in all states being worried about their survival, and the balance of power would be disrupted. This implies that nations should have a policy of status quo. This term is derived from *status quo ante bellum*, a diplomatic term referring to the policy of maintaining the distribution of power which exists in particular moment in history.<sup>50</sup>

The second variant of realism is represented by Mearsheimer's theory of offensive realism. States aim to maximize their relative power position: there is no satisfied or *status quo* actors in the international system, as all states are continuously searching for opportunities to gain power at the expense of other states.<sup>51</sup> The main directions for security policy are to seek to keep power, to increase power or to demonstrate power.<sup>52</sup> States always want more power even this could jeopardize their own security and decrease their freedom. With no higher structure of power and authority, states are at risk and each must arrange for protection itself. This drives the need of states to increase their military power. Competition then arises between states because when one state expands its power to provide for its own security, the fear of threat and insecurity of other states naturally increases. This produces the security dilemma.<sup>53</sup> States that have same interests could however maintain a status quo in the international system just to protect their domination over others that do not belong to this alliance.<sup>54</sup>

### 2.1.2. Neoliberal institutionalism in international relations

The school of neoliberal institutionalism arose after the Second World War with a view to meeting the challenges of realism. Robert O. Keohane is one of the main scholars of Neoliberalism with his famous book *After Hegemony* which was first published in 1984.<sup>55</sup>

---

<sup>48</sup> Kenneth N. Waltz, "Anarchic Orders and Balances of Power" in *Neorealism and Its Critics*, Robert O. Keohane, (New York: Columbia University Press, 1986), 110.

<sup>49</sup> Ibid. Page 127.

<sup>50</sup> Ibid. Page 37.

<sup>51</sup> Tim Dunne, Milja, Kurki and Steve Smith, *International relations Theories, Discipline and Diversity*, second edition, (New York: Oxford, 2007), 170.

<sup>52</sup> Hans J. Morgenthau, *Politics Among Nations*, Fourth printing, (New York: Alfred A. Knopf, 1968), 36.

<sup>53</sup> Patrick Morgan, "Security in International Politics: Traditional Approaches", in *Contemporary Security Studies*, Alan Collins, (New York: Oxford University Press, 2007), 17.

<sup>54</sup> Hans J. Morgenthau, *Politics Among Nations*, Fourth printing, (New York: Alfred A. Knopf, 1968), 88.

<sup>55</sup> Robert O. Keohane, *After Hegemony, Cooperation and Discord in the World Political Economy*, (New Jersey: Princeton University Press, 2005), 51.

After the Second World War, realism became inaccurate and inadequate to explain international relations, and neoliberal institutionalism found its legitimacy through pointing to the ability of institutions such as United Nations (UN) to redefine state roles and act as arbitrators in state disputes.<sup>56</sup> First, this shift reflected modern technological and industrial development and increasing interdependence between nations. Second, the post-war period was a time of relative stability of world affairs, recovery and economic development.<sup>57</sup> The economic recovery and the promotion of economic interdependence were the major drivers for the new phenomenon of European integration.

While realism sees states as the only significant actor in international relations, neoliberal institutionalism agrees that they are key actors, but emphasizes the significance of a plurality of other actors in international relations and the interdependence among them in an international system.<sup>58</sup> Nevertheless, neoliberal institutionalists keep a little touch of realism in the sense that they expect cooperation only if important common interests between international actors are at stake.

The basic idea of neoliberal institutionalism is that of common interests which states may achieve together. The core question is how to promote and support cooperation in an anarchic and competitive international system. For the realist, the core question is how to survive and realize the domination in this system. Contrary to realism, neoliberal institutionalism argues that states gain more and have more common interests in cooperation than in self-interested thinking. Robert O. Keohane states that cooperation occurs when actors adjust their behaviour to the actual preferences of others, through a process of policy coordination.<sup>59</sup> Neoliberal institutionalism looks at why states choose to cooperate most of the time with each other. Its theorists have more faith in the ability of states to achieve better collective outcomes in promoting freedom, peace and prosperity on a global level.<sup>60</sup>

In order to explain the willingness of states to cooperate, neoliberal institutionalists use the Prisoner's Dilemma theory. It is a story about two prisoners each held for an alleged crime.

---

<sup>56</sup> Ibid.,

<sup>57</sup> Jennifer Sterling Folger, „Neoliberalism“, in *International Relations Theories, Discipline and Diversity*, Tim Dunne, Milja Kurki and Steve Smith (eds.), second edition, (New York: Oxford University Press, 2010), 119.

<sup>58</sup> Steven, L. Lamy, „Contemporary mainstream approaches: neorealism and neoliberalism“, in *Globalization of World Politics: an Introduction to International Relations*, John Baylis & Steve Smith (eds.), third edition, (New York: Oxford University Press, 2008), 208-213.

<sup>59</sup> Robert O. Keohane, *After Hegemony, Cooperation and Discord in the World Political Economy*, (New Jersey: Princeton University Press, 2005), 51.

<sup>60</sup> Steven, L. Lamy, „Contemporary mainstream approaches: neorealism and neoliberalism“, in *Globalization of World Politics: an Introduction to International Relations*, John Baylis & Steve Smith (eds.), third edition, (New York: Oxford University Press, 2008), 213.

They were told that if one of them confesses and another does not, the one who confesses will go free and the other one will serve a long prison term. If both confess, both will get a somewhat reduced prison term and if both keep silent both will receive a short prison term.<sup>61</sup> This theory game is often used as an example of states' behaviour and choices. The interdependence between states is also an important concept that helps and enables cooperation between states and other international actors. Such interdependence is reflected on sensitivity and effects of other's decisions and actions.<sup>62</sup> It involves a relationship of mutual dependence in which actions and interests are entwined.<sup>63</sup> It can be described as a peaceful concept within an anarchical international system. For instance, environmental issues cannot be solved by unilateral action, power or violence as the realistic approach to international affairs would dictate. They are a shared challenge for all nations and can be solved only with cooperation and common actions. Similar arguments provide a good ground for cooperative relations across many areas in the international system such as economic development based on free trade and open markets, western democratic values, human rights and the environment. These interests are given priority over geopolitical ones.

Neoliberal institutionalism argues that the international cooperation is possible through the creation of international institutions. States are still central actors according to this theoretical approach, but they decide to cooperate through institutions in order to lower transaction costs, improve confidence in their mutual relations, facilitate information sharing, manage political-economic relations and improve member states' security.<sup>64</sup> Institutions for neoliberal institutionalism represent a set of implicit or explicit principles, stability norms and rules around which actors converge to serve a common aim.<sup>65</sup> Institutions are relevant to security because they increase the level of information about all state parties and underline the disadvantages of states defecting on each other. Institutions provide ensured interactions among states and interactions provide cooperation. The outstanding example is the role played by European political and economic institutions in overcoming the traditional hostility of European states. Some would also argue that European cooperation has had a domino effect in

---

<sup>61</sup> Margaret P. Karns and Karen A. Mingst, *International Organizations: The Politics and Processes of Global Governance*, (London: Lynne Rienner Publishers Inc., 2010), 38.

<sup>62</sup> Stephanie Lawson, *International Relations*, (Cambridge: Polity Press, 2003), 49.

<sup>63</sup> Jennifer Sterling Folker, „Neoliberalism“, in *International Relations Theories, Discipline and Diversity*, Dunne, Tim, Milja Kurki and Steve Smith (eds.), second edition, (New York: Oxford University Press, 2010), 119.

<sup>64</sup> Robert O. Keohane, *After Hegemony, Cooperation and Discord in the World Political Economy*, (New Jersey: Princeton University Press, 2005), 247.

<sup>65</sup> Jennifer Sterling Folker, „Liberalism“, in *Making Sense of International Relations Theory*, Jennifer Sterling-Folker, (London: Lynne Rienner Publishers, 2006), 58.

inspiring imitation by other countries: for example the Association of South East Asian Nations (ASEAN) has become an important organization in helping to maintain stability in South East Asia.

Institutions may be formal, like the European Union (EU), United Nations (UN) and North Atlantic Treaty Organization (NATO), or informal which includes informal international laws, practices, rules and behaviour, often called *international regimes* in liberal literature. This term is commonly used for all elements that assist cooperation in a given issue area characterized by high levels of interdependence.<sup>66</sup> After the Cold War, states had to prepare to answer new threats like terrorism, the proliferation of weapons, internal conflicts and many other threats that cannot be addressed today unilaterally.<sup>67</sup> The method of cooperation through institutions is now broadened to all human goods. It is crucial to managing the complex world that states confront in modern times, and it can respond to these new threats and help to achieve greater international security in the years ahead.<sup>68</sup>

On the other hand, the neoliberal institutionalists are aware that institutions cannot always guarantee an effective solution, and that they serve the interests of states which do not always match with a greater good. Institutions cannot guarantee to prevent war, but they can mitigate relationships between states and alleviate fears between states arising from unequal gains. Cooperation through institutions can be understood as a reaction to the risk of possible conflict.<sup>69</sup>

Possible barriers to neoliberal institutionalism could include a lack of information between states about one another's true preferences. The lack of information could lead to fear by states that other states will cheat and not commit to cooperative responsibilities. States can also be concerned about the other states' achievements at the expense of their own efforts.<sup>70</sup> Multilateral negotiations in international institutions can strengthen principles like

---

<sup>66</sup> Jennifer Sterling Folker, „Liberalism“, in *Making Sense of International Relations Theory*, Jennifer Sterling-Folker, (London: Lynne Rienner Publishers, 2006), 58.

<sup>67</sup> Steven L. Lamy, „Contemporary Mainstream Approaches: Neorealism and Neoliberalism“, In *Globalization of Worlds Politics: an Introduction to International Relations*, Baylis, John & Steve Smith (eds.), third edition, (New York: Oxford University Press, 2008), 208.

<sup>68</sup> Karen A. Mingst, *Essentials of International Relations*, (New York: W.W. Norton & Company Inc., 2004), 64. and John Baylis, „International and Global Security in the Post-Cold War Area“, in *Globalization of Worlds Politics: an Introduction to International Relations*, Baylis, John & Steve Smith (eds.), third edition, (New York: Oxford University Press, 2008), 307.

<sup>69</sup> Robert O. Keohane, *After Hegemony, Cooperation and Discord in the World Political Economy*, (New Jersey: Princeton University Press, 2005), 54.

<sup>70</sup> Jennifer Sterling Folker, „Neoliberalism“, in *International Relations Theories, Discipline and Diversity*, Tim Dunne, Milja Kurki and Steve Smith (eds.), second edition, (New York: Oxford University Press, 2010), 121.

inspections, ensure information collection, and spread and exchange knowledge about member states' behaviours, thus reinforcing the commitment to the international agreements. Institutions can and will impose sanctions against the defecting parties which are usually economic in nature. These factors should empower institutional cooperation.<sup>71</sup>

For neoliberals, security is important and states work to ensure it through institutions and organizations. Neoliberal institutionalism points to cooperative security measure, which can lead to the forming of *security community*. The EU is a clear example of this.<sup>72</sup> Through cooperative security measures, security institutions arise that concentrates on their functions rather than just their organization and are capable of dealing with certain precisely defined problems and threats. The response to a given threat is not to deal with it by mobilizing superior power, but rather it is diffused through integration.<sup>73</sup> Threats are avoided by common membership in security institutions, of which the prime example is NATO.

In sum: "The world is not perfect but liberals argue that we can make the best of it, given certain preconditions that help build a sense of community".<sup>74</sup>

### **2.1.3. Social Constructivism in international relations**

Social constructivism is a theory that emphasizes the social dimensions of international relations and the possibility and understanding of change at the international level. Constructivism looks at how social reality is produced through human interaction. The basic premise is that global politics have a social character. Social constructivism is a general approach to understanding social meaning as a human product created by interpretation of words and actions. This theory can be more simply expressed by saying that to construct something is an act that brings into being a subject or object which otherwise would not exist.<sup>75</sup> Social Constructivism was launched at the time when the Cold War ended, when other dominant theories like realism had failed to explain events in international affairs.

---

<sup>71</sup> Zaklina Novicic, „Neorealizam and neoliberalizam u savremenoj teoriji medjunarodnih odnosa“, (Neorealism and neoliberalism in the contemporary theory of international relations), in Rasprave i Clanci, Izvorni Naucni Rad (Original Scientific Paper), Vol. LIX, br. 2-3, Beograd, (2007): 227. At <http://scindeks-clanci.ceon.rs/data/pdf/0025-8555/2007/0025-85550703211N.pdf> (Accessed 25.06.2013).

<sup>72</sup> Stephanie Lawson, *International Relations*, (Cambridge: Polity Press, 2003), 81.

<sup>73</sup> Cornelia Navari, „Liberalism“ in *Security Studies: an Introduction*. Paul D. Williams, 2nd edition, (New York: Routledge, 2012).

<sup>74</sup> Oliver Daddow, *International Relations Theory: the Essentials*, 2nd edition, (London: Sage, 2013), 87.

<sup>75</sup> Fierke, K. M., „Constructivism“, in *International Relations Theories, Discipline and Diversity*, Tim Dunne, Milja Kurki and Steve Smith (eds.), second edition, (New York: Oxford University Press, 2010), 181.

Constructivists emphasize the importance of social norms, rules and language. For social constructivists, power lies not only in military, economic and political terms, but in culture, ideas, language, and other values among actors in societies.<sup>76</sup> All international relations, including elements of anarchy and the security dilemma, are the product of social interactions between states that provide reasons for a state to act in a particular way.<sup>77</sup> International relations are thus a social construction. The world and international relations reflect a process of creation and interaction between human agents who affect their environment by creating, making choices in the process of interacting with others, reproducing and changing the world in its historical, cultural and political meanings through daily practice. The aim is to find the source of power that lies in interactions among actors. Individuals and states as social beings behave according to norms that are not always tied, as the realists say, to self interest; they also construct the identities of actors, sovereignty, culture, individuals, and so on. The reason for a certain distribution of power and global politics may be found in the identity and interests of certain states, meaning that with any change in these social activities, the global politics could change.<sup>78</sup>

Language is important for constructivists, not as a meaning but as an action, a form of practice and behaviour. Individuals change and shape culture through ideas and practice. States and national interests result from the social identities of individuals.<sup>79</sup>

Further, constructivists focus on the constitutive role of norms and shared understanding linked with relationships. Relationship arises from the human reasoning or understanding<sup>80</sup> and is a product of a historical process and interactions over time. Social structure is a product of social relationships, through shared knowledge, material resources and practices. The nature of social action must always be understood.

Constructivists assume that ideas and interactions among actors in international relations can change identity.<sup>81</sup> A good example is the sovereignty of states. State sovereignty has always been challenged by new institutional forms and new national needs. It determines the state's

---

<sup>76</sup> Karen A. Mingst, *Essentials of International Relations*, (New York: W.W. Norton & Company Inc., 2004), 74-76.

<sup>77</sup> Ngaire Woods, „The Uses of Theory in the Study of International Relations“, in *Explaining International Relations Since 1945*, Ngaire Woods, (Oxford: Oxford University Press, 1996), 27.

<sup>78</sup> Stephanie Lawson, *International Relations*, (Cambridge: Polity Press, 2003), 87.

<sup>79</sup> Karen A. Mingst, *Constructivism in Essentials of International Relations*, fourth edition, (New York: Norton & Company, 2008), 72.

<sup>80</sup> Fierke, K. M., „Constructivism“, in *International Relations Theories, Discipline and Diversity*, Tim Dunne, Milja Kurki and Steve Smith (eds.), second edition, (New York: Oxford University Press, 2010), 183.

<sup>81</sup> Karen A. Mingst, *Constructivism in Essentials of International Relations*, fourth edition, (New York: Norton & Company, 2008), 73.

identity. This concept needs to be recognized and accepted by individual actors.<sup>82</sup> However, through the practice of certain interactions over time, sovereignty and identity can change and transform as in the case of "European identity". In order for this to happen the interaction has to be long and intense; and actors (states) have to be dissatisfied with the existing form of identity and cooperation.<sup>83</sup>

Certain social norms and values gather states into organizations with common aims and needs which cannot be achieved independently. In that sense organizations have real power. Over time social norms of institution become deeply rooted and then provide the possibility of identity transformation. As noted, this can be applied to the creation of an "European Identity" out of the concerned states' interactions over time. A state interacts with others because of its feelings of belonging and identity.<sup>84</sup> EU integration can be explained with reference to changes that states make in order to achieve common gains from cooperation. States come to do and think "European" because they have become conditioned to do so by regular formal and informal interaction with other states building the European *project*.<sup>85</sup>

Social constructivists comprehend the security community as a social structure where states will share knowledge, trusting each other to resolve disputes without war. The search for security is about finding and defining a threat: what is a threat and for whom.<sup>86</sup> Under a constructivist approach according to Booth, security is ultimately what states make of it.<sup>87</sup> The constructivist approach recognizes the importance of knowledge for transforming international structures and security politics.<sup>88</sup> For the state it is important to think seriously how international community can shape security politics and create the conditions for a stable peace.<sup>89</sup>

---

<sup>82</sup> Fierke, K. M., „Constructivism“, in *International Relations Theories, Discipline and Diversity*, Tim Dunne, Milja Kurki and Steve Smith (eds.), second edition, (New York: Oxford University Press, 2010), 181.

<sup>83</sup> Karen A. Mingst, and Jack L. Snyder, *Essentials Readings in World Politics*, 3rd edition, (New York: Norton & Company Inc., 2004), 104.

<sup>84</sup> Ibid., 106.

<sup>85</sup> Oliver Daddov, *International Relations Theory: the Essentials*, 2nd edition, (London: Sage, 2013), 169.

<sup>86</sup> Barry Buzan, Ole Waever and Jaap De Wilde, *Security: A New Framework for Analysis*, (London: Lynne Rienner Publisher, 1998), 204.

<sup>87</sup> Ken Booth, „Security“ in *Critical Security Studies and World Politics*, Ken Booth ed., (London: Lynne Rienner Publishers, 2005), 38.

<sup>88</sup> Ibid.,

<sup>89</sup> Ibid.,

## 2.2.

### 2.2.1. The Modern Security Debate - broader and deeper, and securitization

The study of security has always been central to the discipline of international relations because of the security importance of states in other states' view. Security is a wide and complicated concept to define, especially in modern times when new threats and risks emerge constantly. Traditionally, the definition of security means the absence of threat and protection from danger, which is objective security. This absence of threat could also mean feeling safe and being safe - subjective security.<sup>90</sup> The concept of security has however moved on from the realist point of view, where the accent was on a struggle for power to reach a dominant position and state security was defined as the result.<sup>91</sup> As the state was the most powerful unit in the international system under this view,<sup>92</sup> only the core values of the individual state and military issues were protected.<sup>93</sup> This is clear from Waever et al's statement that "*Security is about survival. It is when an issue is presented as posing an existential threat to a designated referent object- state*".<sup>94</sup> Further similar thinking is presented by Stephen M. Walt, who says that security is: "*the study of threat, use and control of military force*".<sup>95</sup> The Dictionary of International Relations states that analysis of security, through the history of international politics, has been concentrating on the protection of peace and territorial integrity and the independence of the nation-state against the threat of war.<sup>96</sup> Walter Lippmann, cited in Barry Buzan's book 'People, States and Fear', also assumes a traditional understanding of security and says: "*A nation is secure to the extent to which it is not in danger of having to sacrifice core values it wishes to avoid war and is able if challenged to maintain them by victory in such a war*".<sup>97</sup> Booth's definition is: "*Security in world politics is an instrumental value that*

---

<sup>90</sup> Barry Buzan, *People States and Fear*, 2nd edition, (Colchester: ECPR Press. 2007), 50.

<sup>91</sup> Ken Booth, „Security“ in *Critical Security Studies and World Politics*, Ken Booth (ed.), (London: Lynne Rienner Publishers, 2005), 21.

<sup>92</sup> Barry Buzan, *People States and Fear*, 2nd edition, (Colchester: ECPR Press. 2007), 66.

<sup>93</sup> Ibid., page 29.

<sup>94</sup> Barry Buzan, Ole Waever and Jaap De Wilde (eds.), *Security: A New Framework for Analysis*, (London: Lynne Rienner Publisher, 1998), 21.

<sup>95</sup> Stephen M. Walt, „The Renaissance of Security Studies“, in *International Studies Quarterly*, vol.35, no.2, JSTOR., London: Blackwell Publishing, (1991): 212.

<sup>96</sup> Evans G., & J. Newnham, *Dictionary of international Relations*, (London: Penguin Books), 39. at [http://www.himalayancrossings.com/pdf/course/resource/penguin\\_dictionary.pdf](http://www.himalayancrossings.com/pdf/course/resource/penguin_dictionary.pdf). (accessed 3. 3.2013).

<sup>97</sup> Barry Buzan, *People States and Fear*, 2nd edition, (Colchester: ECPR Press. 2007), 21.



*enables peoples some opportunity to choose how to live. It is a means by which individuals and collectivises can invent reinvent different ideas about being human”.*<sup>98</sup>

From the definitions above, it is clear that external military threats or risks posed to a state by another state or by internal armed threats from non-state actors were traditionally recognized under the definition of security.<sup>99</sup>

The ending of the Cold War created a revolution in international relations in terms of openness between states and societies. The quality and effectiveness of international relations rose with better connection and global travel, faster communication and easier migration of people together with economic interdependence and with other factors of the modern-day globalization process. These changes in international relations brought inner changes in security fields. States and societies are confronting the fact that in order to make society safe, a whole new range of challenges have to be taken into account. As many of these issues – as seen above – can only be confronted by joint action above the national level, states are forced to redefine their security in cooperative rather than in conflicting terms.

Along with these changes in the international system, theorists started to study the wider security agenda. During the 1980, Barry Buzan introduced his notion of multiple security dimensions in his book 'Peoples, States and Fear'. He suggested that while earlier security referred only to military security, this is in fact just one of five major dimensions together with environmental, economic, societal and political security.<sup>100</sup>

According to Andrew Cottey, security relates to a wide range of issues, from an individual's personal or psychological security to a state's security against external attack, or humanity's security from global threats such as climate change.<sup>101</sup>

After the events of September 11 2001, significant attention in international relations was directed to global non-military threats not connected to any particular state or nation. Security studies changed in the direction of going *deeper*, which means the detection and exploring of

---

<sup>98</sup> Ken Booth, „Security“ in *Critical Security Studies and World Politics*, Ken Booth (ed.), (London: Lynne Rienner Publishers, 2005), 23.

<sup>99</sup> Elisabeth Sköns, „Analysing risks to human lives“ in *Stockholm International Peace Research Institute Yearbook 2007*, (2007): 244. at <http://www.sipri.org/yearbook/2007/files/SIPRIYB0707.pdf> (accessed 10.02.2013).

<sup>100</sup> David Mutimer, „Critical Security Studies: A Schismatic History“, in *Contemporary Security Studies*, Alan Collins (ed.), (New York: Oxford university Press, 2007), 60.

<sup>101</sup> Andrew Cottey, *Security in New Europe*, (New York: Palgrave Macmillan, 2007), 6.

new subjects, attitudes and ideas concerning security.<sup>102</sup> Security challenges do not only affect states, but go deeper and affect other aspects of national existence as well as many other groups and individuals. From deepening comes the broadening that means expanding the agenda of security beyond the boundaries of hard security and old realist struggles for power.<sup>103</sup> Security challenges are broadened out to include many additional issues that have been *securitized*, such as political, economic, societal, environmental, energy and health security; natural disasters, cyber -attacks and many others.

The term securitization is explained thus by Booth: “... *defining something as a security issue implies an importance and urgency that legitimizes the use of special measures outside of the usual political process to deal with*”.<sup>104</sup> The specific notions of securitization and desecuritization in connection with a rethinking of security emerged from the so-called Copenhagen School of researchers at the Conflict and Peace Research Institute (COPRI) at Copenhagen. The Copenhagen School represents a multi-sectoral approach to security that moves away from traditional focus on military security. Barry Buzan, Ole Waever, and Jaap de Wilde are the main representatives of this school with their main book *Security: A New Framework for Analysis*. They have played an important role in broadening the concept of security and providing a framework to analyse how some issues come to be securitized.<sup>105</sup>

Securitization in this sense is the process by which some public issue or action comes to be treated as a security matter. The issue must be presented as an existential threat, requiring measures and justifying actions outside the normal bounds of political procedure.<sup>106</sup> The theory stresses that there is no permanent or 'correct definition of security, thus in principle it is possible for every issue to end up on any part of the security spectrum. The Copenhagen School defined three stages in the securitization process.<sup>107</sup> The first move comes from the securitizing actor which may be a state, political elite, military power, or government. At this stage the securitizing actor declares that something or issue is threatening a referent object that has a legitimate claim to survival – for instance the state, a group or national

---

<sup>102</sup> Ken Booth, „Critical Explorations“ in *Critical Security Studies and World Politics*, Ken Booth (ed.), (London: Lynne Rienner Publishers, 2005), 14.

<sup>103</sup> Ibid., 14.

<sup>104</sup> Ibid., 34.

<sup>105</sup> Ralf Emmers, “Securitization” in *Contemporary Security Studies*, Alan Collins, (New York: Oxford university Press, 2007), 110.

<sup>106</sup> Barry Buzan, Ole Waever and Jaap De Wilde, *Security: A New Framework for Analysis*, (London: Lynne Rienner Publisher, 1998), 24.

<sup>107</sup> Ibid., 36.

sovereignty.<sup>108</sup> The second crucial stage in the process of securitization is that the securitizing actors convinces the audience (public opinion, politicians, and military officers) of the real threat against the referent object, thus framing the issue as a security question through an act of securitization. The third stage is to grant the securitizing actor special powers or consent to take tough measures – beyond the practices of normal politics – against the threat. There is a reverse process of desecuritization which shifts an issue out of emergency mode into the normal bargaining process of the political sphere.<sup>109</sup>

A crucial question in the context of securitization and desecuritization is whether the concept of security risks being stretched so far that everything ends up being a security problem. The danger lies in the possibility that this process can be abused to legitimize and empower authoritarian leaders or the role of the military in civilian activities. This can lead to curbing civil liberties in the name of security in democratic societies.<sup>110</sup>

In modern conditions, states in the international system are interdependent, and this is true of security too. This interdependence results in interlinked security, where different nations' security problems cannot be analyzed or resolved apart from one another.<sup>111</sup> States fear threats that could come from neighbours and also from faraway. This kind of security system has advantages for tackling and tracking threats and spillovers between sectors (military, economic, societal security) and also for linking actors across sectors.<sup>112</sup> Supranational institutions like the EU offer the best example of interactions among nation states and the central organs of the EU itself. On the other hand, the wider interlinked security system could be a problem by obliging a state to mobilize on a wide range of issues seen as important for others' security and universal goods.<sup>113</sup> This is one reason why modern thinkers have argued that, while threats and vulnerabilities can arise in very different areas (military and non-military), in order to become a security issue they should have to meet strictly defined criteria

---

<sup>108</sup> Ken Booth, „Security“ in *Critical Security Studies and World Politics*, Ken Booth (ed.), (London: Lynne Rienner Publishers, 2005), 34.

<sup>109</sup> Ralf Emmers, „Securitization“ in *Contemporary Security Studies*, Alan Collins, (New York: Oxford university Press, 2007), 111.

<sup>110</sup> Ibid., 115.

<sup>111</sup> Barry Buzan, Ole Waever and Jaap De Wilde, *Security: A New Framework for Analysis*, (London: Lynne Rienner Publisher, 1998), 12.

<sup>112</sup> Ibid., 17.

<sup>113</sup> Ibid., 4.

that distinguish them from the run of merely political affairs.<sup>114</sup> In the Copenhagen School's terms, they must be framed as existential threats to a referent object by a securitizing process.

### 2.2.2. Small states theory

*“If Lilliputians can tie up Gulliver, or make him do their fighting for them, they must be studied as carefully as a giant.”*<sup>115</sup>

The common opinion is that there is no unanimously accepted definition of a small state. According to Robert Keohane, a small state is a state whose leaders consider that it can never - acting alone or in a small group - make a significant impact on the international system.<sup>116</sup> The criterion for defining small states is usually the population size, but some authors take territory and gross domestic product as well as trade level and land area into account. Still, the population is the most used criterion. Recently, international organizations have proposed to define a state as a small when it has a maximum of 1, 5 million residents.<sup>117</sup> In the European context the commonly recognized range of small states have a population from 100 000 up to 10 million inhabitants, which defines a majority of European countries as small states.<sup>118</sup>

The size of states is important because states are supposed to be capable of fulfilling the wide range of functions necessary for self-government. Without sufficient size, there is the risk that states will be too fragile and lack the capability to perform all the tasks of self-rule and statehood, especially if compared with larger states in the international community. Small states usually lack significant armed forces, political and economic power and are usually dependent on larger neighbours to perform these functions for them.<sup>119</sup>

---

<sup>114</sup> Ibid.

<sup>115</sup> Keohane, Robert O., “Lilliputians' Dilemmas: Small States in International Politics”, International Organization, Vol. 23, No. 2, (1969), cited in Robert Steinmetz and Anders Wivel, *Small States in Europe Challenges and Opportunities*, (Farnham Surrey: Ashgate Publishing Company, 2010), 8.

<sup>116</sup> Keohane, Robert O., “Lilliputians' Dilemmas: Small States in International Politics”, International Organization, Vol. 23, No. 2, (1969): 291-310.

<sup>117</sup> Naren Prasad, „Small but Smart: Small States in the Global System“, in Shaw *The Diplomacies of Small States Between Vulnerability and Resilience*, Andrew F. Cooper (ed.), and Timothy M., (New York: Palgrave Macmillan, 2009), 44.

<sup>118</sup> Iver B. Neumann and Sieglinde Gstöhl, “Lilliputians in Gulliver's World“, in *Small States in International Relations*, Christine Ingebritsen, Iver Neumann, Sieglinde Gstöhl and Jessica Beyer (eds.), (Seattle: University of Washington Press, 2006), 4.

<sup>119</sup> Barry Buzan, *People States and Fear*, 2nd edition, (Colchester: ECPR Press. 2007), 71.

In the Cold War period, social science was preoccupied with bipolarity and security studies. Small states rarely received any attention on the international scene and the fundamental question was their survival among big powers. They achieved it with non-alignment or under protection from the big powers. Themselves. This was in line with the realist theory as a model for the small state's national security. A small nation must look for protection from its powerful friends; only this way it can avoid attempts to violate its rights.<sup>120</sup> Whether the state will be protected at a particular moment depends on the arrangement of balance of power in the international community operating in that particular situation, and whether the relevant big power is interested in protecting a small nation. This model could be seen in the relationship between the USA and Iceland in the time of the Cold War. On the other side is the example of Finland when attacked by the Soviet Union (Second World War); there was no balance of power capable of protecting (eg by sanctions against the Soviet Union) this small state.

The study of small states revived and accelerated, in both economics and political science, after the mid-1970s. Economic liberalization, political integration and international institutions helped to bring small states back onto the international scene.<sup>121</sup> Liberal theory points to the importance of the integration process. Regarding small states, Katzenstein argues that through the integration process, an authority higher than the nation state helps build the self-respect of smaller nations and regions.<sup>122</sup> The integration of small states in the European Union and the EU's enlargement to numerous small states have, accordingly, drawn renewed attention to the small states issue.<sup>123</sup>

The position of small states in international relations is specific. To be a small state in the international system brings advantages but certain deficits as well. Small states are limited in resources, experience, possibilities, and economic assets and also in security capacities. Small states are assumed to be vulnerable to external shocks such as invasions and other externally directed strikes, and may be unable to provide or afford international representation. They are vulnerable to economic fluctuations in the world economy, which limits their economic and political room for manoeuvre and makes them more dependent on the economies of the larger

---

<sup>120</sup> Hans J. Morgenthau, *Politics Among Nations*, . Fourth printing, (New York: Alfred A. Knopf, 1968), 282.

<sup>121</sup> Peter, J. Katzenstein, „The Smaller European States, Germany and Europe“ in *Tamed Power Germany in Europe*, Peter J. Katzenstein (ed.), (London: Cornell University Press, 1997), 257.

<sup>122</sup> Ibid., 300.

<sup>123</sup> Iver B. Neumann and Sieglinde Gstöhl, “Lilliputians in Gulliver's World“, in *Small States in International Relations*, Christine Ingebritsen, Iver Neumann, Sieglinde Gstöhl and Jessica Beyer (eds.), (Seattle: University of Washington Press, 2006), 13.

states.<sup>124</sup> In order to ensure its position on international level and also to meet and solve security threats, a small state has to be more flexible in solving its problems. Small states are very proactive in their most important economic sectors, as Iceland is in fishery policy. Because of the importance of such sectors and the specifics of being a small state, Baldur Þórhallsson says that small states are inflexible in negotiations where they have important interests, but are flexible in negotiations where they do not have specific interests.<sup>125</sup> They can protect their interests and express and promote their attitudes through international organizations, and today, usually seek strength through membership of such international organizations and institutions.<sup>126</sup>

As already discussed in the context of realism, the power position of any state in international scene serves to secure its demands or to resist the demands of other states. The specificity of small states is that small states have no, or limited, possibilities to influence the international system. Some authors assume that small states cannot have influence when acting alone on their own, but can do so together with other states.<sup>127</sup> According to Rothstein, the reason for small states supporting international organizations lies in the ability of the latter to ensure these states' formal equality, the potential security of membership, an opportunity to participate in decision making, and the possible capacity of the organizations to restrain great powers.<sup>128</sup> This way, small states ensure their voice is heard in international institutions and can hope to prevent the use of certain types of power by powerful states, including the threat of force.<sup>129</sup>

---

<sup>124</sup> Peter J. Katzenstein, „Small States in World Market“, in *Small States in International Relations*, Christine Ingebritsen, Iver Neumann, Sieglinde Gstöhl and Jessica Beyer (eds.), (Seattle: University of Washington Press, 2006), 202.

<sup>125</sup> Baldur Þorhallsson, „The Role of Small States in European Union“, in *Small States in International Relations*, Christine Ingebritsen, Iver Neumann, Sieglinde Gstöhl and Jessica Beyer (eds.), (Seattle: University of Washington Press, 2006), 225.

<sup>126</sup> Anders Wivel, „The Security Challenge of Small EU Member States: Interests, Identity and the Development of the EU as a Security Actor“, *Journal of Common Market Studies*, vol.43, (2005): 394-396, <http://onlinelibrary.wiley.com/doi/10.1111/j.0021-9886.2005.00561.x/abstract> (accessed 22.11.2012).

<sup>127</sup> Baldur Þorhallsson, „Can Small States Choose Their Own Size? The Case of a Nordic State- Iceland“, in *The Diplomacies of Small States Between Vulnerability and Resilience*, Andrew F. Cooper and Timothy M. Shaw (eds.), (New York: Palgrave Macmillan, 2009), 119.

<sup>128</sup> Robert O. Keohane, „Lilliputian's Dilemmas“, in *Small States in International Relations*, Christine Ingebritsen, Iver Neumann, Sieglinde Gstöhl and Jessica Beyer (eds.), (Seattle: University of Washington Press, 2006), 58.

<sup>129</sup> Mark A. Pollack, „International Relations Theory and European Integration“ in *Journal of Common Market Studies*, volume 39, (2001): 224. <http://onlinelibrary.wiley.com/doi/10.1111/1468-5965.00286/pdf> (accessed 4.8.2013).

A small state is not able to defend itself alone, regardless of whether we are thinking in terms of traditional military security and defence against military attack, or in terms of current soft security issues and new threats. The best security solution for a small state is to enter bilateral or multilateral defence alliances<sup>130</sup> and rely on cooperation, prioritization, specialization and sharing of information.<sup>131</sup> This way, a small state chooses between two options, a *bandwaggoning* and/or a *balancing* strategy as a security solution. *Bandwaggoning* implies supporting a larger state's or institution's policy in order to ensure its protection, while *balancing* involves joining with one or more states to save itself from the dominant power.<sup>132</sup> However, these solutions also involve challenges for the small state. The first is how to integrate the said state with the protecting nation or institution, which may mean adopting new laws, obligations, and maybe new burdens, which could be alien or difficult for the small state. The autonomy of small states may be reduced to the point where they are obliged to support a more powerful state's decisions even if these do not serve their own best interests. If some specific security issue, for example terrorism or mass migration, affects a certain number of EU states, this is likely to generate common EU policy measures that can bring problems and burdens for small states who are not exposed to or experiencing the same issues themselves. Again, after the small state has integrated into the institution, it faces the challenge of how to make the right choice of priorities and partners to maximize its aims, and how to best use the position of being small.

On the other hand, because of their smallness, small states are usually more flexible and have more room for greater manoeuvre in international interactions. Small states have a certain power of powerlessness and may be able to exploit their smaller size in a variety of ways to achieve their intended practical or even policy, outcomes.<sup>133</sup> Some of them use their economic advantages against great powers in order to achieve political gains (oil-producing

---

<sup>130</sup> Björn G. Olafsson, *Small States in the Global System. Analysis and illustrations from the case of Iceland*, (Vermont: Ashgate Publishing, 1998), 63.

<sup>131</sup> Margrét Cela, „Small but Significant“ in *Rannsóknir í Félagsvísindum XII*, (Research in Social Science), Silja Bára Ómarsdóttir, (ed.), (Reykjavík :Háskóli Íslands (University of Iceland), 2011), 109.

<sup>132</sup> Alyson Bailes and Baldur Thorhallsson, „Instrumentalizing the European Union in Small State Strategies“, in *Journal of European Integration*, Vol. 35, Issue 2, (2013): 7.  
[http://www.tandfonline.com/doi/abs/10.1080/07036337.2012.689828#.U\\_PkOPI\\_vnE](http://www.tandfonline.com/doi/abs/10.1080/07036337.2012.689828#.U_PkOPI_vnE) (accessed 20.8.2013).  
 and

Iver B. Neumann and Sieglinde Gstöhl, „Lilliputians in Gulliver's World“, in *Small States in International Relations*, Christine Ingebritsen, Iver Neumann, Sieglinde Gstöhl and Jessica Beyer (eds.), (Seattle: University of Washington Press, 2006), 18

<sup>133</sup> Godfrey Baldacchino, „Thucydides or Kissinger? A Critical Review of Smaller State Diplomacy“ in *The Diplomacies of Small States Between Vulnerability and Resilience*, Andrew F. Cooper and Timothy M. Shaw, (eds.), (New York: Palgrave Macmillan, 2009), 22.

countries).<sup>134</sup> Sometimes it is easier for a small state to solve and recover from problems experienced and mistakes made than for a big state.

The European integration process offers small states the best conditions for strengthening their position and influencing the great powers through formal and informal institutional processes. The challenge here becomes finding the *right measure*, because the great powers have the option of acting unilaterally or in cooperation with other great powers, and bypassing EU institutional framework, if they feel under excessive pressure from small states.<sup>135</sup> Large states tend to (pre-) negotiate the big issues of concern to them outside the formal institutional procedures, in the EU and elsewhere. The unilateral actions by great powers when forming *ad hoc* coalitions for action in Bosnia, Kosovo and Afghanistan are good examples of this. The conclusion is that if small states want influence EU policy and decision making, they must also be ready to act in coalitions.

On the other hand, small states have many advantages that can be beneficial for great powers as well. If sufficiently flexible and adaptive, small states can play a pivotal role in international relations, like Cyprus or Armenia - which are small states with strategic geographical positions for connecting the EU to the Middle East and Russia-Iran. Small states can be an important bridge between big powers and serve as a good example for others, as Slovenia and Croatia have done for other Former Republic of Yugoslavian (FRY) states. A small state can also play an important strategic role for a powerful partner state due to its location. The good example for this is Iceland's military value for the USA in the period of the Cold War. Overall, the European integration process after the Cold War can be seen as having offered an ideal security organization for most if not all European small states.

---

<sup>134</sup> Michael Handel, „Weak State in International System“, in *Small States in International Relations*, Christine Ingebritsen, Iver Neumann, Sieglinde Gstöhl and Jessica Beyer (eds.), (Seattle: University of Washington Press, 2006), 192.

<sup>135</sup> Anders Wivel, „The Security Challenge of Small EU Member States: Interests, Identity and the Development of the EU as a Security Actor“, *Journal of Common Market Studies*, vol.43, (2005): 405 <http://onlinelibrary.wiley.com/doi/10.1111/j.0021-9886.2005.00561.x/abstract> (accessed 22.11.2012).



### 3. The European Union: security functions and enlargement

#### 3.1. European security functions

“Europe has never been so prosperous so secure nor so free.”<sup>136</sup>

Europe offers a powerful institutional model of proper conduct and collective identity. It incarnates a global, cosmopolitan, secular, and science-based model of conduct that transcends regional and national divisions.<sup>137</sup> The EU’s ambition is to be a global actor on a par with, but cooperating with, the USA and to influence the international environment in the long term. The main characteristic of its external security policy is integration in all dimensions of foreign policy, from aid to trade to diplomacy and the military.<sup>138</sup> The role of the EU’s foreign and security policy is to preserve peace and strengthen international security; to promote international cooperation; and to develop and consolidate democracy, the rule of law and respect for human rights and fundamental freedoms.<sup>139</sup> The EU’s security policy tool of preference is to use *soft* power. The EU policy asserts that the threats and challenges in the modern world, cannot be addressed by military means alone, but require a mixture of political, economic, military instruments.<sup>140</sup> The EU seeks to find the root causes of conflict and instability by using soft security instruments. The strength of the EU lies in soft security dimensions such as health, environmental protection and mitigating climate change, assisting in economic development and strengthening governance and human rights. It has impacts on border management and internal security, the struggle against terrorism, crime and illegal migration. This way the EU can effectively promote its conception of security with specific policies developed through decades.

The Common Foreign and Security Policy, Common Security and Defence Policy together with Humanitarian aid policy are specific policies in external field of security that reflect the EU’s most important achievements in this sphere. On the other hand, regarding internal

---

<sup>136</sup> Council of the European Union, European Union External Action, *A Secure Europe in a Better World- European Security Strategy*, (Brussels: Council of the European Union, 12 December 2003), 1. at <http://www.consilium.europa.eu/uedocs/cmsUpload/78367.pdf> (accessed 10.10. 2013).

<sup>137</sup> Peter, J. Katzenstein, „The Smaller European States, Germany and Europe“ in *Tamed Power Germany in Europe*, Peter J. Katzenstein (ed.), (London: Cornell University Press, 1997), 262.

<sup>138</sup> Sven Biscop, “The ESS in context”, in *The EU and the European Security Strategy: Forging a global Europe*, Sven Biscop and Jan Joel Andersson (eds.), (New York: Routledge, 2008), 9.

<sup>139</sup> European Union, European External Action Service, “The EU’s many international roles“ at [http://www.eeas.europa.eu/what\\_we\\_do/index\\_en.htm](http://www.eeas.europa.eu/what_we_do/index_en.htm) (accessed 21.11.2013)

<sup>140</sup> Council of the European Union, *A Secure Europe in a Better World- European Security Strategy*, (Brussels: General Secretariat of the Council, 2009): 21 at [http://www.consilium.europa.eu/uedocs/cms\\_data/librairie/PDF/QC7809568ENC.pdf](http://www.consilium.europa.eu/uedocs/cms_data/librairie/PDF/QC7809568ENC.pdf) (accessed 25.11.2013).

security, the EU made great developments in Internal Security Policy (aiming to create an area of 'Freedom, Security and Justice') and Schengen cooperation.

### 3.1.1. Common Foreign and Security Policy (CFSP)

The Common Foreign and Security Policy (CFSP) was formally established with the Treaty on European Union of 1992 (Maastricht Treaty), in efforts to coordinate the member states' foreign policies.<sup>141</sup> It built on earlier practices of less formal Political Cooperation on external issues. According to the Lisbon Treaty, the Common Foreign and Security Policy covers the processes of decision-making on the strategic aims and interests of the EU, the adoption of common positions and joint actions, and implementing arrangements for common positions and actions in all aspects of external diplomacy, including security topics.<sup>142</sup> The European Council (the heads of state or government) and the Council of the European Union (Council of Ministers) are the main institutions taking decisions in CFSP. The European Council is the EU's highest level of political authority in identifying the strategic interests and objectives of the Union. It creates and shapes the CFSP's political directions and priorities.<sup>143</sup> Decisions are made by consensus. According to the Treaty of Lisbon the European Council appoints the High Representative of the Union for Foreign Affairs and Security Policy.<sup>144</sup> The High Representative chairs the Council of Ministers when it discusses foreign, security and defence matters and supervises the implementation of CFSP policy, ensuring the consistency and coordination of the EU's external action. A special European External Action Service including diplomatic delegations abroad is responsible for detailed preparation and execution of CFSP actions. With the development of the CFSP over the past two decades, the EU has evolved beyond being just an economic factor in international politics. At the same time the greatest challenge for the CFSP is maintaining the consensus among all 28 member states.

---

<sup>141</sup> The Council of the European Union, Policies, *The Common Foreign and Security Policy*, At <http://www.consilium.europa.eu/policies/foreign-policy?lang=en> (accessed 21.11.2013).

<sup>142</sup> Official Journal of the European Union, *Consolidated Version of The Treaty on European Union*, (Brussels: EUR-lex, 26.October 2012), Article 22.1. and Article 25. At <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2012:326:0013:0046:EN:PDF> (accessed 21.11.2013).

<sup>143</sup> Derek E. Mix, *The European Union: Foreign and Security Policy*, Congressional Research Service. (April 2013): 5. At <http://www.fas.org/sgp/crs/row/R41959.pdf> (Accessed 21.11.2013). And The Council of the European Union, Policies, *The Common Foreign and Security Policy*, At <http://www.consilium.europa.eu/policies/foreign-policy?lang=en> (accessed 21.11.2013).

<sup>144</sup> Official Journal of the European Union, *Consolidated Version of The Treaty on European Union*, (Brussels: EUR-lex, 26.October 2012), Article 18. At <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2012:326:0013:0046:EN:PDF> (accessed 21.11.2013).

Countries may have different perspectives, preferences, and priorities, or may simply disagree about the political issues on the international scene.

### 3.1.2. The Common Security and Defence Policy (CSDP)

The Common Security and Defence Policy (CSDP) was created in 2009 by the Lisbon Treaty, but its evolution dates back to 1948 when UK, France and the Benelux signed the Treaty of Brussels that included a clause about common defence.<sup>145</sup> Throughout Cold War times, the execution of Western states' defence commitments and their military cooperation was reserved in practice to NATO. In December 1998, however, the French and British governments signed the St. Malo declaration which stated that the EU „*must have capacity for autonomous action, backed up by credible military forces, the means to decide to use them, and a readiness to do so, in order to respond to international crisis*“.<sup>146</sup> This declaration opened up the political path for the creation of the European Security and Defence Policy (ESDP), starting with guidelines adopted at the Cologne European Council in June 1999.

The CSDP offers a framework for cooperation within which the EU can send operational military, police or civilian missions to third countries. This policy enables the Union to take a leading role in peace-keeping operations, conflict prevention and in the strengthening of international security through crisis management.<sup>147</sup> Under CSDP, the EU seeks to improve member states' security and defence capabilities, including plans for a rapid reaction force and multinational “*EU Battlegroups*”. Such forces are not a standing “*EU army*”, but rather troops and assets drawn from existing national forces that member states can make available for EU operations.<sup>148</sup> Given that the NATO retains the main role in EU member state' own territorial defence, the CSDP is not created to be a rival to NATO. The existence of CSDP gives the EU an ability to act in cases abroad where EU intervention may be more appropriate or effective, or in situations where NATO or the United Nations choose not to become

---

<sup>145</sup> The Brussels Treaty was the cornerstone for the creation of the Western European Union, later turned into an instrument of the EU by the Treaty of Amsterdam in 1999. More about this at: European Union External Action, Security and Defence, *About CSDP*, Brussels. At [http://eeas.europa.eu/csdp/about-csdp/index\\_en.htm](http://eeas.europa.eu/csdp/about-csdp/index_en.htm) (accessed 25.11.2013).

<sup>146</sup> Giovanni Grevi, Damien Helly and Daniel Keohane, *European Security and Defence Policy the First Ten Years (1999-2009)*, (Paris: Institute for Security Studies, 2009), 13.

<sup>147</sup> European Union External Action, Security and Defence, *About CSDP*, Brussels, [http://eeas.europa.eu/csdp/about-csdp/index\\_en.htm](http://eeas.europa.eu/csdp/about-csdp/index_en.htm) (accessed 25.11.2013).

<sup>148</sup> Derek E. Mix, *The European Union: Foreign and Security Policy*, Congressional Research Service, CRS Report for Congress, (April 2013): 5. At <http://www.fas.org/srg/crs/row/R41959.pdf> (Accessed 21.11.2013), And The Council of the European Union, Policies, *The Common Foreign and Security Policy*. At <http://www.consilium.europa.eu/policies/foreign-policy?lang=en> (accessed 25.11.2013).

involved.<sup>149</sup> The key actors and institutions who decide on and execute CSDP are the same as those responsible for the Common Foreign and Security Policy (heads of states and governments, European Council and the High Representative).

The majority of CSDP operations have been civilian missions, reflecting what many analysts consider to be the EU's strengths. As the EU seeks to implement its strategic security vision and take on a more active global role<sup>150</sup>, some analysts argue that civilian operations involving governance building or crisis management could be central in defining the future of CSDP.<sup>151</sup> According to an official report in June 2013, there are 17 active CSDP missions: 4 military operations and 13 missions of a civilian nature.<sup>152</sup>

### 3.1.3. European humanitarian and civilian assistance

The European Union and member states are also active in humanitarian assistance in natural and man-made disasters. Cooperation during disasters that overwhelm national capacities is a strong expression of European solidarity and cooperation. The EU is the world's largest aid donor accounting for 50% of humanitarian aid worldwide. The general budget for humanitarian aid, food aid and natural preparedness was €856 million for the year 2013.<sup>153</sup> The EU's main instrument for humanitarian aid is the European Community Humanitarian Office (ECHO), created in 1992 with the aim of helping people in need around the world. The EU's humanitarian assistance is based on the principles of **humanity, neutrality, impartiality and independence**.<sup>154</sup> ECHO's humanitarian aid is distributed without regard for any political agendas, and without exception seeks to help those in the greatest need, irrespective of their nationality, religion, gender, ethnic origin or political affiliation.<sup>155</sup> Today, the EU has more 300 people working in Brussels and more than 400 in 44 field offices located in 38 countries around the world.

---

<sup>149</sup> Derek E. Mix, *The European Union: Foreign and Security Policy*, Congressional Research Service, CRS Report for Congress, (April 2013): 10. At <http://www.fas.org/sgp/crs/row/R41959.pdf> (Accessed 21.11.2013).

<sup>150</sup> Ibid., 16.

<sup>151</sup> Giovanni Grevi, Damien Helly and Daniel Keohane, *European Security and Defence Policy the First Ten Years (1999-2009)*, (Paris: Institute for Security Studies, 2009), 411.

<sup>152</sup> European Union External Action, *Security and Defence, Ongoing Missions and Operations*, [http://eeas.europa.eu/csdp/missions-and-operations/index\\_en.htm](http://eeas.europa.eu/csdp/missions-and-operations/index_en.htm) (accessed 25.11.2013).

<sup>153</sup> European Commission, *General Guidelines on Operational Priorities for Humanitarian Aid in 2013*, (Brussels: European Commission 27.11.2012), 8. at [http://ec.europa.eu/echo/files/policies/strategy/strategy\\_2013\\_en.pdf](http://ec.europa.eu/echo/files/policies/strategy/strategy_2013_en.pdf) (accessed 26.11.2013).

<sup>154</sup> European Commission, Humanitarian Aid and Civil Protection, *About ECHO*, (European Commission: 12.5.2014), at <http://ec.europa.eu/echo/en/who/about-echo> (accessed 17.8.2014).

<sup>155</sup> Ibid.,

Another EU tool to provide help both abroad and within its own territory is Civil Protection assistance for natural disasters and other non-warlike emergencies. The key instrument for European civil protection is the Civil Protection Mechanism (CPM) which was established in 2001.<sup>156</sup> The CPM is made up of 32 states (28 EU Member States, plus Former Yugoslav Republic of Macedonia, Iceland, Liechtenstein and Norway) which co-operate in the field of civil protection to better protect people, their environment, property and cultural heritage in the event of major natural or man-made disasters occurring both inside and outside the EU.<sup>157</sup>

#### 3.1.4. Internal security strategy and Schengen area

Regarding the EU's own territory, the EU made efforts in development of an area of internal security protecting people and the values of freedom and democracy, so that everyone can enjoy their daily lives without fear.<sup>158</sup> The European Union (EU) in the twenty-first century consists of 500 million people across the twenty-eight countries which make up the Union. The Internal Security Strategy was adopted by the European Council in February 2010. It is designed to prevent crimes and increase the capacity to provide a timely and appropriate response to natural and man-made disasters through the effective development and management of adequate instruments.<sup>159</sup> The Strategy lists the main challenges facing the security and safety within the EU: terrorism, serious and organised crime, cyber crime, cross border crime, violence itself, natural and man-made disasters and road traffic accidents.<sup>160</sup> In order to enable the Union and its member states to build up their internal security capacities and plan better to meet future challenges European Council has adopted a programme known as the Stockholm Programme, for the period 2010-2014.<sup>161</sup> The Lisbon Treaty (2009) and the Stockholm Programme enable the EU to take ambitious and concerted steps in developing

---

<sup>156</sup> Ibid.,

<sup>157</sup> European Commission, Humanitarian Aid and Civil Protection, *Annual Report on the European Union's Humanitarian Aid and Civil Protection Policies and their Implementation in 2012*, (Brussels: European Commission, 25.9.2013), 2 at [http://ec.europa.eu/echo/files/media/publications/annual\\_report/2012/COM\\_2013\\_658\\_en.pdf](http://ec.europa.eu/echo/files/media/publications/annual_report/2012/COM_2013_658_en.pdf) (accessed 26.11.2013).

<sup>158</sup> Council of the European Union, *The Stockholm Programme – An open and secure Europe serving and protecting the citizens*, (Brussels: Council of the European Union, 2 December 2009), at <http://register.consilium.europa.eu/pdf/en/09/st17/st17024.en09.pdf> (Accessed 26.11.2013).

<sup>159</sup> Ibid.

<sup>160</sup> Council of the European Union, *Internal Security Strategy for the European Union: "Towards a European Security Model"*, (Brussels: Council of the European Union, 23 February 2010), 5-6, at <http://register.consilium.europa.eu/pdf/en/10/st05/st05842-re02.en10.pdf> (accessed 26.11.2013).

<sup>161</sup> Council of the European Union, *The Stockholm Programme – An open and secure Europe serving and protecting the citizens*, (Brussels: Council of the European Union, 2 December 2009) at <http://register.consilium.europa.eu/pdf/en/09/st17/st17024.en09.pdf> (Accessed 26.11.2013).

Europe as an area of justice, freedom and security by setting out the common threats and challenges, the EU's common internal security policy and defining a European Security Model.<sup>162</sup>

People in the European Union enjoy the right to live, work and study in other European countries than their own. Freedom of movement and openness are among the EU's core values, and the **Schengen Treaty** enables travelling from the Mediterranean to the Arctic Circle without showing a passport. The creation of the Schengen area is one of the most tangible, popular and successful achievements of the EU and an important tool for further development of the European Security and Defence Policy and Internal security. The removal of internal border controls in the Schengen area was an especially great step forward for Europe.<sup>163</sup> The idea and the agreement that set out the gradual abolition of checks at common borders was born in 1985 in Schengen (Luxembourg). The Agreement was supplemented in 1990 by the Schengen Implementing Convention that set out the final abolition of internal border controls.<sup>164</sup> Born as an intergovernmental initiative, the developments brought about by the Schengen Agreements have now been incorporated into the body of rules governing the EU. Today, the Schengen Area encompasses most EU States. Bulgaria, Romania and Croatia are Schengen candidate countries. The United Kingdom and Ireland are not in Schengen area, but participate in certain aspects of Schengen cooperation, such as in police and judicial cooperation.

Of non-EU States, Iceland, Norway, Switzerland and Liechtenstein have joined the Schengen Area. Through the Schengen system, EU states provide common rules that govern external border checks on persons, entry requirements, duration of stay in the Schengen area and harmonizing of rules and procedures for visa system (through Visa Information System-VIS).<sup>165</sup> EU State authorities need to cooperate on border management to ensure the security of citizens and travellers in the EU.<sup>166</sup> A number of information-sharing mechanisms are central to this cooperation. Schengen states exchange data on suspected criminals, on people

---

<sup>162</sup> Council of the European Union, *Internal Security Strategy for the European Union: "Towards a European Security Model"*, (Brussels: Council of the European Union, 23 February 2010), 4 at <http://register.consilium.europa.eu/pdf/en/10/st05/st05842-re02.en10.pdf> (accessed 26.11.2013).

<sup>163</sup> Council of the European Union, *Internal Security Strategy for the European Union: "Towards a European Security Model"*, (Brussels: Council of the European Union, 23 February 2010), 7, at <http://register.consilium.europa.eu/pdf/en/10/st05/st05842-re02.en10.pdf> (accessed 26.11.2013).

<sup>164</sup> European Commission, *The Schengen Area*, (Brussels: European Commission, Home Affairs, 19.12.2011), 6. [http://ec.europa.eu/dgs/home-affairs/pdf/flipbook/files/dr3111126enc\\_002.pdf](http://ec.europa.eu/dgs/home-affairs/pdf/flipbook/files/dr3111126enc_002.pdf) (1.12.2013).

<sup>165</sup> European Commission, Home Affairs, *Schengen, Borders and Visas, Border Crossing*, (Brussels: European Commission, 2013), at [http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/borders-and-visas/border-crossing/index\\_en.htm](http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/borders-and-visas/border-crossing/index_en.htm) (accessed 28.11.2013).

<sup>166</sup> Ibid.



who may not have the right to enter into or stay in the EU, on missing persons and on stolen, misappropriated or lost property.<sup>167</sup> External frontiers state of the Union need to make extra efforts on their border control due to migratory pressures. Both Croatia (potential candidate for Schengen area) and Iceland are external frontier countries. Action and cooperation between EU states in the implementation of EU border management measures is coordinated by the European Agency for the Management of Operational Cooperation at the External Borders - FRONTEX, established in 2004.

### 3.1.5. Summary

As for the guiding policies behind these instruments, the European Security Strategy of December 2003 defines the EU's security environment, identifying key security challenges and subsequent political implications for the EU.<sup>168</sup> In this framework, the European Security Strategy defines five key threats: international terrorism, proliferation of weapons of mass destruction, regional conflicts, states failure and organised crime.<sup>169</sup> The European Security Strategy<sup>170</sup> does not mention the use of military interventions to treat threats, but it creates the impression that these threats should be undertaken with cooperation and active role of international institutions. The EU aims to *develop strategic partnerships ... with all those who share our goals and values and are prepared to act in their support*.<sup>171</sup> The EU tries to create a new model of the world, recognizing the common values of its countries, and constructing a sense of common identity and common interests also in the external dimension. Integration with the neighbourhood and a range of strong security relationships with other powers and

---

<sup>167</sup> Ibid.

<sup>168</sup> EUROPA, European Union External Action, *About CSDP-European Security Strategy*, (Brussels: European Union External Action), at [http://www.eeas.europa.eu/csdp/about-csdp/security\\_strategy\\_for\\_europe/index\\_en.htm](http://www.eeas.europa.eu/csdp/about-csdp/security_strategy_for_europe/index_en.htm) (accessed 24.10.2013).

<sup>169</sup> Sven Biscop, „The EU and the European Security Strategy: Forging a global Europe“, in *The EU and the European Security Strategy: Forging a global Europe*, Sven Biscop and Jan Joel Andersson (eds.), (New York: Routledge, 2008), 169.

And European Union External Action, *A Secure Europe in a Better World*, European Security Strategy, (Brussels: European Union External Action, 12 December 2003), 1, at <http://www.consilium.europa.eu/uedocs/cmsUpload/78367.pdf> (accessed 10.10. 2013).

<sup>170</sup> Ibid.,

<sup>171</sup> Alyson J.K. Bailes, *The European security strategy An evolutionary history*, in *SIPRY Policy Paper*, No.10, (Stockholm: Stockholm International Peace Research Institute, 2005), 16-17. [http://books.sipri.org/product\\_info?c\\_product\\_id=190#](http://books.sipri.org/product_info?c_product_id=190#) (accessed 15.9.2013).

regions provide important ground for testing the *soft power* of the EU, and its claim and principle to promote the internal transformation of states using that power.<sup>172</sup>

Despite its great resources and powerful instruments, including trade, foreign aid, diplomacy and defence, the EU is still ill equipped today to manage the toughest foreign and security policy challenges.<sup>173</sup> To be a more effective and serious security actor in international relations the EU has to improve its military capabilities. The EU lacks this kind of power. The crucial element for the security of EU member states is the effective relationship with the NATO. The EU does not have an army, and relies on *ad hoc* forces contributed by EU countries for the military operations it undertakes. The EU has to be able to undertake the range of military missions, the so called Petersberg tasks<sup>174</sup> which include humanitarian and rescue tasks, military advice and assistance, conflict prevention and peace-keeping, tasks of combat forces in crisis management, including peace-making and post-conflict stabilisation.<sup>175</sup>

It takes time to transform all Member States' military capabilities into more flexible and mobile forces that could address the new threats facing the Union.<sup>176</sup> The aim of the EU is to have a comprehensive approach that seeks to integrate all dimensions of foreign policy, including aid, trade, diplomacy and defence; but it is hard to achieve this, both because of the problems of practical coordination among many different EU instruments controlled by different bodies in Brussels, and because of the lack of common consensus among Member States. In the end, the political will of Member States will decide what kind of global actor the EU is and will become.

---

<sup>172</sup> Roland Dannreuther. "The European Security Strategy's regional objective: the neighbourhood policy" in *The EU and the European Security Strategy: Forging a global Europe*, Sven Biscop and Jan Joel Andersson (eds.), (New York: Routledge, 2008), 63.

<sup>173</sup> Andersson, Jan Joel and Sven Biscop, *The EU and the European Security Strategy: Forging a global Europe*, (New York: Routledge, 2008), 167.

<sup>174</sup> So named after the WEU council ministers meeting in June 1992.

<sup>175</sup> European Union, *Consolidated Version of the Treaty on European Union and of the Treaty Establishing the European Community*, Title V, Article 17.2., Official Journal of the European Union, 29.12.2006. <https://www.ecb.europa.eu/ecb/legal/pdf/ce32120061229en00010331.pdf> (accessed 10.10.2013)

<sup>176</sup> Sven Biscop, „The EU and the European Security Strategy: Forging a global Europe“, in *The EU and the European Security Strategy: Forging a global Europe*, Sven Biscop and Jan Joel Andersson (eds.), (New York: Routledge, 2008), 170.



### 3.2. Enlargement

Since its birth, the European Union was created as an institution designed to be open for new member states. In the past, enlargement helped to shape and evolve EU's institutions and policies while at the same time, accession to the Union shaped the political, social and economical character of the existing and acceding member states. Presenting the annual enlargement package in 2013, Commissioner Stefan Füle said: *"By addressing 'fundamentals' first - such as the fight against corruption, sound economic governance, freedom of expression and media, human rights and protection of minorities - it strengthens political and economic stability in the aspiring countries and the EU as a whole."*<sup>177</sup> In practice, enlargement has been and remains a two-sided process with complex impacts on national and institutional interests. The EU for example gains territory, resources, and a wide field over which to impose common rules, but also new obligations that further strain its security-making capacities. On the other side, states gain benefits from common policies and funds and EU protection in various fields, but also costs and obligations towards the Union such as respect for common laws. Member states also gain an opportunity to help shape common policies that influence the actions of other states both inside and outside the EU; and this may open up new perspectives especially for a smaller state that could expect little say under a traditional international system.

At the very beginning, European integration was conceived in order to balance and control the powers of Germany and France, and teach these former enemies to cooperate, by creating an economic and business union based on joint binding rules between them. In 1951, six countries: Belgium, Germany, France, Luxemburg, Italy and the Netherlands founded the European Coal and Steel Community, and later, in 1957, the European Economic Community and the European Atomic Energy Community.<sup>178</sup> Since that time 21 countries have joined the European Union:

1973. – United Kingdom, Ireland and Denmark

1981. - Greece

1986. - Spain and Portugal

---

<sup>177</sup> European Commission, *EU enlargement priorities for 2014*, Press releases database, (Brussel: European Commission, 2013), at [http://europa.eu/rapid/press-release\\_IP-13-930\\_en.htm](http://europa.eu/rapid/press-release_IP-13-930_en.htm) (accessed 24.10.2013).

<sup>178</sup> European Commission, *Enlargement*, at [http://ec.europa.eu/enlargement/policy/from-6-to-27-members/index\\_en.htm](http://ec.europa.eu/enlargement/policy/from-6-to-27-members/index_en.htm), (accessed 03.03.2013). And Desmond Dinan, *Ever Close Union: An Introduction to European Integration*, third edition, (London: Palgrave Macmillan, 2005), 12.

1995. - Austria, Finland and Sweden

2004. - Czech Republic, Estonia, Cyprus, Malta, Latvia, Lithuania, Hungary, Poland, Slovakia and Slovenia.

2007. - Bulgaria and Romania

2013. - Croatia.

In view of various challenges the EU experienced over time because of differences between member states and new members, the EU created criteria which states must fulfil to become a member state. These criteria are called *Copenhagen criteria* (adopted at the Copenhagen European Council in June 1993).<sup>179</sup> According to this, to join the EU, a new Member State must meet three criteria:

- political: stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;
- economic: existence of a functioning market economy and the capacity to cope with competitive pressure and market forces within the Union;
- acceptance of the Community *acquis*: ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.<sup>180</sup>

After the Cold War ended and Communism collapsed, the EU reached a pivotal stage in its enlargement process. Many states of Central and Eastern Europe (CEE), no longer constrained by Communism, tried to work hard for close relationships with and eventual entry to the EU. The economic benefits to be gained inside the internal market, the EU's redistributive economic policies, and the free movement of people, goods and services inside the Union, as well as its common foreign, security and defence policies, were very attractive for these states. The EU was an important source of support for stabilization, security, democratization and economic reforms in post-Communist states.

---

<sup>179</sup> Desmond Dinan, *Ever Close Union: An Introduction to European Integration*, third edition, (London: Palgrave Macmillan, 2005), 147.

<sup>180</sup> EUROPA, Summaries of European Legislation, Glossary, *Accession Criteria (Copenhagen Criteria)*, at [http://europa.eu/legislation\\_summaries/glossary/accession\\_criteria\\_copenhagen\\_en.htm](http://europa.eu/legislation_summaries/glossary/accession_criteria_copenhagen_en.htm) (accessed 20.10.2013).

Preparations for CEE states' entry went rather slowly in the 1990s and opinions about how far to go in enlargement were divided within the EU. Some member states feared that economical and political instability in post-Communist states could be imported into the Union with negative effects that could be spread to all other states. But the reality was that both the European Union and the new democracies could benefit from cooperation. This was equally true for other cases of states interested in EU membership and which the EU was interested to have as members. For Austria, Finland and Sweden there were several reasons to apply for EU membership. All three countries were in a close economic relationship with rest of the EU member states and shared a similar high level of development in the market economy.<sup>181</sup> Finland and Sweden experienced economic problems in the early 1990s and for Sweden in particular, the economic advantages of full membership – compared with remaining in the European Economic Area where it had to follow EU rules but with limited say in decision-making - were an important motive. Finland for its part had a chance to move closer to the West, and to modify its Cold-War interpretation of neutrality, after the fall of Communism. It hoped to gain political and 'soft' security benefits from EU membership, as well as a chance to shift its trade structure permanently away from Russia and thus reduce Moscow's impact on its future policy.<sup>182</sup>

The European Union has proved that it is open for further enlargement through negotiating with states that have a far lower starting-point in economic and democratic development than West European member states. Croatia joined the EU on 1 of July 2013. Among other countries, Montenegro and Turkey are in a negotiation process and Serbia and the Former Yugoslav Republic of Macedonia are still waiting to start negotiations. Bosnia and Herzegovina, Kosovo and Albania are potential candidates.<sup>183</sup> Iceland froze negotiations after the new government took office in the spring of 2013.

---

<sup>181</sup> Josko Perica, "Politicki Aspekti Prosirenja Evropske Unije", (Political Aspects of the EU Enlargement), in *Pravnik (Jurist)*, No. 40, (2006): 168. At [www.hrcak.srce.hr/file/13034](http://www.hrcak.srce.hr/file/13034) (accessed 25.9.2013).

<sup>182</sup> Alyson J.K. Bayles, and Baldur Þórhallsson, "Instrumentalizing the European Union in Small State Strategies", in *Journal of European Integration*, Volume 35, Issue 2. (2012): 10.

<sup>183</sup> European Commission, Enlargement, *Detailed country information*, (Brussels: 27.06.2013), at [http://ec.europa.eu/enlargement/countries/detailed-country-information/bosnia-herzegovina/index\\_en.htm](http://ec.europa.eu/enlargement/countries/detailed-country-information/bosnia-herzegovina/index_en.htm), (accessed 1.11.2013).

### 3.2.1. The accession of Croatia

Following ratification of the Accession Treaty by all Member States, the European Union welcomed Croatia as the 28th Member State on 1 of July 2013. Croatia is the first country to complete the Stabilisation and Association Process.<sup>184</sup> The Stabilisation and Association Process is the EU's policy in relation to the countries of the western Balkans. Except economic stabilization and regional cooperation including justice and home affairs cooperation and political dialogue development, the stabilization process incorporates also the enlargement process instruments- the Copenhagen criteria.<sup>185</sup> Croatia's accession is an example of the transformative power and stabilising effect of the enlargement process and the EU's soft power.<sup>186</sup> The Commission has underlined the importance of Croatia's declaration on promoting European values in South-East Europe, commending Croatia's willingness to use its unique position - as the EU's first Member State seriously affected by the conflicts of the 1990s - to provide political and technical support to its neighbours on their EU path.<sup>187</sup>

### 3.2.2. The application of Iceland

Iceland with its 330,000 people would become the smallest state in the EU if it were to join. Iceland applied for membership in July 2009, driven by the unprecedented national economic crisis, under a government led by the Social Democrats who have always pushed for closer European integration. The Social Democrats, and minor pro-EU factions in other leading parties, have argued that the EU can give Iceland strategic protection not least by offering an alternative, stronger currency, and that solutions can be negotiated that would protect special Icelandic rights and interests notably on fishery policy.<sup>188</sup> On the other side, some arguments used against application are loss of the national identity, the fear of EU control over national

---

<sup>184</sup> European Commission, „Enlargement Strategy and Main Challenges 2013-2014“ in *Communication from the Commission to the European Parliament and the Council*, (Brussels: European Commission, 16.10.2013), 1. at [http://ec.europa.eu/enlargement/pdf/key\\_documents/2013/package/strategy\\_paper\\_2013\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2013/package/strategy_paper_2013_en.pdf) (accessed 24.10.2013).

<sup>185</sup> EUROPA, Summaries of EU legislation, *The Stabilisation and Association Process*, [http://europa.eu/legislation\\_summaries/enlargement/western\\_balkans/r18003\\_en.htm](http://europa.eu/legislation_summaries/enlargement/western_balkans/r18003_en.htm) (accessed 2.12.2013).

<sup>186</sup> European Commission, „Enlargement Strategy and Main Challenges 2013-2014“ in *Communication from the Commission to the European Parliament and the Council*, (Brussels: European Commission, 16.10.2013), 1. at [http://ec.europa.eu/enlargement/pdf/key\\_documents/2013/package/strategy\\_paper\\_2013\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2013/package/strategy_paper_2013_en.pdf) (accessed 24.10.2013).

<sup>187</sup> Ibid., 13

<sup>188</sup> Baldur Þórhallsson, „Can Small States Choose Their Own Size? The Case of a Nordic State- Iceland“, in *The Diplomacies of Small States Between Vulnerability and Resilience*, Andrew F. Cooper ed. and Timothy M. Shaw, (New York: Palgrave Macmillan, 2009), 119.

resources including fisheries, and fear of the impossibility for such a small state to influence EU policy-making and decisions.<sup>189</sup> Opinion polls indicate that at least half of all Icelanders are swayed by such considerations, although a majority would also like to complete negotiations to see exactly what kind of bargain might be offered. As mentioned above, the present government has halted further negotiations with the European Union. Under all circumstances, Iceland remains an important partner for the EU through its membership of the European Economic Area, its participation in the Schengen Zone, as well as due to common interests in the fields of renewable energy and climate change and in view of the strategic importance of the EU's Arctic policy.<sup>190</sup>

---

<sup>189</sup> Ognjen Caldarovic, "Some of Characteristics of Social Reality as Potential Obstacles Concerning the Accession of Croatia to the EU", in *Revija za sociologiju*, vol. xxxvi (Zagreb: , Faculty of philosophy, 2005), 24. [www.hrcak.srce.hr/file/20989](http://www.hrcak.srce.hr/file/20989)

<sup>190</sup> European Commission, „Enlargement Strategy and Main Challenges 2013-2014“ in *Communication from the Commission to the European Parliament and the Council*, (Brussels: European Commission , 16.10.2013), 45. at [http://ec.europa.eu/enlargement/pdf/key\\_documents/2013/package/strategy\\_paper\\_2013\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2013/package/strategy_paper_2013_en.pdf) (accessed 24.10.2013).

## 4. Security dimensions in the two national case-studies

### 4.1. Military security and conflicts

#### 4.1.1. Croatia

Since its independence, the main aims of Croatian foreign policy<sup>191</sup> have been the maintenance of independence, territorial security, and joining the EU and NATO. Today, Croatia is a member state of the EU since 1 July 2013 and a member state of NATO since 1 April 2009. Membership in these two organizations was reached along a long and hard path of reforms and criteria that had to be met. As a small country with a complex geopolitical position and history of conflict, Croatia was/is in an unfavourable position in its relationships with big powers, in all dimensions including security and foreign policy.<sup>192</sup>

The slowness of reforms, the lack of capacity to effectively counter corrupt and criminal activities, and the lack of will to assume governance responsibility in Croatia was and still is criticized by the international community. According to index of 141 *weak* states in the developing world (with the weakest first), Croatia takes 131st place.<sup>193</sup> The Index was designed to provide policy-makers and researchers with a credible tool using various economic, political, security and social welfare indicators to identify the weakest states in the world. Although Croatia scores so high, with an estimate of 8.47 on a scale from 0-10, the concern lies in the fact that it is still weak enough to be included in it.

Since the conflicts of the 1990s, military threats have been replaced for Croatia by threats stemming from trans-border organised crime, corruption, human and drug trafficking, emigration, illegal migration, and ethnic intolerance. State weakness has been reflected in the lack of capacity to strengthen the rule of law, and to fight against these threats. This is not surprising, because poorly governed territories become the ideal place for illegal businesses. Criminal organizations use Croatia as a transit area to the final criminal destination which is

---

<sup>191</sup> Mark A. Pollack, „International Relations Theory and European Integration“ in *Journal of Common Market Studies*, volume 39, (2001): 2. at [https://www.soa.hr/UserFiles/File/Strategija\\_nacionalne\\_sigurnosti\\_RH.pdf](https://www.soa.hr/UserFiles/File/Strategija_nacionalne_sigurnosti_RH.pdf) (accessed 2.11.2013)

<sup>192</sup> Ibid., page 5.

<sup>193</sup> Rice E. Susan and Stewart Patrick, „Index of State Weakness in the Developing World“, 2008. at [http://www.brookings.edu/~media/Research/Files/Reports/2008/2/weak%20states%20index/02\\_weak\\_states\\_index\\_basket\\_scores\\_pullout.PDF](http://www.brookings.edu/~media/Research/Files/Reports/2008/2/weak%20states%20index/02_weak_states_index_basket_scores_pullout.PDF) (accessed 23.1.2014).

usually somewhere in the EU.<sup>194</sup> This situation is however changing as the EU emerges as a more significant security actor in the region.<sup>195</sup>

On the other hand Croatia still has a problem of *national rhetoric* that is a potent instrument to induce mistrust and raise fears in the region.<sup>196</sup> The group of families applying for asylum in Iceland in May 2013 and their stories about discrimination and the impossibility of living in such areas in Croatia confirm this statement.<sup>197</sup> In general the return of refugees has been slow and because of bureaucratic procedures, the economic and social integration of returnees remains long and complex. By March 2009, almost 93,000 people had been registered by the authorities in Croatia as returnees.<sup>198</sup> As a member state of the EU, Croatia is bound by EU laws and the future priorities will be to support the local integration process while simultaneously ensuring the sustainability of return and reintegration in Croatia for existing returnees and those wishing to return.<sup>199</sup>

Corruption is a hidden threat for security and one of reasons of making Croatia a *weak* state. The EC Monitoring Report from 2013 said that Croatia had strengthened its legislative framework to prevent corruption, but this needed to be implemented. The Transparency International Global Corruption report places Croatia in 66th place among 183 countries. According to the report from 2013, 72% of Croats think that the government is corrupted and 37% think that the government is ineffective in the fight against corruption.<sup>200</sup> According to a Balkan Monitor report, 74,3% Croats (out of 1000 surveyed) thought that the corruption was widespread through the government in 2012.<sup>201</sup> For comparison in Iceland, the Global Corruption Barometer reported in 2010/2011 that 4.3% thought corruption was widespread in political parties, 3.7% in parliament, and 78% of those surveyed thought that the government

---

<sup>194</sup> Hrvatski Sabor (*The Parliament of Croatia*), *Strategija Nacionalne sigurnosti Republike Hrvatske*, (The National Security Strategy), (Zagreb: Hrvatski Sabor, 19.3.2002), 4. at [https://www.soa.hr/UserFiles/File/Strategija\\_nacionalne\\_sigurnosti\\_RH.pdf](https://www.soa.hr/UserFiles/File/Strategija_nacionalne_sigurnosti_RH.pdf)

<sup>195</sup> Visnja Samardzija and Senada Selo-Sabic, „Security Challenges in the Western Balkans: Building *Soft Security* after Conflict“, in *Small States and International Security: Europe and beyond*, Clive Archer, Alyson JK Bailes and Anders Wivel (eds.), ( London: Routledge, 2014)

<sup>196</sup> Ibid.,

<sup>197</sup> RUV (Icelandic Newspaper), Innlent (*national*), “27 Króatar úr landi á morgun” (27 Croats will be deported tomorrow), 27.5.2013 at <http://www.ruv.is/frett/27-kroatar-ur-landi-a-morgun> (accessed 2.2.2014)

<sup>198</sup> United Nations High Commissioner for Refugees, Policy Development and Evaluation Service, *Should I stay or should I go? A review of UNHCR's response to the protracted refugee situation in Serbia and Croatia*, edited by Richard Allen, independent consultant Angela Li Rosi, PDES Maria Skeie, Operational Solutions and Transition Section (December 2010) at <http://www.unhcr.org/4d08e19a9.html> (accessed 2.2.2014)

<sup>199</sup> Ibid.

<sup>200</sup> International, Global Corruption Barometer, “Croatia”, 2013, at <http://www.transparency.org/gcb2013/country/?country=croatia> (accessed 22.1.2014)

<sup>201</sup> Balkan Monitor Gallup, “Insights and Perceptions: Voices of the Balkans”, Survey data, at: <http://www.balkan-monitor.eu/index.php/dashboard> (accessed 22.1.2014).

was ineffective in fighting corruption. In 2013 Iceland was not included in the corruption barometer.<sup>202</sup>

In terms of defence, the military forces of Croatia are the main actors for territorial defence of the state as determined by the constitution. They are responsible for maintaining sovereignty and territorial protection in times when diplomacy and political mechanisms are not enough to prevent potential aggression or solve security vulnerabilities. According to the SIPRI military expenditure database Croatia currently spends about 1.7 percent of its GDP on military expenditure, which is a huge difference from the period between 1991-93 when the figure was between 7.8% and 11.1%.<sup>203</sup> Iceland – which has no armed forces - spent 0.1% of its GDP on (the equivalent of) military expenditure in 2012. This shows that the states concerned do not now overemphasize military threats, and this matches with the general expectation among the Croatian people (88%) of a peaceful future.<sup>204</sup> However, compared with Iceland, Croatia spends much more on military expenditure. On the other hand, in Croatia the economic recovery is more important for peace and stability and progress, along with the immediate military presence, than the political structure and formation of the state or total expenditure on military and hard security.<sup>205</sup> Economic security will be explored in detail in the next chapter.

#### 4.1.1.1. Benefits for Croatian military security from the membership

Croatia completely shares and supports the aims and values of the NATO and the EU. Since their formation, these organizations have been and are guarantors for peace, stability, human rights protection and economic growth in Europe.<sup>206</sup> With its membership of NATO and the EU, Croatia has an opportunity to preserve and enforce peace and stability for itself and its neighbourhood. At the same time, permanent stability and security in South-East Europe – so that conflict can never again break out there - calls for military, economic and political

---

<sup>202</sup> Transparency International, "Global Corruption Barometer 2010/11 national results, Iceland", at <http://www.transparency.org/gcb201011/results>, (accessed 22.1.2014).

<sup>203</sup> SIPRI, The Independent resource on global security, "Military Expenditure Database" at [http://www.sipri.org/research/armaments/milex/milex\\_database](http://www.sipri.org/research/armaments/milex/milex_database) (accessed 22.1.2014).

<sup>204</sup> Ivan Krastev, „The new normal in the Balkans“ in *Insights and Perceptions: Voices of the Balkans*, Gallup Balkan Monitor, Summary Findings, (2010): 9. at [http://www.balkan-monitor.eu/files/BalkanMonitor-2010\\_Summary\\_of\\_Findings.pdf](http://www.balkan-monitor.eu/files/BalkanMonitor-2010_Summary_of_Findings.pdf) (accessed 22.1.2014).

<sup>205</sup> Visnja Samardzija and Senada Selo-Sabic, „Security Challenges in the Western Balkans: Building Soft Security after Conflict“, in *Small States and International Security: Europe and beyond*. Clive Archer, Alyson JK Bailes and Anders Wivel (eds.), (London: Routledge, 2014).

<sup>206</sup> Hrvatski Sabor (*The Parliament of Croatia*), *Strategija Nacionalne sigurnosti Republike Hrvatske*, (The National Security Strategy), (Zagreb: Hrvatski Sabor, 19.3.2002), 9, at [https://www.soa.hr/UserFiles/File/Strategija\\_nacionalne\\_sigurnosti\\_RH.pdf](https://www.soa.hr/UserFiles/File/Strategija_nacionalne_sigurnosti_RH.pdf) (accessed 18.1.2014)



integration of the new democracies into the existing trans-Atlantic structures. This is a basic condition for Croatian long-term national security. EU and NATO membership is thus the key to enhancing national security as well as the stability of South-East Europe.<sup>207</sup>

With its accession to the Western institutions, Croatia gained many benefits regarding military security and the avoidance of conflicts as elements of 'hard', traditional security. EU and NATO integration is a most important national aim. It is a prerequisite for creating of peace, stability and progress in Croatia, especially for strengthening the rule of law and democratic institutions which are themselves important prerequisites for security. In this sense, for Croatia and other Western Balkan states, EU entry offers a way of re-building, legitimizing and strengthening the national *identity* – if necessary, within new frontiers – while for many political forces in Iceland, the impact of membership in a partly supranational body on identity and independence can only be seen as negative.<sup>208</sup>

Croatia now has better possibilities to promote its interests on the international scene and to strengthen its international position at both the bilateral and multilateral level.<sup>209</sup> NATO membership ensures better capacity for security for less cost. However, EU integration is the most important and most complicated assignment for Croatia and its society. Croatian foreign and security policy is completely coordinated with the EU's viewpoints and policy in all areas of policy and political questions, whether arising at global, European or regional level. The EU's transformative power, expressed through pre-accession dialogue and post-entry integration, plays an important role in institution-building, policy development and reforms, and provides a uniquely close level of regional cooperation which is important for the economy as well. Today the measure for success for a small country is its ability to integrate in the international system and benefit from access to larger markets.<sup>210</sup> EU membership gives

---

<sup>207</sup> North Atlantic Treaty Organisation, Newsroom, Speeches, Mr. Gordan Jandroković, Minister of Foreign Affairs and European Integration of the Republic of Croatia at the signature of the Protocols of Accession of Albania and Croatia, (9. July 2008), at

[http://www.nato.int/cps/en/natolive/opinions\\_7887.htm?selectedLocale=en](http://www.nato.int/cps/en/natolive/opinions_7887.htm?selectedLocale=en) (accessed 13.2.2014)

<sup>208</sup> Avery Graham, Alyson JK Bailes and Baldur Þórhallsson, „Iceland's Application for European Union Membership“ in *Studia Diplomatica*, LXIV-1, (2011): 115 at <http://uni.hi.is/baldurt/files/2012/08/Iceland-EU-Baldur-Alyson-Graham.pdf> (accessed 12.2.2014).

<sup>209</sup> Ivan Krastev, „The new normal in the Balkans“ in *Insights and Perceptions: Voices of the Balkans*, Gallup Balkan Monitor, Summary Findings, (2010): 10. [http://www.balkan-monitor.eu/files/BalkanMonitor-2010\\_Summary\\_of\\_Findings.pdf](http://www.balkan-monitor.eu/files/BalkanMonitor-2010_Summary_of_Findings.pdf) (accessed 22.1.2014).

<sup>210</sup> Dejan, Jovic, „Hrvatska vanjska politika pred izazovima članstva u Europskoj Uniji“ (Croatian Foreign Policy facing the Challenges of the Membership in the European Union), in *Politička misao* (Political Thought), god. 48, No. 2, (Zagreb: Fakultet političkih znanosti, 2011), 17. At <http://hrcak.srce.hr/72011> (accessed 16.8.2014)

Croatia an opportunity to explore the potential for transforming itself from a small state to a small power.<sup>211</sup>

#### 4.1.1.2. Expectations and obligations from the EU

The EU has its own criteria and expectations vis-à-vis potential member states, which include making sure that the applicant's institutions will operate effectively, its politics correspond to the Union's aims, and that the budget will match these aims.<sup>212</sup> Due to the EU's partly negative experience with Bulgarian and Romania enlargement in 2007 and the history of conflict in the Western Balkans, the criteria that needed to be fulfilled for membership were set at a higher level for Croatia and other states of Western Balkans than for previous entrants. Croatia faced a much steeper and, often, longer climb, but belief in EU entry as the only force strong enough to pacify the Balkans was solidly enough grounded to motivate the government and people to make the effort.<sup>213</sup> Iceland does not need the EU for same reasons: as shown below, it has a possibility to chose, negotiate its terms, and is much more pragmatic in its relationship with EU.

The policy of the EU towards Croatia (and other applicants) during the negotiation process is often described as a "policy of conditionality".<sup>214</sup> This policy is said to be made up of *push/pull* acts, where the EU *pushes* the state with conditionality to accomplish the given criteria, and the state is *pulled* by the hope and rewards of full membership. Some criteria are harder to fulfil than others, because they run against previous internal policies or the majority of public opinion. One of the more complicated conditional criteria for Croatia, where the conditionality policy was tightly expressed, required close cooperation with the International

---

<sup>211</sup> Ibid., p.15

<sup>212</sup> Natasa Besirevic, „Instrument Uvjetovanosti Evropske Unije u Politici Prosirenja Prema Drzavama Istocne i Srednje Evrope te Zapadnog Balkana“ (*The Instrument of conditionality in the European Union's enlargement policy towards the Countries of Eastern and Central Europe and the Western Balkans*) in *Reginalne Komparativne Studije* (Regional Comparative Studies), Fakultet Politickih Znanosti, (Sveuciliste u Zagrebu: Fakultet Politickih Znanosti, 2012), 5. At <http://hrcak.srce.hr/99809> (accessed 28.1.2014).

<sup>213</sup> Avery Graham, Alyson JK Bailes and Baldur Þórhallsson, „Iceland's Application for European Union Membership“ in *Studia Diplomatica*, LXIV-1, (2011): 116 at <http://uni.hi.is/baldurt/files/2012/08/Iceland-EU-Baldur-Alyson-Graham.pdf> (accessed 12.2.2014).

<sup>214</sup> Natasa Besirevic, „Instrument Uvjetovanosti Evropske Unije u Politici Prosirenja Prema Drzavama Istocne i Srednje Evrope te Zapadnog Balkana“ (*The Instrument of conditionality in the European Union's enlargement policy towards the Countries of Eastern and Central Europe and the Western Balkans*) in *Anali Hrvatskog politoloskog drustva*, Vol.9, No. 1, *Reginalne Komparativne Studije* (Regional Comparative Studies), Fakultet Politickih Znanosti (Faculty of Political Science), (March 2013): 5. At <http://hrcak.srce.hr/99809> (accessed 28.1.2014).

Criminal Tribunal for the former Yugoslavia (ICTY)<sup>215</sup> through the extradition of generals Ante Gotovina<sup>216</sup> and Mladen Cermak in 2006,<sup>217</sup> which was carried out despite huge opposition and protests all over Croatia. At that time, according to public opinion, only 33% of Croatians believed in the EU and only 32% considered that EU membership would be better for Croatia.<sup>218</sup> However, as the benefits of EU membership became clearer, the political drive to fulfil its criteria grew.

The EU now expects Croatia to be an anchor of stability in the Balkan region, and to serve as a model for its neighbours of how stabilization and successful accession to the EU are achieved. A major issue for Croatia is that its borders must now be supervised as the external borders of the EU. Croatia is expected to join Schengen in 2015 through further steps in integration and by meeting standards that need to be fulfilled in four areas: the control of the sea, air and land borders, the visa regime, police cooperation and personal data protection.<sup>219</sup> For Croatia, this means supervising a 2,374.9 km land border and 948 km of sea border. This also demands the training of existing, and recruitment of new, police forces; acquisition of equipment for border monitoring; and the implementation of a national information system on border crossings at the future external border of the EU.<sup>220</sup> Croatia faces a challenge in meeting the EU's demands for expenditure on the implementation and supply of equipment, technology and professionalism needed to manage the EU's external borders. Other challenges for Croatia lie in ensuring protection for asylum seekers, and migration control in general. This aspect of the EU's 'justice, freedom and security' policy is complicated for

---

<sup>215</sup> The International Criminal Tribunal for the former Yugoslavia (ICTY) is a United Nations court of law dealing with war crimes that took place during the conflicts in the Balkans in the 1990's.

<sup>216</sup> Trial Chamber found them guilty in 2011 but Appeals Chamber ordered the release of Gotovina and Markač in 2012. See ICTY, Press Release, "Appeals Chamber Acquits and Orders Release of Ante Gotovina and Mladen Markač", The Hague, 16.11.2012, at <http://www.icty.org/sid/11145> (accessed 27.1.2014)

<sup>217</sup> Ante Gotovina is charged with four counts of crimes against humanity and three counts of violations of the laws or customs of war allegedly committed between August and November 1995 in the course of and after Operation Storm in the Krajina region of Croatia. Mladen Markač is charged with five counts of crimes against humanity and four counts of violations of the laws or customs of war.

<sup>218</sup> European Commission, "Public Opinion in the European Union", Standard Eurobarometer 80, (December 2013): 10, 23. At [http://ec.europa.eu/public\\_opinion/archives/eb/eb80/eb80\\_first\\_en.pdf](http://ec.europa.eu/public_opinion/archives/eb/eb80/eb80_first_en.pdf) (accessed 4.2.2014)

<sup>219</sup> Hrvatski Sabor (*The Parliament of Croatia*), *Strategija Nacionalne sigurnosti Republike Hrvatske*, (The National Security Strategy), (Zagreb: Hrvatski Sabor, 19.3.2002), clause 9. at [https://www.soa.hr/UserFiles/File/Strategija\\_nacionalne\\_sigurnosti\\_RH.pdf](https://www.soa.hr/UserFiles/File/Strategija_nacionalne_sigurnosti_RH.pdf) and European Union. Member Countries. Croatia. at [http://europa.eu/about-eu/countries/member-countries/croatia/index\\_en.htm](http://europa.eu/about-eu/countries/member-countries/croatia/index_en.htm) (accessed 27.1.14).

<sup>220</sup> Sanja Tisma, Visnja Samardzija and Kresimir Jurlin, *Hrvatska i Europska Unija Prednosti i izazovi clanstva* (Croatia and the European Union- Benefits and challenges of the membership), (Zagreb: Institut za medjunarodne odnose u suradnji s Delegacijom Europske unije u Republici Hrvatskoj, (The Institute for International Relations in cooperation with the Delegation of the EU in Republic of Croatia), 2012), 139. at [http://ec.europa.eu/croatia/services/publications/2012/2012\\_croatia-eu\\_challenges\\_hr.pdf](http://ec.europa.eu/croatia/services/publications/2012/2012_croatia-eu_challenges_hr.pdf) (accessed 28.01.2014).

Croatia because it requires a high level of protection for the human rights and freedoms of asylum seekers and on the other hand, demands a high level of professionalism for supervising and controlling the external borders of the EU.

The EU expects greater, more serious and coordinated, but also more risky military engagements from its members.<sup>221</sup> Croatia has expressed its interest and readiness for participation in the peace and humanitarian missions of the EU.<sup>222</sup> Croatian special army forces participated in the stabilization mission in the Central African Republic and Chad (MINURCAT), launched on 28<sup>th</sup> of January 2008 and taken over as a UN mission in January 2009. Croatian soldiers participated in this mission from March till October 2009<sup>223</sup>. The Croatian army remains active in the European Union Naval Forces (EU-NAVFOR) Somalia (also called Operation Atalanta) launched in December 2008. Operation Atalanta is the European Union's counter-piracy operation off the coast of Somalia. The Croatian army has participated in this mission since July 2009 in cooperation with the French navy. The Kosovo Force (KFOR) mission has operated under the authority of NATO since June 1999, with the aim of building peace and stability in the area. Croatian forces have participated in this mission since July 2009. The main task of the Croatian military contingent is transport of KFOR cargo and VIP persons. They are under direct command of commander of KFOR. Croatian police officers, four of them, have also participated in the CSDP civilian mission in Kosovo since June 2008.<sup>224</sup> 250 Croatian soldiers are committed to stand by for rapid military response in CSDP missions as part of an EU Battle Group. This Battle Group is led by Germany, and together with Croatia includes personnel from Austria, the Czech Republic and the Former Yugoslav Republic of Macedonia.<sup>225</sup> Battle Groups are high readiness forces

---

<sup>221</sup>Dobrica Skok, "NATO, redefinition of security and Croatia" in *Adrias*, No.14, (Zagreb: Croatian Academy of Sciences and Arts, April 2008), 5. At [http://hrcak.srce.hr/index.php?show=clanak&id\\_clanak\\_jezik=56284](http://hrcak.srce.hr/index.php?show=clanak&id_clanak_jezik=56284) (accessed 14.8.2014)

<sup>222</sup> Hrvatski Sabor (*The Parliament of Croatia*), *Strategija Nacionalne sigurnosti Republike Hrvatske*, (The National Security Strategy), (Zagreb: Hrvatski Sabor, 19.3.2002) clause 58, at [https://www.soa.hr/UserFiles/File/Strategija\\_nacionalne\\_sigurnosti\\_RH.pdf](https://www.soa.hr/UserFiles/File/Strategija_nacionalne_sigurnosti_RH.pdf) (accessed 27.1.2014)

<sup>223</sup> EUFOR Tchad/RCA, "Mission Description", EUFOR, at [http://www.eeas.europa.eu/csdp/missions-and-operations/eufor-tchad-rca/mission-description/index\\_en.htm](http://www.eeas.europa.eu/csdp/missions-and-operations/eufor-tchad-rca/mission-description/index_en.htm) (accessed 4.2.2014).

<sup>224</sup> Republic of Croatia, Ministry of Foreign Affairs, "Hrvatska u mirovnim misijama i operacijama u ZSOP-a" (Croatia in Peace Missions and Operations), Ministry of Foreign Affairs, at <http://www.mvep.hr/hr/vanjska-politika/multilateralni-odnosi0/mir-i-sigurnost/mirovne-misije/hrvatska-u-mirovnim-misijama-i-operacijama/hrvatska-u-mirovnim-misijama-i-operacijama-zsop-a/> (accessed 5.2.2014).

<sup>225</sup> Croatianimes.com. "Croatia joins two EU battlegroups". Croatian Times. 16.11.2010. at <http://www.croatiantimes.com/?id=15189> (accessed 5.2.14)

consisting of 1,500 personnel that can be deployed within 10 days after an EU decision to launch an operation, and can be sustained for up to 30 days.<sup>226</sup>

With the aim of complete integration into the values and policy of the western organisations, Croatia belongs to and actively participates in all international instruments and conventions regarding arms control and disarmament.

#### 4.1.1.3. Summary

However, Croatia is a small state and cannot be expected to make a major contribution to the EU foreign policy by its military or economic power.<sup>227</sup> The priority for Croatia is to ensure its own security, taking account of its given geographical and demographic characteristics. As an EU state, Croatia has to balance national security interests with the global/common interests of the EU. At the same time, Croatia's accession to the EU is its single largest contribution to regional security.<sup>228</sup> The exercise of soft power, the power of convincing and the power to teach with its own example are important potential strengths for Croatia. As a new member state, it can positively impact upon the implementation of reforms in other countries during their accession process, by sharing knowledge, skills and experience gained during its own EU experience.<sup>229</sup> If the moment comes when Croatia as a small state is able to prove the possibility of impacting on the international system with its economic power, and the power of convincing and teaching others, then it could be said to have become a *small power*.

---

<sup>226</sup> Council of the European Union, "The EU Battle Groups and the EU civilian and military cell", (15.11.2006), at <http://www.consilium.europa.eu/homepage/showfocus?lang=en&focusID=63092> (accessed 5.2.14)

<sup>227</sup> Dejan Jovic, „Hrvatska vanjska politika pred izazovima clanstva u Europskoj Uniji“ (Croatian Foreign Policy: The Challenges of EU Accession), in *Politička misao*, (Political Thought), Fakultet politickih znanosti, Zagreb. Vol. 48, No. 2, (2011):28. At [http://hrcak.srce.hr/index.php?show=clanak&id\\_clanak\\_jezik=107251](http://hrcak.srce.hr/index.php?show=clanak&id_clanak_jezik=107251) (accessed 8.8.2014).

<sup>228</sup> Visnja Samardzija and Senada Selo-Sabic, „Security Challenges in the Western Balkans: Building *Soft Security* after Conflict“, in *Small States and International Security: Europe and beyond*, Clive Archer, Alyson JK Bailes and Anders Wivel (eds.), (London: Routledge, 2014).

<sup>229</sup> Natasa Besirevic, „Instrument Uvjetovanosti Evropske Unije u Politici Prosirenja Prema Drzavama Istocne i Srednje Evrope te Zapadnog Balkana“ (The Instrument of conditionality in the European Union's enlargement policy towards the Countries of Eastern and Central Europe and the Western Balkans) in *Analiza Hrvatskog politoloskog drustva*, Vol.9, No. 1, *Reginalne Komparativne Studije* (Regional Comparative Studies), Fakultet Politickih Znanosti (Faculty of Political Science), (March 2013): 193. At <http://hrcak.srce.hr/99809> (accessed 28.1.2014).

#### 4.1.2. Iceland

Iceland is a country without a military, a history of conflict, or problems with aggressive national rhetoric. It is a small state in the Atlantic Ocean with an excellent geographical position between continents and great possibilities for flexibility in the international policy. Iceland has, of course, its own police force, coastguard and emergency rescue services.

##### 4.1.2.1. Icelandic security policy and defence

Memberships of NATO since 1949, and the bilateral Defence Agreement of 1951 with the United States of America, remain the two main pillars of Iceland's security policy and defence. Regarding the Defence Agreement, Iceland and USA hold regular consultations on issues pertaining to the political, security and defence relations of the two countries, as well as international issues of mutual interest. After the US forces unilaterally withdrew from their Icelandic bases in 2006, however, Iceland faced a revolutionary turning-point in its security policy. In order to meet the new circumstances, former minister of foreign affairs Ingibjörg Sólrún Gísladóttir in 2007 formed a specialist group to work on a national risk assessment, which was published in 2009.<sup>230</sup> This report discussed Iceland's security challenges under three categories: national security, societal security, and global threats.

There is little chance that any state would have an interest in attacking Iceland, except in the case of a multi-state conflict in which case the specific geographical position of Iceland would be strategically important and could become a target. In that case Iceland would completely depend on other states. Consequently, any major change by the USA or NATO regarding military security would have an impact on security of Iceland.

While Croatia looks to NATO as a military protector, for Iceland the future role of NATO should be as an international security organisation which needs to focus more on the member states' actual needs and the newest security threats. The concept of security has become much wider and can be met only through cooperation on international scene. The fight for human rights and women's empowerment, peace and disarmament has high priority in Iceland's foreign policy. These are values that the Icelandic Government wants to emphasize in international cooperation, and to which the Government has also committed itself

---

<sup>230</sup> Utanríkisráðuneytið (The Ministry of Foreign Affairs), *Áhættuskýrsla fyrir Ísland: Hnattrænir, samfélagslegir og hernaðarlegir þættir*, (Risk Assessment for Iceland: Global, social and military factors), (Reykjavík: Utanríkisráðuneytið, March 2009), at [http://www.utanrikisraduneyti.is/media/Skyrslur/Skyrsla\\_um\\_ahattumat\\_fyrir\\_Island\\_a.pdf](http://www.utanrikisraduneyti.is/media/Skyrslur/Skyrsla_um_ahattumat_fyrir_Island_a.pdf) (accessed 25.2.14)



internationally.<sup>231</sup> In its work within the Alliance, Iceland puts emphasis *inter alia* on NATO's role in disarmament, arms control and non-proliferation, including nuclear issues; the common values of the Alliance, i.e. respect for democracy, rule of law and human rights; collective defence and the importance of solidarity, the transatlantic link and the indivisibility of security.<sup>232</sup>

Iceland's awareness of its own security needs is reflected in its search for closer cooperation with other countries, not just relying on the revised USA Defence Agreement. Iceland has entered into cooperation with neighbouring states in ways that include dialogue on security and defence issues as well as collaboration in situational awareness, search and rescue. It takes part, with civilian assets, in the current framework for Nordic defence cooperation (NORDEFECO)<sup>233</sup>, and has also signed bilateral memorandums of understanding with Norway and Denmark. The latest developments in this cooperation flow from recommendations made by Thorvald Stoltenberg, former minister of security and foreign affairs of Norway, in a report from 2009.<sup>234</sup> The report looks towards the next 10-15 years and makes recommendations regarding closer co-operation between the five Nordic countries i.e. in peace building, air-policing and maritime monitoring, security in the High North, cyber-security, cooperation between foreign services and defence. Following one of Stoltenberg's recommendations, in 2011 the other four Nordic states and Iceland signed a declaration about solidarity and mutual assistance in the event of crises or attacks (other than war) caused by natural or human behaviour.<sup>235</sup> Current cooperation includes air surveillance of the Icelandic coast, where it was agreed in December 2012 that Finland and Sweden should join the periodic deployments by Allied aircraft. The first exercise on this basis started in February 2014 under the name Iceland Air Meet 2014;<sup>236</sup> it does not assume the permanent

---

<sup>231</sup> Ministry for Foreign Affairs, Issues, "Defence and Security Affairs", Ministry for Foreign Affairs at <http://www.mfa.is/foreign-policy/security/> (accessed 12.02.2014).

<sup>232</sup> Ministry for Foreign Affairs, Issues, "Iceland and NATO", Ministry for Foreign Affairs at <http://www.mfa.is/foreign-policy/security/> (accessed 12.02.2014).

<sup>233</sup> Utanríkisráðuneytið (The Ministry of Foreign Affairs), Thorvald Stoltenberg, „Norræn samvinna á sviði útanríkis og öryggismála“ (Nordic Cooperation in Foreign Affairs and Defence), (Reykjavík: Utanríkisráðuneytið, 9.2.2009), at [http://www.utanrikisraduneyti.is/media/Frettatilkynning/Stoltenberg\\_netutg\\_leidrett.pdf](http://www.utanrikisraduneyti.is/media/Frettatilkynning/Stoltenberg_netutg_leidrett.pdf) (accessed 12.2.2014).

<sup>234</sup> Utanríkisráðuneytið (The Ministry of Foreign Affairs), Issues, Öryggis og varnamál, (Defence and Security Affairs), "Norrænt samstarf í varnamálum" (Nordic Cooperation in Defence), At <http://www.utanrikisraduneyti.is/verkefni/alhjoda-og-oryggissvid/varnar-og-oryggismal/norraent-samstarf-i-varnarmalum/> (accessed 12.02.2014).

<sup>235</sup> Utanríkisráðuneytið (The Ministry of Foreign Affairs), Thorvald Stoltenberg, „Norræn samvinna á sviði útanríkis og öryggismála“ (Nordic Cooperation in Foreign Affairs and Defence), (Reykjavík: Utanríkisráðuneytið, 9.2.2009), at [http://www.utanrikisraduneyti.is/media/Frettatilkynning/Stoltenberg\\_netutg\\_leidrett.pdf](http://www.utanrikisraduneyti.is/media/Frettatilkynning/Stoltenberg_netutg_leidrett.pdf)

<sup>236</sup> *Ríkisútvarpið- RUV*, (Icelandic national Television and Radio), „Heræfing NATO á Íslandi“ (NATO military exercises in Iceland), 1.2.2014 at <http://www.ruv.is/frett/heraefing-nato-a-islandi> (accessed 5.4.2014)

surveillance of Icelandic coast, but is an important step towards closer cooperation by the Nordic states.<sup>237</sup>

#### 4.1.2.2. The Arctic policy

The High North is one of the key priority areas of Iceland's foreign policy. Important changes are under way in the High North which will have a broad impact on international affairs.<sup>238</sup>

New trans-arctic shipping routes are opening and are expected to alter global transportation patterns. On the other hand, the shrinking of the Arctic ice cap and technological advances are making the region's energy resources more accessible. Iceland's parliament approved in March 2011 the Resolution on Iceland's Arctic Policy.<sup>239</sup> It aims at securing Icelandic interests with regard to the effects of climate change, environmental issues, natural resources, navigation and social development as well as strengthening relations and cooperation with other States and international organisations on the issues facing the region. Iceland is against the re-militarization of the High North while emphasising the importance of increased civilian cooperation with neighbouring countries, both within and outside the Arctic, to prevent and respond to civilian and environmental crises.<sup>240</sup> Long-term security in the High North will depend on close cooperation between all the Arctic states, including both NATO and non-NATO countries and other relevant stakeholders.<sup>241</sup> The EU has a great interest in playing an active role in Arctic policy. It wants to engage more with Arctic partners to increase its awareness of their concerns and to address common challenges – notably, safeguarding the

---

<sup>237</sup> Utanríkisráðuneytið (The Ministry of Foreign Affairs), Issues, Öryggis og varnamál, (Defence and Security Affairs), "Norrænt samstarf í varnamálum" (Nordic Cooperation in Defence), At <http://www.utanrikisraduneyti.is/verkefni/alhjoda-og-oryggissvid/varnar-og-oryggismal/norraent-samstarf-i-varnamalum/> (accessed 12.02.2014).

<sup>238</sup> Alþingi (Icelandic Parliament), *Stefna Íslands í málefnum Norðurslóða*, (Icelandic Strategy in Arctic), (Reykjavík: Löggjafarþing 2010-2011), 139. At <http://www.althingi.is/dba-bin/unds.pl?txi=/wwwtext/html/139/s/1148.html&leito=nor%F0ursl%F3%F0ir%0nor%F0ursl%F3%F0%0nor%F0ursl%F3%F0a%0nor%F0ursl%F3%F0anna%0nor%F0ursl%F3%F0ar%0nor%F0ursl%F3%F0arinnar%0nor%F0ursl%F3%F0in%0nor%F0ursl%F3%F0ina%0nor%F0ursl%F3%F0inni%0nor%F0ursl%F3%F0ir%0nor%F0ursl%F3%F0irnar%0nor%F0ursl%F3%F0um%0nor%F0ursl%F3%F0unum%02011#word1> (accessed 12.3.2014).

<sup>239</sup> Ibid.

<sup>240</sup> Utanríkisráðuneytið (The Ministry of Foreign Affairs), *Áhættuskýrsla fyrir Ísland: Hnattrænir, samfélagslegir og hernaðarlegir þættir*, (Risk Assessment for Iceland: Global, social and military factors), (Reykjavík: Utanríkisráðuneytið, March 2009), 45 at [http://www.utanrikisraduneyti.is/media/Skyrslur/Skyrsla\\_um\\_ahattumat\\_fyrir\\_Island\\_a.pdf](http://www.utanrikisraduneyti.is/media/Skyrslur/Skyrsla_um_ahattumat_fyrir_Island_a.pdf) (accessed 25.2.2014)

<sup>241</sup> Utanríkisráðuneytið (The Ministry of Foreign Affairs), *A Parliamentary Resolution on Iceland's Arctic Policy*, (Reykjavík: Icelandic Parliament 139<sup>th</sup> legislative session, 28.3.2011), at <http://www.mfa.is/media/nordurlandaskrifstofa/A-Parliamentary-Resolution-on-ICE-Arctic-Policy-approved-by-Althingi.pdf> (accessed 10.8.2014)



environment while ensuring the sustainable development of the Arctic region - in a collaborative manner.<sup>242</sup> Potential Icelandic membership would strengthen the EU's position in this policy field.

#### 4.1.2.3. Icelandic engagement in international organizations

Although it has only around 315,000 inhabitants, Iceland's peacekeepers contribute their expertise to work inside international organizations. Organized through the Icelandic Crisis Response Unit (ICRU) established in 2000, Icelandic civilian experts have provided expertise in various fields, such as humanitarian and social assistance, administration, policy formation and information management. The ICRU's resources are explicitly earmarked for possible use by the EU as well as NATO, the UN and the Organization for Security and Co-operation in Europe (OSCE). Icelandic participants in peace missions are civilian experts in many different areas and not one of them wears a weapon. The focus in their work is on building up the structure of society and helping those who need help the most, like children and women and refugees; also taking part in restoration works after conflicts and natural disasters, and in the implementation of the UN Security Council resolutions on women, peace and security.<sup>243</sup> This approach to peace missions has proved to be a good choice for Iceland as a non-military nation and makes easier for Iceland to participate in peace missions by NATO or the EU. Icelandic participation in peace missions dates from the war in Bosnia and Herzegovina, where Icelandic nurses and police officers worked together with Norwegian peacekeepers during the UN deployments in the period 1994-1999.<sup>244</sup> In the year 2000 Icelandic experts worked on the field of gender issues and women's rights in Kosovo under the auspices of the United Nations Development Fund for Women (UNIFEM).

Iceland has participated in the International Security Assistance Force, ISAF, in Afghanistan since the year 2003. The main assignments of Icelandic peacekeepers are development and reconstruction of the country and society, including aspects such as gender equality. In 2010 Iceland provided civilian experts to the Development Branch of the Stability Division of Headquarters ISAF in Kabul to work inter alia on the coordination of development efforts and

---

<sup>242</sup> European Union External Service, "EU Arctic Policy", at [http://www.eeas.europa.eu/arctic\\_region/index\\_en.htm](http://www.eeas.europa.eu/arctic_region/index_en.htm) (accessed 28.8.2014).

<sup>243</sup> Utanríkisráðuneytið (The Ministry for Foreign Affairs), Málefni (Issues), Þróunarsamvinna (Development Cooperation), Íslenska friðargæslan (Icelandic Peace Missions), "Peace and Security Development", at <http://www.utanrikisraduneyti.is/verkefni/throunarsvid/friðargaesla/> (accessed 10.8.2014)

<sup>244</sup> Valur Ingimundarson, *Uppbrot Hugmyndakerfis Endurmótun íslenskar utanríkisstefnu 1991-2007*, (Reykjavík: Hið íslenska bókmenntafélag, 2008), 137

gender issues. Icelandic personnel are also engaged in the administration of the camp at KAIA (Kabul International Airport) and take part in policy formation at NATO's Senior Civilian Representative (SCR) Office.<sup>245</sup>

The Icelandic authorities have provided a number of participants for both short-term and long-term election observation missions by international organizations, particularly for the Organisation for Security and Cooperation in Europe (OSCE). The observation missions are intended to support free and democratic elections in OSCE member states. Iceland has provided election observers to presidential or parliamentary elections in Azerbaijan, Bosnia-Herzegovina, Russia, Kyrgyzstan, Moldova and the Ukraine.<sup>246</sup>

#### 4.1.2.4. Summary

From the above it can be concluded that Iceland is in a totally different position regarding its security from Croatia. Iceland is a western democratic country without a history of war, conflicts, or military threats from its neighbours. It has been a member state of NATO since its establishment in 1949 and under US protection during the whole period of the cold war. Iceland does need to consider going through the implementation of all criteria for membership of the EU and NATO just to ensure its security, as Croatia has felt obliged to do. Iceland was lucky to be in the right position at the right time to arrange its protection under the shelter of big powers immediately after its independence. Still today, decades-long reliance on bilateral ties reinforces the view of many Icelandic politicians that Iceland can be successful on its own, without having to negotiate and make compromises within multilateral international forums.<sup>247</sup> On the other hand, Iceland's strongest affiliations today are with Europe, whether in the perspective of business, politics, or culture and educational cooperation. Iceland is an integral part of the European extended family, among other things through its place in Nordic Cooperation and membership of the European Free Trade Association, the European Economic Area and the Council of Europe.<sup>248</sup> Iceland's history shows that the nation's

---

<sup>245</sup> Ministry for Foreign Affairs and Icelandic International Development Agency, *Iceland's International Development Cooperation*, Icelandic International Development Agency, 2011, at [http://www.mfa.is/media/throunarsamvinna/Iceland's\\_International\\_Development\\_Cooperation\\_MFA-ICEIDA.pdf](http://www.mfa.is/media/throunarsamvinna/Iceland's_International_Development_Cooperation_MFA-ICEIDA.pdf) (accessed 28.8.2014).

<sup>246</sup> Ibid.

<sup>247</sup> Avery Graham, Alyson JK Bailes and Baldur Þórhallsson, „Iceland's Application for European Union Membership“ in *Studia Diplomatica*, LXIV-1, (2011): 95 at <http://uni.hi.is/baldurt/files/2012/08/Iceland-EU-Baldur-Alyson-Graham.pdf> (accessed 12.2.2014).

<sup>248</sup> Utanríkisráðuneytið (The Ministry for Foreign Affairs), *The Icelandic Foreign Minister's 2011 Annual Report on Foreign Affairs to the Icelandic Parliament*, Utanríkisráðuneytið, 2011 at

prosperity has invariably bloomed when ties with Europe have been the closest. It draws strength from European cooperation, where it collaborates with the nations it has the most in common with.

The general response of the EU to Iceland's application for EU membership may be summarised as 'relatively positive', compared with Croatia's long journey towards becoming an EU member state.<sup>249</sup> Iceland could be regarded as the best qualified and 'closest' candidate to the EU because of its integration into the single market and non-military security system of the EU through the European Free Trade Agreement (which it joined in 1970), European Economic Area (1994), and Schengen zone (2001). Iceland has a clearly 'European' identity. Its geographical position in the Atlantic sea has been important in the past, during the cold war, and still is important in the context of Arctic policy where the EU has a great interest. Of course, Icelandic leaders are aware of this value and its possible advantages for the security of the country. This has made most Icelanders' motives for approaching the EU, and for closer cooperation with it, more specific and pragmatic - there is no overall strategic need for security, stability, law and order, inter-ethnic relations, economic development and wealth that only the EU can ensure. It is more a question of what specific benefits Iceland wants and whether it is only the EU that can offer them. For example, this can be seen in strong Icelandic debate to the possibility of using Euro as the national currency because of the weakness of Króna or maybe to use some other alternatives to the weak national currency. Regarding military hard security, the EU still cannot replace the security benefits guaranteed to Iceland by the Defense Agreement with the USA and Iceland's membership of NATO. That has been one factor making the Icelandic political community notably divided and reluctant. On the other hand, any improvement of the EU's ability to provide harder security guarantees for its member states could have a positive impact on the Icelandic political elite.

---

[http://eng.utanrikisraduneyti.is/media/MFA\\_pdf/Introduction-and-executive-summary.pdf](http://eng.utanrikisraduneyti.is/media/MFA_pdf/Introduction-and-executive-summary.pdf) (accessed 28.8.2014).

<sup>249</sup> Avery Graham, Alyson JK Bailes and Baldur Þórhallsson, „Iceland's Application for European Union Membership“ in *Studia Diplomatica*, LXIV-1, (2011): 102 at <http://uni.hi.is/baldurt/files/2012/08/Iceland-EU-Baldur-Alyson-Graham.pdf> (accessed 12.2.2014).

## 4.2. Economy and financial security

### 4.2.1. Iceland

Economic management, administrative competence and membership in international organizations are very important for small states in order to limit external shocks, and to help them cope with economic crisis.<sup>250</sup> The EU offers this kind of financial and economic security.<sup>251</sup> According to the Copenhagen Criteria, a potential member state has to demonstrate the practice of a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the Union; and the ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union.<sup>252</sup>

Although an extremely small state, Iceland is a modern, industrialized European country with a functioning market economy. Its economic growth rate for 2013 was 3,3% with GDP per capita reaching 45,137 USD.<sup>253</sup> Iceland is highly dependent on imports and its export sector is dominated by fish and aluminium production. Total exports for the 2013 were \$5,2 billion and total imports \$4,526 billion.<sup>254</sup> Iceland's major export markets are in EU countries. Fish production provides 40% of export earnings, more than 12% of GDP, and employs nearly 5% of the work force.<sup>255</sup> This relatively low employment rate is due to the general switch to large hi-tech vessels requiring fewer workers.

Traditionally, Iceland's strategy for protecting its economic interests has mainly emphasized: successive extensions of the Exclusive Economic Zone to protect Icelandic fisheries; strong defence within the Western democratic bloc; and better market access for maritime products, including a partial engagement in the European project.<sup>256</sup> Euro-scepticism has deep historical

---

<sup>250</sup> Alyson J.K. Bailes and Baldur Thorhallsson, "Instrumentalizing the European Union in Small State Strategies" in *Journal of European Integration*, Vol.35, No.2, University of Iceland, Reykjavík, (2013): 112 at <http://uni.hi.is/baldurt/files/2013/09/Instrumentalising-the-EU-in-small-state-strategy.pdf> (accessed 26.3.2014).

<sup>251</sup> Ibid., 108.

<sup>252</sup> EUROPA, Summaries of European Legislation, Glossary, *Accession Criteria (Copenhagen Criteria)*, at [http://europa.eu/legislation\\_summaries/glossary/accession\\_criteria\\_copenhagen\\_en.htm](http://europa.eu/legislation_summaries/glossary/accession_criteria_copenhagen_en.htm) (accessed 2.4.2014) and European Commission, Economic and Financial Affairs, „Economic Accession Criteria“, at [http://ec.europa.eu/economy\\_finance/international/enlargement/criteria/index\\_en.htm](http://ec.europa.eu/economy_finance/international/enlargement/criteria/index_en.htm) (accessed 2.4.2014).

<sup>253</sup> Statistics Iceland, "Key Figures", at <http://www.statice.is/Pages/1390> (accessed 26.3.2014).

<sup>254</sup> Central Intelligence Agency, "The World Factbook" - Iceland, at <https://www.cia.gov/library/publications/the-world-factbook/geos/ic.html> (accessed 26.3.2014).

<sup>255</sup> Ibid.,

<sup>256</sup> Avery Graham, Alyson JK Bailes and Baldur Thorhallsson, „Iceland's Application for European Union Membership" in *Studia Diplomatica*, LXIV-1, (2011): 94 at <http://uni.hi.is/baldurt/files/2012/08/Iceland-EU-Baldur-Alyson-Graham.pdf> (accessed 31.3.2014).

roots in Iceland, and strong popular and sectoral opposition remains to be overcome today.<sup>257</sup> The EU's opponents argue that Iceland as a small state would be powerless within the EU and unable to defend its interests; it would lose a vital part of its independence and sovereignty.<sup>258</sup> Regarding economy and economic policy, membership would undermine Iceland's ability to manage its own economic policy; corporate taxes might rise due to membership; regulations from Brussels would place a burden on businesses and the community at large; and adopting the euro would be fatal to the economy.<sup>259</sup> Nevertheless, past Icelandic governments have sought a degree of shelter within the framework of European integration by joining the EFTA in 1970 and the EEA in 1993, with the main motive of responding to economic downturns and guaranteeing access to the European market.<sup>260</sup>

#### 4.2.1.1. The crash of 2008 and its consequences

Iceland is not only one of Europe's smallest states but also one of those worst hit by the world financial crisis in 2008. No other nation in the Nordic group suffered such trauma or underwent such major political upheavals as a result.<sup>261</sup> The depreciation of the currency has increased the debt burden of households and firms, both those that had borrowed in Icelandic krónur and in foreign currency. The collapse of the currency had a direct influence on inflation with inflation peaking at 18,6% in January 2009 and reducing to 4,2% in December 2013.<sup>262</sup>

The economic crash, which started with the fall of the Icelandic króna in March 2008, called in question the traditional foreign policy behaviour of Iceland, especially the reluctance to be

---

<sup>257</sup> Ibid., 100.

<sup>258</sup> Ibid., 97.

<sup>259</sup> Baldur Thorhallsson, *Iceland's contested European Policy: The Footprint of the Past-A Small and Insular Society*, Jean Monet Occasional Paper 02/2013, (Malta: Institute for European Studies, 2013), 46 at <http://uni.hi.is/baldurt/files/2013/03/Foreign-policy-Iceland-smallness-insular-by-Baldur-Thorhallsson.pdf> (accessed 18.3.2014).

<sup>260</sup> Baldur Þórhallsson, „The Icelandic Crash and its Consequences“ in *Small States in Europe Challenges and Opportunities*, ed. by Robert Steinmetz and Anders Wivel, (Ashgate, 2010), 200. At [http://uni.hi.is/baldurt/files/2012/08/The\\_Icelandic\\_Crash\\_and\\_its\\_Consequences\\_Thorhallsson.pdf](http://uni.hi.is/baldurt/files/2012/08/The_Icelandic_Crash_and_its_Consequences_Thorhallsson.pdf) (accessed 4.4.2014).

<sup>261</sup> Alyson J.K. Bailes and Baldur Thorhallsson, „Iceland and Europe, drifting further apart?“, FIIA Briefing Paper, No. 139, The Finnish Institute of International Affairs, (2013): 2 at <http://uni.hi.is/baldurt/files/2013/09/Iceland-and-Europe-FIIA-briefing-paper.pdf> (accessed 18.3.2014).

<sup>262</sup> Seðlabanki Íslands (Icelandic Central Bank), „Verðlagsþróun“, (Inflation), At <http://www.seðlabanki.is/Peningastefna/verdlagsthroun/> (accessed 4.4.2014).

entangled with the EU.<sup>263</sup> A new political balance was created in the spring 2009 elections. At this time, the pro-European forces were motivated to seize the chance of taking shelter within the European Union and there was, at least temporarily, a broader change of public attitude towards the vulnerability of the economy and its small currency, leading to keen interest in replacing the fragile Icelandic Króna with the Euro.<sup>264</sup> A key argument of Icelandic pro-Europeans is that the country needs a stronger international currency if it is to engage safely in globalized trade without tight exchange controls.<sup>265</sup> (Such controls were imposed after the crash with IMF complaisance and are still in place, though contrary to EEA rules.)

The currency crisis demanded a review and strengthening of the nation's monetary affairs. The risk assessment for Iceland published in March 2009 recommended joining the European Union and adopting the Euro as the possible solution.<sup>266</sup> The report argued that a stronger, more stable currency would be beneficial to Icelandic businesses that would benefit from a stronger economy, more price stability, lower interest rates and the elimination of consumer price indexation.<sup>267</sup> It also noted that economic stability would best be secured with strong and transparent economic governance, a strong Central Bank and an active surveillance authority.<sup>268</sup>

However, soon after, the prospective economic benefits of entry including the use of the Euro became tarnished by witnessing the fate of other small states during the Euro-crisis.<sup>269</sup> The mis perception that the Europe-wide crisis was about the strength of the Euro resulted in speculation on other possible solutions such as adopting a currency union with Norway or Canada. The government elected in May 2013, while confirming the goal of lifting exchange controls, has simply declared that the Icelandic króna will be the national currency for the foreseeable future.

---

<sup>263</sup> Avery Graham, Alyson JK Bailes and Baldur Þórhallsson, „Iceland's Application for European Union Membership“ in *Studia Diplomatica*, LXIV-1, (2011): 95 at <http://uni.hi.is/baldurt/files/2012/08/Iceland-EU-Baldur-Alyson-Graham.pdf> (accessed 31.3.2014).

<sup>264</sup> Alyson J.K. Bailes and Baldur Thorhallsson, “Iceland and Europe, drifting further apart?”, FIIA Briefing Paper, No. 139, The Finnish Institute of International Affairs, (2013): 3 at <http://uni.hi.is/baldurt/files/2013/09/Iceland-and-Europe-FIIA-briefing-paper.pdf> (accessed 18.3.2014).

<sup>265</sup> Ibid., 5.

<sup>266</sup> Utanríkisráðuneytið (The Ministry of Foreign Affairs), *Áhættuskýrsla fyrir Ísland: Hnattrænir, samfélagslegir og hernaðarlegir þættir*, (Risk Assessment for Iceland: Global, social and military factors), (Reykjavík: Utanríkisráðuneytið, March 2009), 36 At [http://www.utanrikisraduneyti.is/media/Skyrslur/Skyrsla\\_um\\_ahattumat\\_fyrir\\_Island\\_a.pdf](http://www.utanrikisraduneyti.is/media/Skyrslur/Skyrsla_um_ahattumat_fyrir_Island_a.pdf) (accessed 31.3.2014).

<sup>267</sup> Ibid., 40

<sup>268</sup> Ibid., 34

<sup>269</sup> Alyson J.K. Bailes and Baldur Thorhallsson, “Iceland and Europe, drifting further apart?”, FIIA Briefing Paper, No. 139, The Finnish Institute of International Affairs, (2013): 1 at <http://uni.hi.is/baldurt/files/2013/09/Iceland-and-Europe-FIIA-briefing-paper.pdf> (accessed 18.3.2014).

During the first years of the crisis, public nationalistic feelings regarding the EU and the general political discussion in Iceland were further aggravated by the Icesave dispute. The dispute between Iceland on the one hand and the Netherlands and Britain on the other hand centred upon the conditions for Icelandic reimbursements of the compensation Britain and the Netherlands provided to account holders for deposits lost in the Icelandic bank Landsbankinn, which had offered online savings accounts under the Icesave brand in those states.

Landsbankinn was placed into receivership by the Icelandic government early in October 2008.<sup>270</sup> As a party to EU regulations on banking - on which the British and Dutch claims were based - through its membership of the EEA, Iceland requested that the EU should step in to settle the dispute, but without any success. On a number of occasions Britain and Netherlands, with the formal and informal approval of other European states (including the other Nordic states in the beginning), blocked Iceland's IMF assistance after the economic crash.<sup>271</sup> In the public debate, the EU and its member states have been blamed for the IMF blockage and for standing in the way of Iceland's economic recovery: despite the fact that the EU has on several occasions stated that the Icesave dispute is a bilateral matter for the states concerned.<sup>272</sup> Hence, the EU is seen as not being able to provide Iceland with economic and political shelter, and by many politicians and voters as a bully taking the side of larger states who seek to oppress a small defenceless neighbour.<sup>273</sup> The Icesave dispute was pursued up to 2012 and was finally adjudicated (in Iceland's favour) in the EFTA Court.

#### 4.2.1.2. Primary sectors as an obstacle to integration

The strong impact of primary sectors in Icelandic political life and foreign policy decision making is partly explained by the fact that the nation-wide economic organizations - the

---

<sup>270</sup> Baldur Thorhallsson, „The Icelandic Crash and its Consequences: A Small State without Economic and Political Shelter“ in *Small States in Europe Challenges and Opportunities*, Robert Steinmetz and Anders Wivel (eds.), (Surrey: Ashgate, 2010), 200. At [http://uni.hi.is/baldurt/files/2012/08/The\\_Icelandic\\_Crash\\_and\\_its\\_Consequences\\_Thorhallsson.pdf](http://uni.hi.is/baldurt/files/2012/08/The_Icelandic_Crash_and_its_Consequences_Thorhallsson.pdf) (accessed 2.4.2014).

<sup>271</sup> Baldur Thorhallsson, *Iceland's contested European Policy: The Footprint of the Past-A Small and Insular Society*, Jean Monet Occasional Paper 02/2013, (Malta: Institute for European Studies, 2013), 14 at <http://uni.hi.is/baldurt/files/2013/03/Foreign-policy-Iceland-smallness-insular-by-Baldur-Thorhallsson.pdf> (accessed 18.3.2014).

<sup>272</sup> Ibid., 14.

<sup>273</sup> Avery Graham, Alyson JK Bailes and Baldur Thorhallsson, „Iceland's Application for European Union Membership“ in *Studia Diplomatica*, LXIV-1, (2011): 98 at <http://uni.hi.is/baldurt/files/2012/08/Iceland-EU-Baldur-Alyson-Graham.pdf> (accessed 31.3.2014).



Confederation of Icelandic Employers, and the Icelandic Federation of Labour<sup>274</sup> - have never been as strongly integrated into Icelandic political life and decision making as the primary sectors of agriculture and fishery are. These primary sectors have their own pressure groups influencing Parliament's work, and close ties with major political parties. This is possible among other things because of the over-representation of rural areas in parliament and the way that agricultural interest groups have gained a representational monopoly and privileged access to government, but also because of late industrialization (starting only at the beginning of the twentieth century), and the high degree of export specialization (marine products).<sup>275</sup> According to the assessment issued by the European Commission in 2013, competition in these sectors has remained limited, either as a result of legal entry restrictions or of substantial state involvement, hampering investment and the sectors' growth potential.<sup>276</sup> Both in the past and in recent years, two of the main arguments put forward by opponents of EU membership, which also have a strong effect on public opinion, concern these aspects of the Icelandic economy. The principal one is that Iceland's fisheries sector would be seriously damaged by EU membership; the nation would lose control over its most valuable national resource - fish - and its agriculture would be left devastated.<sup>277</sup> Combining the importance of such sectors with the specifics of being a small state, Baldur Þórhallsson points out that small states are inflexible in negotiations where they have important interests, but are flexible in negotiations where they do not have specific interests.<sup>278</sup> Some analysts consider that Iceland, despite its small size, would bring a disproportionately large increase in the EU's fisheries

---

<sup>274</sup> For more information see <http://www.sa.is/> and <http://www.asi.is/>

<sup>275</sup> Baldur Þórhallsson, „The Skeptical Political Elite Versus the pro-European Public-The Case of Iceland“, in *Scandinavian Studies- Scandinavian Way to Europe*, Managing editor Steven P. Soundrup and guest editor Christine Ingebritsen, Vol.74.,No .3, (2002): 359. at [http://uni.hi.is/baldurt/files/2012/11/scandinavian\\_studies.pdf](http://uni.hi.is/baldurt/files/2012/11/scandinavian_studies.pdf) (accessed 12.3.2014).

<sup>276</sup> European Commission, *Iceland 2013 Report*, Commission staff working document, (Brussels: European Commission, 16.10.2013), at [http://ec.europa.eu/enlargement/pdf/key\\_documents/2013/package/brochures/iceland\\_2013.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2013/package/brochures/iceland_2013.pdf) (accessed 18.3.2014).

<sup>277</sup> Website of the anti-EU movement, Heimssýn, available at <http://heimssyn.is> (last access: 1 December 2010), cited in Avery Graham, Alyson JK Bailes and Baldur Þórhallsson, „Iceland's Application for European Union Membership“ in *Studia Diplomatica*, LXIV-1, (2011): 99. at <http://uni.hi.is/baldurt/files/2012/08/Iceland-EU-Baldur-Alyson-Graham.pdf> (accessed 31.3.2014).

<sup>278</sup> Baldur Þórhallsson, „The Role of Small States in European Union“, in *Small States in International Relations*, Christine Ingebritsen, Iver Neumann, Sieglinde Gstöhl and Jessica Beyer (eds.), (Seattle: University of Washington Press, 2006), 225.



zone and total catch; this would increase its economic attractions and should give it a good chance of having a significant role and voice within the EU's institutions.<sup>279</sup>

In terms of fisheries policy, Iceland applies a management system which has similar objectives to those pursued in the EU, but some rules differ considerably.<sup>280</sup> The latest EU fisheries policy reforms have moved this policy nearer to the kind of ecological calculations and local control that Iceland's own fishery management is based upon. The overarching aim of the reformed policy is to end overfishing and make fishing sustainable environmentally, economically and socially. The reforms aim to support sustainable sectoral growth, create job opportunities in coastal areas, and ultimately provide EU citizens with a healthy and sustainable supply of fish.<sup>281</sup> The reformed fisheries policy aims at bringing fish stocks above sustainable levels by banning discarding (the practice of throwing unwanted fish back into the sea), better management of fishing fleet capacity, and the setting of fishing quotas based on scientific advice. The EU will work with its partners abroad to combat illegal fishing and reduce overcapacity. The reformed Common Fisheries Policy (CFP) extends to 2022 the right for Member States to restrict fishing in a zone within 12 nautical miles of their coastline, which for Iceland means that local stocks that remain within its waters and have traditionally been fished there will continue to be reserved for Iceland.<sup>282</sup> Icelandic 'historic rights' to a share of the total catch would be respected in the event of membership. The reforms place a greater emphasis on decentralising decision making and the EU will work closely together with regional authorities and stakeholders to ensure a robust governance approach.<sup>283</sup>

The second strong argument for opposition to the EU in Icelandic current policy concerns agriculture. In the event of its becoming an EU member state, Iceland would remain a net

---

<sup>279</sup> Avery Graham, Alyson JK Bailes and Baldur Þórhallsson, „Iceland's Application for European Union Membership“ in *Studia Diplomatica*, LXIV-1, (2011): 9 at <http://uni.hi.is/baldurt/files/2012/08/Iceland-EU-Baldur-Alyson-Graham.pdf> (accessed 31.3.2014).

<sup>280</sup> European Commission, *Iceland 2013 Report*, Commission staff working document, (Brussels: European Commission, 16.10.2013) at [http://ec.europa.eu/enlargement/pdf/key\\_documents/2013/package/brochures/iceland\\_2013.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2013/package/brochures/iceland_2013.pdf) (accessed 18.3.2014).

<sup>281</sup> European Commission, Fisheries, *Landmark agreement on Common Fishery Policy*, (Brussels: European Commission, 30.5.2013), at [http://ec.europa.eu/information\\_society/newsroom/cf/mare/itemdetail.cfm?item\\_id=10888&subweb=343&lang=en](http://ec.europa.eu/information_society/newsroom/cf/mare/itemdetail.cfm?item_id=10888&subweb=343&lang=en) (accessed 18.3.2014).

<sup>282</sup> Avery Graham, Alyson JK Bailes and Baldur Þórhallsson, „Iceland's Application for European Union Membership“ in *Studia Diplomatica*, LXIV-1, (2011): 109 at <http://uni.hi.is/baldurt/files/2012/08/Iceland-EU-Baldur-Alyson-Graham.pdf> (accessed 31.3.2014).

<sup>283</sup> European Commission, Fisheries, *Landmark agreement on Common Fishery Policy*, (Brussels: European Commission, 30.5.2013) at [http://ec.europa.eu/information\\_society/newsroom/cf/mare/itemdetail.cfm?item\\_id=10888&subweb=343&lang=en](http://ec.europa.eu/information_society/newsroom/cf/mare/itemdetail.cfm?item_id=10888&subweb=343&lang=en) (accessed 18.3.2014).

importer, not an exporter, of agricultural products, and its agriculture poses no competitive threat on European markets. However, Iceland's agricultural policy overall is not aligned with the EU *acquis*. To make membership possible, the appropriate administrative structures to implement all aspects of the CAP, including the management of agricultural and rural development funds, would need to be set up.<sup>284</sup> According to the European Commission's report from 2012, current Icelandic administrative capacity in the field of agriculture and rural development is limited and would need to be further addressed in order to administer the Common Agricultural Policy (CAP), including the management of agricultural and rural development funds.<sup>285</sup> In July 2012, Iceland presented to the Commission its strategy paper for meeting the agriculture and rural development policy requirements, including a description of steps to be undertaken in order to comply with the *acquis* in both areas.<sup>286</sup> Preparations in these areas were still to be launched at the time and no progress was reported in quality policy and organic farming. (The latter is covered by the EEA Agreement and Iceland is largely in line with the relevant *acquis*.) By 2013, it was assessed that Iceland was on a good track towards preparing its action plan and the measures to be undertaken for purposes of negotiations and compliance with CAP legislation, taking into account the specific circumstances of Icelandic agriculture.<sup>287</sup> However, all and any such changes were opposed by Icelandic farmers' organizations, who saw free agricultural trade as threatening local producers and were concerned about reduction of subsidies. Their public campaign also raised more political concerns about the impact of membership. As noted, although agriculture is not one of the leading economic sectors in Iceland, the electoral system and characteristics of national administration enhance farmers' influence in government policy-making.<sup>288</sup> By the time the accession process was put on hold following the spring 2013 elections, the agricultural chapter in negotiations had still not been opened.

---

<sup>284</sup> European Commission, *Iceland 2012 Progress Report*, Commission Staff Working Document, (Brussels: European Commission, 16.10.2013), 23 at [http://ec.europa.eu/enlargement/pdf/key\\_documents/2012/package/is\\_rapport\\_2012\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2012/package/is_rapport_2012_en.pdf) (accessed 18.3.2014).

<sup>285</sup> European Commission, *Iceland 2012 Progress Report*, Commission Staff Working Document, (Brussels: European Commission, 16.10.2013), 23 at [http://ec.europa.eu/enlargement/pdf/key\\_documents/2012/package/is\\_rapport\\_2012\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2012/package/is_rapport_2012_en.pdf) (accessed 18.3.2014).

<sup>286</sup> *Ibid.*, p.23.

<sup>287</sup> Alþingi Íslands (Icelandic Parliament), „Úttekt á stöðu aðildarviðræðna Íslands við Evrópusambandið og þróun sambandsins“ (An evaluation of the accession negotiations Iceland and the EU and the development of the EU), (Reykjavík: Alþingi Íslands, 143th legislative session 2013-2014), 11 at <http://www.althingi.is/altext/143/s/pdf/0610.pdf> (accessed 14.4.2014).

<sup>288</sup> Baldur Þórhallsson, „The Skeptical Political Elite Versus the pro-European Public-The Case of Iceland“, in *Scandinavian Studies- Scandinavian Way to Europe*, Managing editor Steven P. Soundrup and guest editor

#### 4.2.1.3. The Arctic factor

The Arctic is currently growing in importance internationally, politically and economically, and it represents a very important foreign policy issue for Iceland. Iceland has credible opportunities to gain economically from many rich resources and possibilities thought to be hidden in this area. They include opportunities for oil and gas extraction, exploitation of other marine resources, agriculture and tourism.<sup>289</sup> Iceland has an excellent geographical position and could especially gain from opportunities in transit service, because of its cheap, renewable and clean energy and its convenience as a transit station for services to shipping. At the same time, Iceland needs to be prepared to meet all challenges which follow all these changes in Arctic area, such as more frequent accidents, natural disasters and infrastructure break-downs. Here, Iceland needs good but low-cost ways to meet possible problems. From this it can be concluded that Iceland needs to fully explore its Arctic opportunities and its voice and presence should be heard and noticed in relevant policy making. According to a speech by the Minister for Foreign Affairs of Iceland at the Arctic Circle Assembly in October 2013, Arctic policy is among the priority policy areas of Iceland and also a priority in Iceland-EU relations.<sup>290</sup> The government will make efforts to strengthen Iceland's political and scientific engagement in the Arctic.

The EU for its part has an ambition to take a growing part in High Northern activities and governance. It already claims a role through the Northern Dimension programme involving cooperation with Iceland, Norway, and Russia. The EU is involved in regional cooperation programmes operated by the Barents Euro-Arctic Council and the European Neighbourhood and Partnership Instrument for Cross Border Cooperation - ENPI CBC.<sup>291</sup> For purposes of developing Arctic governance, Iceland has direct access to EU norms and potential solutions through the EEA, and its Arctic policy aims are almost identical to the EU's.<sup>292</sup> If Iceland is to take full advantage of its Arctic position, it could be argued that its need for EU membership

---

Christine Ingebritsen, Vol.74.,No .3, (2002): 357. at

[http://uni.hi.is/baldurt/files/2012/11/scandinavian\\_studies.pdf](http://uni.hi.is/baldurt/files/2012/11/scandinavian_studies.pdf) (accessed 12.3.2014).

<sup>289</sup> Avery Graham, Alyson JK Bailes and Baldur Þórhallsson, „Iceland's Application for European Union Membership“ in *Studia Diplomatica*, LXIV-1, (2011): 117 at <http://uni.hi.is/baldurt/files/2012/08/Iceland-EU-Baldur-Alyson-Graham.pdf> (accessed 31.3.2014).

<sup>290</sup> Gunnar Bragi Sveinsson, „Iceland's Role in the Arctic-The Future of Arctic Cooperation“, (the speech represented in Arctic Circle Assembly, October 2013) at <http://www.mfa.is/media/nordurslodir/Arctic-Circle-speech-October-14-2013.pdf> (accessed 10.4.2014).

<sup>291</sup> EUROPA, European Union External Action, „Northern Dimension“, European Union External Action [http://eeas.europa.eu/north\\_dim/index\\_en.htm](http://eeas.europa.eu/north_dim/index_en.htm) (accessed 2.4.2014).

<sup>292</sup> Alyson J.K. Bailes and Baldur Thorhallsson, „Iceland and Europe, drifting further apart?“, *FIIA Briefing Paper*, No. 139, The Finnish Institute of International Affairs, (2013): 8. at <http://uni.hi.is/baldurt/files/2013/09/Iceland-and-Europe-FIIA-briefing-paper.pdf> (accessed 15.3.2014).

is not reduced but actually greater, given the EU's growing importance in 'soft' security contexts and Iceland's need for friends in the Arctic.<sup>293</sup>

#### 4.2.1.4. Summary

Small states typically need to import more than they export and in its exports, a small state tends to specialize in one or two particular export products, as Iceland does in fish. This makes their economies more vulnerable to external shocks such as invasions, sabotage, and other externally directed strikes, and may limit their ability to provide or afford international representation. Such states are also vulnerable to economic fluctuations in the world economy, which limits their economic and political room for manoeuvre and makes them more dependent on the economies of the larger states.<sup>294</sup> It makes sense for such a state's national economic security strategy to make full use of all national strengths and internal actors, to pay close and wide attention to micro-level human security, and to include active, many-streamed participation in international organizations. A small nation must look for protection from its powerful friends; through bilateral arrangements and/or through multilateral organizations, only this way it can avoid attempts to violate its rights.<sup>295</sup>

In Iceland's case, the risk assessment report for Iceland from 2009 expressed concern about how unaware and unprepared the country and its economic experts had been for the impending catastrophe. The financial and economic system was bowled over, and later evidence has shown that some such economic crash would have hit Iceland even without the universal economic crisis at that time.<sup>296</sup> The government and surveillance institutions did not provide enough checks and balances on the major actors, banks and financial institutions. The economic crash resulted in major damage not only to economic and political stability, but also to societal security - in the form of unemployment, high indebtedness of a large part of the

---

<sup>293</sup> Ibid.

<sup>294</sup> Peter J. Katzenstein, „Small States in World Market“, in *Small States in International Relations*, Christine Ingebritsen, Iver Neumann, Sieglinde Gstöhl and Jessica Beyer (eds.), (Seattle: University of Washington Press, 2006), 202.

<sup>295</sup> Hans J., Morgenthau, *Politics Among Nations*, Fourth printing, (New York: Alfred A. Knopf, 1968), 282.

<sup>296</sup> Utanríkisráðuneytið (The Ministry of Foreign Affairs), *Áhættuskýrsla fyrir Ísland: Hnattrænir, samfélagslegir og hernaðarlegir þættir*, (Risk Assessment for Iceland: Global, social and military factors), (Reykjavík: Utanríkisráðuneytið, March 2009), 33 At [http://www.utanrikisraduneyti.is/media/Skyrslur/Skyrsla\\_um\\_ahattumat\\_fyrir\\_Island\\_a.pdf](http://www.utanrikisraduneyti.is/media/Skyrslur/Skyrsla_um_ahattumat_fyrir_Island_a.pdf) (accessed 31.3.2014).

population, a weak currency, and disturbances in foreign trade and Iceland's reputation abroad.<sup>297</sup>

So far, Iceland's economic recovery has been largely supported by private consumption, while investment remained weak. Record increases in tourist revenues have largely compensated for a weaker export performance. The labour market situation has improved, leading to a significant reduction in unemployment (5,8% in 2012 and 4,5% in 2013).<sup>298</sup>

Nevertheless, unemployment among the young population and long-term unemployed remain a policy challenge.<sup>299</sup> Public debt levels remain high: 130,5% of GDP, while GDP was \$14,59 billion for 2013.<sup>300</sup> Financial sector consolidation has made progress, although debt restructuring of private households and companies is not completed yet. The efficiency of financial sector supervision is still not in line with international standards.<sup>301</sup>

More broadly, however, Iceland is continuing to move away from an economy based on the primary sectors if one considers the fact that over 73% of Icelanders are employed in other economic sectors.<sup>302</sup> This fact enables and helps to explain the pro-European strain in public opinion, bringing together people who are concerned about their economic prosperity and afraid of isolation within Europe.<sup>303</sup> This pro-European strand is more concentrated in urban areas than in rural ones where farmers and fishermen live. It emphasizes benefits from membership that include the advantages for consumers and enterprises of lower prices of goods, the adoption of the Euro within the EU as a bulwark for Iceland's shattered finance system, and opportunities for aid for rural areas, agriculture and the tourist industry from the EU's Structural Funds.<sup>304</sup>

---

<sup>297</sup> Ibid., 34, 36.

<sup>298</sup> Central Intelligence Agency, "The World Factbook- Iceland", Central Intelligence Agency, at <https://www.cia.gov/library/publications/the-world-factbook/geos/ic.html> (accessed 26.3.2014).

<sup>299</sup> European Commission, *Iceland 2013 Report*, Commission staff working document, (Brussels: European Commission, 16.10.2013), at [http://ec.europa.eu/enlargement/pdf/key\\_documents/2013/package/brochures/iceland\\_2013.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2013/package/brochures/iceland_2013.pdf) (accessed 18.3.2014).

<sup>300</sup> Central Intelligence Agency, "The World Factbook- Iceland", Central Intelligence Agency, at <https://www.cia.gov/library/publications/the-world-factbook/geos/ic.html> (accessed 26.3.2014).

<sup>301</sup> European Commission, *Iceland 2013 Report*, Commission staff working document, (Brussels: European Commission, 16.10.2013), at [http://ec.europa.eu/enlargement/pdf/key\\_documents/2013/package/brochures/iceland\\_2013.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2013/package/brochures/iceland_2013.pdf) (accessed 18.3.2014).

<sup>302</sup> Central Intelligence Agency, "The World Factbook- Iceland", Central Intelligence Agency, at <https://www.cia.gov/library/publications/the-world-factbook/geos/ic.html> (accessed 26.3.2014).

<sup>303</sup> Avery Graham, Alyson JK Bailes and Baldur Þórhallsson, „Iceland's Application for European Union Membership" in *Studia Diplomatica*, LXIV-1, (2011): 96. at <http://uni.hi.is/baldurt/files/2012/08/Iceland-EU-Baldur-Alyson-Graham.pdf> (accessed 31.3.2014).

<sup>304</sup> Ibid., 100.

Hopefully Iceland has learnt a lesson from the last economic downturn about how difficult is to be small and alone without shelter when hard times threaten the nation's economic welfare. Iceland needs to use all available opportunities and tools in policy, in order to be flexible and adjustable on international scene. Economic welfare is maybe the strongest trigger that will continue pushing for even closer cooperation with the EU. Standing and acting alone without any shelter leads to vulnerability and instability. Iceland could be influential and have great opportunities of becoming a leader in some policy areas such as fisheries and Arctic policy. Given its smallness, what it needs most is a large, strong partner who would provide shelter and with and through whom it could achieve its goals.

#### **4.2.2. Croatia**

A sharper difference can be seen between Iceland and Croatia when considering the economic dimension of security. While Iceland is considered as a modern industrialized European country with a functioning market economy, and (as an EEA member) is already in compliance with the EU's economic laws and its principles of free movement of capital, services and goods, the situation in Croatia is noticeably different and more complicated.

##### **4.2.2.1. Transitional period and main structural sectors**

In the 1990s, the Croatian economy went through an initial transitional process and modernization following the widespread collapse of socialism. The war and dissolution of Yugoslavia complicated this process. During the transitional period, it was hard to complete the process of privatisation, and many difficulties arose in cases where it was not clear that private enterprises were a better solution than the state for economic prosperity. Nevertheless, thanks to economic openness, a well-trained labour force and relatively developed markets for goods and services - with only minor government intervention - Croatia satisfied the practical preconditions for a rather smooth transition to a fully market-oriented economy.<sup>305</sup> Croatian economic growth began to improve between 2000-2007, with GDP growth of 4-6%.<sup>306</sup>

---

<sup>305</sup> Denis Redzepagic and Vladimir Cvijanovic, „Croatia and the European Union:It's Complicated“ in *Croatian Membership in the EU from work to housework*, Heinrich Böll Stiftung-Croatia, (14.6.2013): 3, at <http://www.hr.boell.org/web/40-733.html> (accessed 15.8.2014).

<sup>306</sup> Trading Economics, „Croatia GDP Annual Growth Rate“, at <http://www.tradingeconomics.com/croatia/gdp-growth-annual> (accessed 5.5.2014).

Inflation remained moderate and the national currency, the Kuna, was stable.<sup>307</sup> However, the world economic crisis did not spare Croatia either and it experienced an abrupt slow-down in the economy in 2008. Economic growth since that time has been negative: real GDP for the year 2013 was US \$54.14 billion, meaning a decline of -1%, unemployment is growing persistently (21.6% for 2013), regional development is patently uneven and investment opportunities are questionable.<sup>308</sup> The employment rate was just 53.5% of the whole population in 2013.<sup>309</sup>

The structure of the Croatian economy is characterised by a high share of services (69.2%), and industry with a share of 25.8% is concentrated in the most developed regions – Zagreb, the capital, and the Adriatic North. Unlike Iceland, Croatia has a relative low level of exports, \$12.36 billion in 2013, and these mostly go to neighbouring countries: Italy, Bosnia and Herzegovina, Slovenia and Germany.<sup>310</sup> Tourism is growing with each year and is becoming an important link in the Croatian economic structure. It was expected that the EU membership would further strengthen this sector, thanks to greater openness of the market, investment and better promotion. Agriculture accounts for 5% of GDP and is located mostly in Central and Eastern Croatia. The difficulties for this sector lie in small farmers' adjustment to business conditions because of their size; a very low self-sufficiency in domestic production; low competitiveness; and high costs of production, all of which make it hard to sell products domestically as well as to be competitive with EU partners.<sup>311</sup> In the early years of membership farmers are feeling these difficulties, but larger producers expect to enjoy positive impacts from the EU in the form of better regulations and better state organization towards agriculture, combined with agricultural funds and benefits from market access inside the EU.

---

<sup>307</sup> Central Intelligence Agency, „The World Factbook, Croatia“, Central Intelligence Agency at <https://www.cia.gov/library/publications/the-world-factbook/geos/hr.html>

<sup>308</sup> Ibid.,

<sup>309</sup> European Commission, „Europe 2020 Targets in Croatia“, Progress Towards 2020 Targets, (Brussels: European Commission, 6.11.2013) at [http://ec.europa.eu/europe2020/europe-2020-in-your-country/hrvatska/progress-towards-2020-targets/index\\_en.htm](http://ec.europa.eu/europe2020/europe-2020-in-your-country/hrvatska/progress-towards-2020-targets/index_en.htm) (accessed 19.5.2014).

<sup>310</sup> Central Intelligence Agency, „The World Factbook, Croatia“, Central Intelligence Agency, at <https://www.cia.gov/library/publications/the-world-factbook/geos/hr.html>

<sup>311</sup> Ramona Franic, Ornella Mikus and Ante Andabak, *Optimistički pogled na ulazak u EU: poljoprivrednicima može biti bolje* (Optimistic view on the entrance to the EU: things could be better for farmers), Izvorni znanstveni rad (The Scientific Work Paper), (Zagreb: Sveučilište u Zagrebu (The University in Zagreb), Agronomski fakultet (The Faculty of Agriculture), 2011), 4. at [http://sa.agr.hr/pdf/2011/sa2011\\_p0001.pdf](http://sa.agr.hr/pdf/2011/sa2011_p0001.pdf) (accessed 28.5.2014).



#### 4.2.2.2. Main economy policy problems today

As noted earlier, Croatia had to follow a thorny path in satisfying the criteria for membership before becoming a full member of the European Union in July 2013. Before being admitted to the Union, Croatia had to re-build its post-war institutions and society, hunt down key war criminals, foster a culture of the rule of law, rein in a high level of corruption and organised crime, and resolve bilateral issues with neighbour<sup>312</sup> countries.<sup>313</sup> Croatia needed and still needs to prove itself both in the EU and the Balkan region, insofar as it aspires to be an example for other ex-Communist countries intending to integrate to the EU.

At the present time, given the current economic situation and as the EU's newest Member State, Croatia still needs direct investments which remain insufficient because of the high risks involved, the history of war and problems with the political order. The potential economic opportunities for Croatia, in terms of the internal market and receipts from EU funds, can only be effectively exploited if there is a quick and qualitative adjustment. Achieving this is, however, primarily a political issue, as economic problems in Croatia mainly originate from the nature of the political system, notably the capacity to formulate viable public policies. As a result, the European Union is more worried about disorder in the political system than about purely economic problems in Croatia. The European internal market is characterized by a universal competition policy, the enforcement of market rules, the reduction of monopoly costs, the prevention of market distortions such as state aid, and mandatory liberalisation of previously regulated industries and markets.<sup>314</sup> With its bid for accession, Croatia confronted the task of preparing its economy for the challenges the EU internal market brings.<sup>315</sup> The single largest concern regarding Croatian implementation of the EU *acquis* was its capacity for adaptation to EU law and for broader political and economic reforms. On the other hand, the economic benefits in view for Croatia from EU membership

---

<sup>312</sup> This refers to a maritime boundary dispute between Croatia and Slovenia over Piran Bay in the Adriatic Sea, where Slovenia used its EU membership to pressure Croatia before agreeing to the latter's accession. The dispute was solved by an International Arbitral Commission agreement, accepted in Croatia in 2009 and in Slovenia in 2010.

<sup>313</sup> Corina Stratulat, „For better for worse, the European Union takes Croatia as its 28th Member“, Commentary, (European Policy Centre-EPC, 12.6.2013), at [http://www.epc.eu/documents/uploads/pub\\_3579\\_the\\_european\\_union\\_takes\\_croatia\\_as\\_its\\_28th\\_member.pdf](http://www.epc.eu/documents/uploads/pub_3579_the_european_union_takes_croatia_as_its_28th_member.pdf) (accessed 14.05.2014)

<sup>314</sup> European Commission, The EU Single Market, „General policy framework“, European Commission, at [http://ec.europa.eu/internal\\_market/top\\_layer/index\\_en.htm](http://ec.europa.eu/internal_market/top_layer/index_en.htm) (accessed 10.5.2014).

<sup>315</sup> Denis Redzepagic and Vladimir Cvijanovic, „Croatia and the European Union: It's Complicated“ in *Croatian Membership in the EU from work to housework*, Heinrich Böll Stiftung-Croatia, (14.6.2013): 2, at <http://www.hr.boell.org/web/40-733.html> (accessed 15.8.2014).



were just as important as the political and security benefits. And the issues involved for the EU itself were not dramatic: Croatia's small population size and the output of its economy meant raising the total output of the EU by just 0.3%,<sup>316</sup> while its accession would have no big impact on the EU's budget.

The key goal of EU membership is to bring compatibility in Croatian economic policy with the economic policy of other Member States. If compatibility with the main EU economic aims, and the implementation of structural reforms, could be achieved, this should create a good foundation for sustainable economical growth, prosperity, and competitiveness.<sup>317</sup> Economic prosperity, a market economy and creating the conditions to cut unemployment are crucial conditions for Croatian democratic and economic prosperity, and thus also for letting the country prove itself within the EU and on the international scene as whole. The whole economic system needs to be sustainable to ensure political and social stability and prosperity. Economically, Croatia is in a position where it needs to develop a coherent economic policy, aligned with EU members and stimulating for the national economy.

The EU for its part will continue to press for reforms by using its policy of conditionality. As we have seen, the EU has developed this approach in dealing with Central and East European countries since it became clear that using conditionality for gate-keeping in accession negotiations is the most efficient instrument for fostering changes and reforms.<sup>318</sup> The gate-keeping policy establishes a direct connection between fulfilment of one criterion and the corresponding reward of a further step into the European integration. The same applied to the economic chapter in Croatia's entry negotiations, which involved a long path of adjustment from a communist to a market economy.

---

<sup>316</sup> Arjan Marcel Lejour, Mervar Andrea and Verweij Gerard, „The Economic Effects of Croatia's Accession to the EU“, in *Economics Discussion Paper*, Institut für Weltwirtschaft, No 6, (2008): 5 at <http://www.econstor.eu/handle/10419/17978> (accessed 19.05.2014).

<sup>317</sup> Sanja Tisma, Visnja Samardzija and Kresimir Jurlin, *Hrvatska i Europska Unija Prednosti i izazovi clanstva* (Croatia and the European Union- Benefits and challenges of the membership), (Zagreb: Institut za medjunarodne odnose u suradnji s Delegacijom Europske unije u Republici Hrvatskoj, (The Institute for International Relations in cooperation with the Delegation of the EU in Republic of Croatia), 2012), 104. at [http://ec.europa.eu/croatia/services/publications/2012/2012\\_croatia-eu\\_challenges\\_hr.pdf](http://ec.europa.eu/croatia/services/publications/2012/2012_croatia-eu_challenges_hr.pdf) (accessed 28.01.2014).

<sup>318</sup> Natasa Besirevic, „Instrument Uvjetovanosti Evropske Unije u Politici Prosirenja Prema Drzavama Istocne i Srednje Evrope te Zapadnog Balkana“ (The Instrument of conditionality in the European Union's enlargement policy towards the Countries of Eastern and Central Europe and the Western Balkans) in *Anali Hrvatskog politoloskog drustva*, Vol.9, No. 1, *Reginalne Komparativne Studije* (Regional Comparative Studies), Fakultet Politickih Znanosti (Faculty of Political Science), (March 2013): 13. At <http://hrcak.srce.hr/99809> (accessed 28.1.2014).

#### 4.2.2.3. Economic benefits expected from the membership

Through joining the EU, Croatia has already ensured many benefits for its economy. Unlike Iceland, Croatia is not afraid to lose its independency and control over natural heritage, and it has no reason to think it could fare better in bilateral economic arrangements alone than with the EU. On the contrary, Croatia needs EU integration to improve the prospects in its bilateral economic relations with other countries. Without the EU internal market, Croatia would not be an appealing prospect on the international economic scene. As an EU Member State, it gains access to the internal market and reduces the technical barriers to trade. The effect of accession is to eliminate administrative barriers to trade or, at least, reduce them to levels comparable to those between the current EU members. With this, confidence in Croatia's political and economic stability will rise, with consequences both for foreign direct investment and domestic investment.<sup>319</sup> In short, the EU membership gives foreign investors confidence. With access to the EU market and the free movement of goods, services and capital Croatia has access also to a greater choice of prices, goods quality and safety, lower costs of goods placements, and – as an effect of all these things – greater competitiveness.<sup>320</sup> The other side of this is the challenge of maintaining competitiveness and raising the quality of goods to the necessary standard in the EU market.<sup>321</sup> In order to strengthen competitiveness, Croatia needs to secure the conditions for reducing its indebtedness and for further market liberalisation, enhancement of the business environment, and the modernisation of public administration systems for handling the business sector.<sup>322</sup> As mentioned above, the rule of law and broader political and economic reforms have preoccupied the EU more than direct economic effects from Croatian membership. EU membership should open the way for institutional reforms in Croatia, reducing bureaucracy, and remedying the lack of transparency on government regulation and policy implementation. For the present, inefficient institutions and non-transparent practices still hinder economic transactions substantially. As a result, Croatia ranks low on the Corruption Transparency

---

<sup>319</sup> Ibid., p.13

<sup>320</sup> European Commission, Europe 2020, Europe 2020 in Croatia, *National Reform Programme*, (Zagreb: April 2014), 35. at [http://ec.europa.eu/europe2020/pdf/csr2014/nrp2014\\_croatia\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2014/nrp2014_croatia_en.pdf) (accessed 20.05.2014).

<sup>321</sup> Arjan Marcel Lejour, Mervar Andrea and Verweij Gerard, „The Economic Effects of Croatia's Accession to the EU“, in *Economics Discussion Paper*, Institut für Weltwirtschaft, No 6, (2008): 16. at <http://www.econstor.eu/handle/10419/17978> (accessed 19.05.2014).

<sup>322</sup> European Commission, Europe 2020, Europe 2020 in Croatia, *National Reform Programme*, (Zagreb: April 2014), 31. At [http://ec.europa.eu/europe2020/pdf/csr2014/nrp2014\\_croatia\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2014/nrp2014_croatia_en.pdf) (accessed 20.05.2014).

Index<sup>323</sup> which measures the perception of corruption: Croatia comes in 57<sup>th</sup> place among 177 countries, and scores 48 points out of 100 (where 100 means a very clean country).

Another crucial benefit that the EU offers Croatia is a stable currency without fluctuations and inflation shocks. Entering into the European Monetary Union (EMU) and taking the euro as a national currency will bring many advantages to Croatia. However, before being eligible for this, Croatia has to fulfil a number of economic and legal requirements.<sup>324</sup> It must ensure a stable economy and financial situation in order to preserve the stability of the euro-zone. The inflation rate must be stable and must not exceed by more than 1.5% the inflation rate of the three best performing Member States, and the long-term interest rate must not exceed the average reference value of the three best performing Member States by more than 2%. Croatia must have sustainable government finances, cannot have a deficit greater than 3% of GDP, and public debt must not be greater than 60% of GDP.<sup>325</sup>

EU membership increases the pressure on the government to reduce Croatia's high public debt, which is 66.2% of GDP or 60.47 billion dollars in 2013.<sup>326</sup> It must ensure the stability of its national currency for at least two years before entering the EMU.<sup>327</sup> With the euro as a national currency Croatia would enjoy lower costs from currency convergence in its payment system, allowing easier business connections with more transparency and trust in long-term business relationships. The euro would mitigate inflation risks and credit risks in Croatia, thus allowing a reduction in interest rates.<sup>328</sup> On the other side, the main potential risk is simply that of domino effects within the euro zone. An economic crisis in one Member State could

---

<sup>323</sup> The Corruption Perception Index ranks countries/territories based on how corrupt a country's public sector is perceived to be. It is a composite index, drawing on corruption-related data from expert and business surveys carried out by a variety of independent and reputable institutions. Taken from Transparency International, „Corruption Perceptions Index/ In Detail“, Transparency International, at [http://www.transparency.org/cpi2011/in\\_detail](http://www.transparency.org/cpi2011/in_detail) (accessed 2.5.2014).

<sup>324</sup> European Commission, Economic and Financial Affairs, „The Euro“, European Commission, at [http://ec.europa.eu/economy\\_finance/euro/adoption/who\\_can\\_join/index\\_en.htm](http://ec.europa.eu/economy_finance/euro/adoption/who_can_join/index_en.htm) (accessed 5.5.2014).

<sup>325</sup> European Commission, Economic and Financial Affairs, The Euro, „Who can join and when?“, European Commission, at [http://ec.europa.eu/economy\\_finance/euro/adoption/who\\_can\\_join/index\\_en.htm](http://ec.europa.eu/economy_finance/euro/adoption/who_can_join/index_en.htm) (accessed 5.5.2014).

<sup>326</sup> Central Intelligence Agency, „The World Factbook, Croatia“, Central Intelligence Agency, at <https://www.cia.gov/library/publications/the-world-factbook/geos/hr.html>

<sup>327</sup> European Commission, Economic and Financial Affairs, The Euro, „Who can join and when?“, European Commission, at [http://ec.europa.eu/economy\\_finance/euro/adoption/who\\_can\\_join/index\\_en.htm](http://ec.europa.eu/economy_finance/euro/adoption/who_can_join/index_en.htm) (accessed 5.5.2014).

<sup>328</sup> Sanja Tisma, Visnja Samardzija and Kresimir Jurlin, *Hrvatska i Europska Unija Prednosti i izazovi clanstva* (Croatia and the European Union- Benefits and challenges of the membership), (Zagreb: Institut za medjunarodne odnose u suradnji s Delegacijom Europske unije u Republici Hrvatskoj, (The Institute for International Relations in cooperation with the Delegation of the EU in Republic of Croatia), 2012), 104. at [http://ec.europa.eu/croatia/services/publications/2012/2012\\_croatia-eu\\_challenges\\_hr.pdf](http://ec.europa.eu/croatia/services/publications/2012/2012_croatia-eu_challenges_hr.pdf) (accessed 28.01.2014).

cause negative effects and crises in other Member States, even when the latter have no problems in their own economic policy implementation.

At present, Croatia has an enormous unemployment problem. According to the EU's 'Progress towards 2020' targets and as mentioned above, the employment rate in Croatia covers just half - 53.9% - of the population aged 20-64.<sup>329</sup> Since 2009, the employment rate in Croatia has been the lowest in the EU and it remained low during the entire economic cycle, dropping to 53.9% in 2013.<sup>330</sup> With accession, the possibility is opened up for younger generations that they may be able to find a job inside the EU through the implementation and compatibility of employment policy. The EU will not employ all the unemployed of Croatia, but membership will help employment policy through expected foreign investments and the free movement of people. At the same time, many Member States fear a flood of migration from and through Croatia. Yet given Croatia's small size, even if 3-4% of the Croatian population migrated to other Member States, the effects on the EU would be modest. With Croatian entry the EU's population increases by less than 0.1% and the overall economic effects are even smaller.<sup>331</sup>

#### 4.2.2.4. Summary

As the newest Member State, still in a period of adjustment, Croatia will face many challenges for its national economy. Coinciding with a continuing economic crisis in some EU states, and given the complexity of the current socio-economic and political context, the first years for Croatia will not be easy. It is expected that in 2014 the years-long negative trend in the Croatian economy and the stagnation of economic activities, meaning a decline or no real growth in GDP, will be halted. In 2015, a GDP growth of 1.2% is expected, which will accelerate to 1.3 % and 1.5% in the following years.<sup>332</sup> The start of a gradual recovery in consumer trust is also expected in 2015, prompted by accelerated investment activities and more positive general economic developments, in particular more favourable trends on the

---

<sup>329</sup> European Commission, Europe 2020, "Europe 2020 in Croatia", at [http://ec.europa.eu/europe2020/europe-2020-in-your-country/hrvatska/progress-towards-2020-targets/index\\_en.htm](http://ec.europa.eu/europe2020/europe-2020-in-your-country/hrvatska/progress-towards-2020-targets/index_en.htm) (accessed 14.5.2014).

<sup>330</sup> European Commission, Europe 2020, Europe 2020 in Croatia, *National Reform Programme*, (Zagreb: April 2014), 51. at [http://ec.europa.eu/europe2020/pdf/csr2014/nrp2014\\_croatia\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2014/nrp2014_croatia_en.pdf) (accessed 20.05.2014).

<sup>331</sup> Arjan Marcel Lejour, Mervar Andrea and Verweij Gerard, „The Economic Effects of Croatia's Accession to the EU“, in *Economics Discussion Paper*, Institut für Weltwirtschaft, No 6, (2008): 16. at <http://www.econstor.eu/handle/10419/17978> (accessed 19.05.2014).

<sup>332</sup> European Commission, Europe 2020, Europe 2020 in Croatia, *National Reform Programme*, (Zagreb: April 2014), 6. at [http://ec.europa.eu/europe2020/pdf/csr2014/nrp2014\\_croatia\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2014/nrp2014_croatia_en.pdf) (accessed 20.05.2014).

labour market.<sup>333</sup> This said, rapid economic growth and foreign direct investments are not expected to materialize for Croatia as quickly as they did for Bulgaria and Romania at the time of their entry. Economic prosperity depends first and foremost on the implementation of further structural reforms.<sup>334</sup> On the other hand, Croatia has a right to ask for assistance measures in order to facilitate its adjustment period and its alignment with other members in integration to the common market.<sup>335</sup>

The long-term possibilities for Croatian economic prosperity and wealth inside the EU are many: trade promotion, easier and greater export of goods and services, a stimulus for direct foreign investment and tourism promotion, cooperation in the field of science, education and technology, and so on. It is clear that, unlike Iceland, Croatia stands to benefit from the EU in all the basic elements of its economic policy. It needs the support of strong external institutions and other states, borrowing their strategic ideas and ideology, and the only question has been where to find the optimum framework. The only alternative solution might have been some other type of integration such as participation in the European Economic Area without full membership, on the model of Iceland, Norway and Switzerland.<sup>336</sup> But Croatia is not strong enough to survive this way: it needs both protection to ensure hard military security and block the possibility of war, and the strongest possible shelter for its economic prosperity, market economy reforms and popular employment. During the accession process there was never a discussion about what Croatia would lose with membership, but only about the many benefits it would win, and how these benefits should open the door for joining other multilateral organisations and making bilateral arrangements with great powers and institutions. Croatia certainly looks much better on the international scene as a Member State of the EU than as merely a former Yugoslav Republic from the

---

<sup>333</sup> Ibid., p.7.

<sup>334</sup> Sanja Tisma, Visnja Samardzija and Kresimir Jurlin, *Hrvatska i Europska Unija Prednosti i izazovi clanstva* (Croatia and the European Union- Benefits and challenges of the membership), (Zagreb: Institut za medjunarodne odnose u suradnji s Delegacijom Europske unije u Republici Hrvatskoj, (The Institute for International Relations in cooperation with the Delegation of the EU in Republic of Croatia), 2012), 104. at [http://ec.europa.eu/croatia/services/publications/2012/2012\\_croatia-eu\\_challenges\\_hr.pdf](http://ec.europa.eu/croatia/services/publications/2012/2012_croatia-eu_challenges_hr.pdf) (accessed 28.01.2014).

<sup>335</sup> These measures are covered by a Pre-accession Economic Programme (PEP), through which Croatia coordinates its economic policy with EU member states. PEP analyses the economic policy and structural reforms of potential candidates. It improves conditions for implementing reforms and boosts the state authorities' institutional capacity for economic policy implementation. See [http://ec.europa.eu/economy\\_finance/international/enlargement/pre-accession\\_prog/index\\_en.htm](http://ec.europa.eu/economy_finance/international/enlargement/pre-accession_prog/index_en.htm) (accessed 3.5.2014)

<sup>336</sup> Ognjen Caldarovic, "Some of Characteristics of Social Reality as Potential Obstacles Concerning the Accession of Croatia to the EU" in *Revija za sociologiju* (Sociological Review), Faculty of philosophy, vol. 36, No. 1-2 ,Zagreb, (2005): 42 at [http://hrcak.srce.hr/index.php?id\\_clanak\\_jezik=20990&show=clanak](http://hrcak.srce.hr/index.php?id_clanak_jezik=20990&show=clanak) (accessed 3.5.2014).

Balkans with a history of war and a broken economy. While the main political parties in Iceland still believe that the EU membership will handicap Iceland on the international scene or in bilateral cooperation with other states, EU membership helps Croatia to achieve acknowledgment and credibility in the eyes of the world.

### 4.3. Energy Security

Energy is a key factor in human development and has been a guarantee of the quality of life throughout history. Mankind uses different kinds of energy, but one of the most important forms of energy is electricity. Around the world, electricity consumption is increasing in line with the level and speed of socioeconomic development.<sup>337</sup> Various sources of primary energy to produce electricity are running out and the pressure to use all available sources is constantly growing, as are the demands to take environmental concerns into account. Sustainable and renewable energy sources are becoming an increasingly important issue for national economies. All countries are highly dependent on energy, making it a security issue inasmuch as the energy supply is vital for development and – under modern conditions – may be considered essential for human existence itself.

#### 4.3.1. EU targets and guidance

The Member States within the EU aim to ensure a safe, sustainable energy policy. The legal framework and the national and institutional programmes in the energy sector encourage the development of overall management of energy and energy products, with the aims of reducing energy prices and costs, protecting consumers, creating a system of national security of supply in energy products, and using regional and international cooperation to create an integral energy market, thereby increasing the competitiveness of European economies and creating new jobs.<sup>338</sup>

Together with setting climate-related targets for 2020, EU energy policy aims to ensure a safe, integrated, secure and sustainable energy supply at affordable prices and to enhance the use of

---

<sup>337</sup> Nuklearna Elektrana Krsko-NEK (Nuclear Power Plant Krsko), "Electricity", Nuklearna Elektrana Krsko at <http://www.nek.si/en/electricity/> (accessed 9.6.2014)

<sup>338</sup> European Commission, Europe 2020, Europe 2020 in Croatia, *National Reform Programme*, (Zagreb: April 2014), 53. at [http://ec.europa.eu/europe2020/pdf/csr2014/nrp2014\\_croatia\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2014/nrp2014_croatia_en.pdf) (accessed 20.05.2014).

renewable energy sources.<sup>339</sup> The EU is committed to reach the objective of a 20% share of renewable energy by 2020. Member States are thus obliged to make better use of its indigenous energy resources, both renewable and fossil.<sup>340</sup> The construction of power plants producing electricity from renewable energy will continue to be encouraged, as well as the construction and use of co-generation plants<sup>341</sup>, the use of fuels from waste in the cement industry, the use of vehicles that can run on alternative fuels in public transport and the public sector, and the production of alternative fuels.<sup>342</sup> Member States must establish national action plans that will help them to meet their national binding targets by 2020, while the EU has proposed the European Union Energy Security and Solidarity Action Plan as a basis for cooperation.<sup>343</sup> Bearing in mind that all targets and related projects depend on investments and favourable economic conditions, the EU has taken legislative steps for a doubling of annual capital investments and support schemes in renewable energy, from €35bn per year to €70bn.<sup>344</sup>

To address the medium- and long-term challenges of security of supply, the Commission calls for more effective support for projects to build the required infrastructure. It proposes completing the internal energy market and building missing infrastructure links, to make it possible to respond to supply disruptions by directing energy flows across the EU as and where needed.<sup>345</sup> Additional and more urgent efforts must be made to improve energy

---

<sup>339</sup> European Union, EU by Topic, "Energy", at [http://europa.eu/pol/ener/index\\_en.htm](http://europa.eu/pol/ener/index_en.htm) (accessed 11.6.2014).

<sup>340</sup> Ibid.,

<sup>341</sup> The generation of electricity and useful heat jointly, especially the utilization of the steam left over from electricity generation for heating. See

<http://www.oxforddictionaries.com/definition/english/cogeneration?q=cogeneration>

<sup>342</sup> European Commission, *Assessment of the 2014 national reform programme and convergence programme for Croatia*, Commission Staff Working Document, (Brussels: European Commission, 2.6.2014), 56 at [http://ec.europa.eu/europe2020/pdf/csr2014/swd2014\\_croatia\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2014/swd2014_croatia_en.pdf) (accessed 10.8.2014)

<sup>343</sup> Ministarstvo gospodarstva rada i poduzetnistva (Ministry of Economy Labour and Entrepreneurship), *Strategija Energetskog razvoja Republike Hrvatske* (Energy Strategy of the Republic of Croatia), (Zagreb: Ministarstvo gospodarstva rada i poduzetnistva, June 2009), 12 at <http://www.mingo.hr/userdocsimages/White%20Paper%20Energy%20Staregy%20of%20the%20Republic%20of%20Croatia.pdf> (accessed 6.6.2014)

<sup>344</sup> EUROPA, Press releases database, "Renewable Energy Targets: Commission Calls on Member States to boost cooperation", IP/11/113, (Brussels: European Commission, 31.1.2011), at [http://europa.eu/rapid/press-release\\_IP-11-113\\_en.htm?locale=en](http://europa.eu/rapid/press-release_IP-11-113_en.htm?locale=en) (accessed 8.6.2014)

And European Commission, *Renewable Energy Progress Report*, Report from the Commission to the European Parliament, the Council, The European Economic and Social Committee and the Committee of the Regions, (Brussels: European Commission, 7.3.2013), 7 at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52013DC0175&from=EN> (accessed 10.6.2014).

<sup>345</sup> EUROPA, Press releases database, "Renewable Energy Targets: Commission Calls on Member States to boost cooperation", IP/11/113, (Brussels: European Commission, 31.1.2011), at [http://europa.eu/rapid/press-release\\_IP-11-113\\_en.htm?locale=en](http://europa.eu/rapid/press-release_IP-11-113_en.htm?locale=en) (accessed 8.6.2014)



efficiency.<sup>346</sup> As buildings are responsible for 40% of our energy consumption and a third of natural gas use, this sector plays a crucial role.<sup>347</sup>

More attention must also be paid to solidarity, including EU crisis mechanisms, oil stocks and a variety of mechanisms to respond to possible gas disruption. In this context the Commission will for example review the provisions and implementation of the Security of Gas Supply Regulation.<sup>348</sup> Communication and cooperation between Member States is very important. The harmonization of support schemes and market integration must be reinforced to ensure that renewable energy sources and technologies become economically competitive as soon as possible.<sup>349</sup> More attention needs to be paid to external energy relations with other countries as a means to diversify supplier countries and routes. The target for the EU is to improve coordination of national energy policies and to speak with one voice in external energy policy. In 2013, 39% of EU gas imports by volume came from Russia, 33% from Norway and 22% from North Africa (Algeria, Libya).<sup>350</sup> While the EU will maintain its relationship with reliable partners, it will seek ties to new partner countries and supply routes.<sup>351</sup> The Commission aims to be involved in intergovernmental agreements with third countries that could have a possible impact on security of supply. Moreover, the Commission will ensure that all such agreements and all infrastructure projects on EU territory fully comply with the relevant EU legislation.<sup>352</sup>

---

<sup>346</sup> Lowering total energy demand and therefore raising the share of renewable energy. See <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52013DC0175&from=EN>

<sup>347</sup> EUROPA, Press releases database “Energy security: Commission puts forward comprehensive strategy to strengthen security of supply” IP/14/406, (Brussels: European Commission, 28.5.2014), at [http://europa.eu/rapid/press-release\\_IP-14-606\\_en.htm](http://europa.eu/rapid/press-release_IP-14-606_en.htm) (accessed 8.6.2014)

<sup>348</sup> Ibid.,

<sup>349</sup> European Commission, *Renewable Energy Progress Report*, Report from the Commission to the European Parliament, the Council, The European Economic and Social Committee and the Committee of the Regions, (Brussels: European Commission, 7.3.2013), 7 at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52013DC0175&from=EN> (10.6.2014)

<sup>350</sup> Ibid., p.2

<sup>351</sup> Like in the Caspian Basin region by further expanding the Southern Gas Corridor; by developing the Mediterranean Gas Hub and by increasing LNG supplies. See: EUROPA, Press releases database “Energy security: Commission puts forward comprehensive strategy to strengthen security of supply” IP/14/406, (Brussels: European Commission, 28.5.2014), at [http://europa.eu/rapid/press-release\\_IP-14-606\\_en.htm](http://europa.eu/rapid/press-release_IP-14-606_en.htm) (accessed 8.6.2014)

<sup>352</sup> Ibid.,



#### 4.3.2. Croatia

As regards Croatia, it is justifiable to say that this country uses energy in a less effective manner than most countries of Western Europe. At present Croatia uses 16.3% more primary energy for each unit of GDP unit produced than is the average in the EU-27.<sup>353</sup> Croatia imports about 50% of its energy needs mostly from countries which are on Croatian borders, like from Hydro-Power plant in Slovenia<sup>354</sup>, Serbia, Sarajevo and Mostar (Bosnia and Herzegovina), then also from Switzerland, Slovakia and Germany, and is becoming ever more dependent on energy imports.<sup>355</sup> While the gross domestic product is decreasing<sup>356</sup>, since 2010 total primary energy production has increased by 0.8% and total electricity consumption by 2.2 percent.<sup>357</sup> Primary energy production in Croatia includes crude oil and fossil fuels production, together with hydroelectric and thermal power plants. In today's balance of primary energy supply in Croatia, oil and oil products account for 50% and natural gas for 25%.<sup>358</sup> Thanks to favourable hydrological conditions, the proportion of energy drawn from hydro-power utilization increased since 2009 by 21.2%, according to a review from 2010.<sup>359</sup>

---

<sup>353</sup> Ministarstvo gospodarstva rada i poduzetnistva (Ministry of Economy Labour and Entrepreneurship), *Energija u Hrvatskoj Godisnji Energetski Pregled*, (Annual Energy Report Energy in Croatia), (Zagreb: Ministarstvo gospodarstva rada i poduzetnistva, 2010), 38 at [http://www.eihp.hr/hrvatski/projekti/EUH\\_od\\_45/Energija2010.pdf](http://www.eihp.hr/hrvatski/projekti/EUH_od_45/Energija2010.pdf) (accessed 5.6.2014)

<sup>354</sup> Holding Slovenian Power Plant, Electric Power industry Serbia, Electric Power Industry Bosnia and Herzegovina, Energy Financing Team Switzerland, Korlea Invest Slovakia, Energy Trading S.E. Germany. See Portal Croenergo.EU, "Koliko Hrvatska godisnje kupuje elektricne energije" (How much electricity buys Croatia annually) at <http://www.croenergo.eu/koliko-hrvatska-godisnje-kupuje-elektricne-energije-1219.aspx> (accessed 10.6.2014).

<sup>355</sup> Central Intelligence Agency, Factbook, Croatia, „Energy“, Central Intelligence Agency at <https://www.cia.gov/library/publications/the-world-factbook/geos/hr.html> (accessed 4.6.2014).

<sup>356</sup> Central Intelligence Agency, The World Factbook, Croatia, „Economy“, Central Intelligence Agency, at <https://www.cia.gov/library/publications/the-world-factbook/geos/hr.html>

<sup>357</sup> Ministarstvo gospodarstva rada i poduzetnistva (Ministry of Economy Labour and Entrepreneurship), *Energija u Hrvatskoj Godisnji Energetski Pregled*, (Annual Energy Report Energy in Croatia), (Zagreb: Ministarstvo gospodarstva rada i poduzetnistva, 2010), 31 at [http://www.eihp.hr/hrvatski/projekti/EUH\\_od\\_45/Energija2010.pdf](http://www.eihp.hr/hrvatski/projekti/EUH_od_45/Energija2010.pdf) (accessed 5.6.2014)

<sup>358</sup> Central Intelligence Agency, Factbook, Croatia, „Energy“, Central Intelligence Agency at <https://www.cia.gov/library/publications/the-world-factbook/geos/hr.html> (accessed 4.6.2014).

<sup>359</sup> Ministarstvo gospodarstva rada i poduzetnistva (Ministry of Economy Labour and Entrepreneurship), *Energija u Hrvatskoj Godisnji Energetski Pregled*, (Annual Energy Report Energy in Croatia), (Zagreb: Ministarstvo gospodarstva rada i poduzetnistva, 2010), 38, table 2.2.1. at [http://www.eihp.hr/hrvatski/projekti/EUH\\_od\\_45/Energija2010.pdf](http://www.eihp.hr/hrvatski/projekti/EUH_od_45/Energija2010.pdf) (accessed 5.6.2014)

#### 4.3.2.1. Renewable energy resources possibilities

It is expected that in the future, fossil fuels production will gradually decrease, while the production of renewable energy sources is expected to grow. Croatia has good natural possibilities for the use of renewable energy sources.<sup>360</sup> With a view also to environmental protection, Croatia aims to achieve a significantly large share in electricity production from renewable sources and large hydro-power plants by the year 2020.<sup>361</sup> Plans for energy from renewable sources include the use of wind energy, solar energy, geothermal energy, biodiesel and landfill gas and biogas, while energy produced from wood as a fuel also includes energy from industrial wood waste, wood pallets, briquettes, and charcoal. Nuclear energy is the option with the greatest potential for decreasing greenhouse gas emissions. According to the Energy Strategy of Croatia, without increased use of nuclear power, the agreed objectives for a decrease of greenhouse gas emissions could not be achieved.<sup>362</sup> Public disputes related to the environmental impact, especially with regard to decommissioning and radioactive waste disposal, need to be addressed in discussion among stakeholders in order to open the way for greater use of nuclear power.

#### 4.3.2.2. Sustainable energy system

Croatia has set a target, through its energy efficiency policy and in accordance with EU goals, of decreasing its net energy consumption by 10% by 2020.<sup>363</sup> In order to guide this adjustment and achieve the EU's strategic aims laid down for the energy sector, an Energy Strategy for Croatia was produced by the Ministry of Economy, Labour and Entrepreneurship in 2009. The main goal of the strategy is to build a sustainable energy system that makes a balanced contribution to security of energy supply, competitiveness, and environmental protection and that provides for secure, accessible energy supplies to Croatian citizens and the business sector.<sup>364</sup> Achieving a sustainable energy sector and the diversification of energy resources are complex challenges for Croatia in its modern economic development. Croatia has

---

<sup>360</sup> Ministarstvo gospodarstva rada i poduzetnistva, (Ministry of Economy Labour and Entrepreneurship), *Strategija Energetskog razvoja Republike Hrvatske* (Energy Strategy of the Republic of Croatia), (Zagreb: Ministarstvo gospodarstva rada i poduzetnistva, June 2009), 38 at <http://www.mingo.hr/userdocsimages/White%20Paper%20Energy%20Staregy%20of%20the%20Republic%20of%20Croatia.pdf> (accessed 6.6.2014)

<sup>361</sup> Ibid., 38.

<sup>362</sup> Ibid., 10

<sup>363</sup> Ibid., 17

<sup>364</sup> Ibid., p.5

implemented a strong programme of market liberalisation, reorganisation and privatisation in the energy sector, with a strong focus on adapting its energy sector legislation to the EU's *acquis communautaire*.<sup>365</sup> This programme includes a legislative and regulatory framework designed to stimulate new investments in the energy sector, i.a. by accelerating and simplifying administrative procedures for obtaining permits and the timely harmonization of physical planning documents.<sup>366</sup> An Act on Regulation of Energy-Related Activities provides for the existence of commercial markets in all aspects of energy, making the Croatian Energy Regulatory Agency (HERA) competent for price questions, all relations between buyers and enterprises, and the providers of energy services and their consumers.<sup>367</sup> The Act provides increased protection for consumers, whose rights are ensured by the regulator, and also achieves business transparency in the energy sector. By adopting the Electricity Power Market Act, Croatia has significantly liberalised the electric energy market, where as many as 16 distributors are currently active. The Gas Market Act provides safety of investment for both domestic and foreign investors, and also opens the possibility for the price of gas to be regulated according to market principles.<sup>368</sup> Measures in the field of energy efficiency are designed to achieve the following results: rationality and efficiency in using energy and energy products; raising general awareness of the need for and methods of energy saving in all sectors; reducing dependence on imported energy products; and achieving the target values of energy savings by 2020.<sup>369</sup>

The level of competition in the Croatian energy system is quite satisfactory thanks to a diverse energy structure in electricity generation and a relatively high share of local natural gas generation, but it will be further evaluated within the unitary European market. Given the clear aims set out in the Energy Strategy and the Commission's national programmes, the

---

<sup>365</sup> European Commission, *Assessment of the 2014 national reform programme and convergence programme for Croatia*, Commission Staff Working Document, (Brussels: European Commission, 2.6.2014), 33 at [http://ec.europa.eu/europe2020/pdf/csr2014/swd2014\\_croatia\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2014/swd2014_croatia_en.pdf) And Energy Charter, *Energy Charter Protocol on Energy Efficiency and Related Environmental Aspects, Regular Review on Energy Efficiency Policies of Croatia*, (Energy Charter, 2010), 6. at [http://www.encharter.org/fileadmin/user\\_upload/Publications/Croatia\\_EE\\_rr\\_2010\\_ENG.pdf](http://www.encharter.org/fileadmin/user_upload/Publications/Croatia_EE_rr_2010_ENG.pdf)

<sup>366</sup> Ministarstvo gospodarstva rada i poduzetnistva (Ministry of Economy Labour and Entrepreneurship), *Strategija Energetskog razvoja Republike Hrvatske* (Energy Strategy of the Republic of Croatia), (Zagreb: Ministarstvo gospodarstva rada i poduzetnistva, June 2009), 15. at <http://www.mingo.hr/userdocsimages/White%20Paper%20Energy%20Staregy%20of%20the%20Republic%20of%20Croatia.pdf> (accessed 6.6.2014)

<sup>367</sup> European Commission, *Assessment of the 2014 national reform programme and convergence programme for Croatia*, Commission Staff Working Document, (Brussels: European Commission, 2.6.2014), 33. at [http://ec.europa.eu/europe2020/pdf/csr2014/swd2014\\_croatia\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2014/swd2014_croatia_en.pdf)

<sup>368</sup> Ibid., p.33

<sup>369</sup> Ibid., 55.

Government's task is now to set up concrete steps towards achieving these targets by enforcing and implementing existing energy efficiency-related legislation and regulation.<sup>370</sup>

#### 4.3.2.3. Current problems and prospects

The EU's energy strategy recognizes that as a result of the economic crisis and political situation in some member states, ongoing administrative and infrastructure barriers, and other factors disrupting support schemes, future investment may decline or be delayed unless further measures are taken by Member States to achieve their targets.<sup>371</sup> Hence, many Member States will need further measures to ensure the achievement of their targets. In Croatia's case, a significant development in renewable energies cannot be expected as long as the liberalization of the energy market is not achieved.<sup>372</sup> Development is also slowed down by a complicated and unnecessary bureaucracy, which makes investors rather give up than fight with it. If Croatia's EU membership allows it to succeed generally in adapting its economic policy to a system of liberalized and open free-market regulation, then it is possible to hope for new investments and energy projects. But it must be remembered that investments in energy have lead times of 8-10 years, so any major disruption of investment today will have a significant impact on renewable energy production over the coming years, it is reasonable to feel some concern over this prospect. One must hope that conditions will be improved by the EU's assistance and active guidance, because the achievement of a sustainable, safe and competitive energy policy is in all Europeans' interest.

#### 4.3.2.4. The need for cooperation

Croatia is working to enhance regional cooperation and interdependence, thereby increasing the security of energy supply and competition throughout its local region and the EU as a

---

<sup>370</sup> Energy Charter, Energy Charter Protocol on Energy Efficiency and Related Environmental Aspects, *Regular Review on Energy Efficiency Policies of Croatia*, (Energy Charter, 2010), 8. at [http://www.encharter.org/fileadmin/user\\_upload/Publications/Croatia\\_EE\\_rr\\_2010\\_ENG.pdf](http://www.encharter.org/fileadmin/user_upload/Publications/Croatia_EE_rr_2010_ENG.pdf) (accessed 6.6.2014)

<sup>371</sup> European Commission, *Renewable Energy Progress Report*, Report from the Commission to the European Parliament, the Council, The European Economic and Social Committee and the Committee of the Regions, (Brussels: European Commission, 7.3.2013), 7 at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52013DC0175&from=EN> (10.6.2014)

<sup>372</sup> Energy Charter, Energy Charter Protocol on Energy Efficiency and Related Environmental Aspects, *Regular Review on Energy Efficiency Policies of Croatia*, (Energy Charter, 2010), 28, 43. [http://www.encharter.org/fileadmin/user\\_upload/Publications/Croatia\\_EE\\_rr\\_2010\\_ENG.pdf](http://www.encharter.org/fileadmin/user_upload/Publications/Croatia_EE_rr_2010_ENG.pdf) (accessed 6.6.2014)

whole.<sup>373</sup> Although each country is responsible for its own national security of supply in energy, the basic challenge is common to all European countries. Only through jointly directed activities can the consequences of dependence on imported energy be mitigated. Thanks to its location between the regions rich in fossil fuels - Russia, the Caspian states and the Middle East - and EU markets, Croatia could become an important transit route for energy supplies. Croatia recognizes the importance of taking an active role in regional initiatives for enhancing the security of supply through bilateral agreements and joint investments, in order to achieve strategic projects linking its systems into regional and international systems and gaining maximum benefit from its transit position.<sup>374</sup> To achieve this ambition, however, the country needs to offer a stable political framework as well as a supportive investment climate.

In the field of cooperation, Croatian PM Milanović has said that Croatia aims first and foremost to ensure energy sustainability and security in its own area, and then to be an active member – not just an observer - in cooperation within the EU.<sup>375</sup> As seen above, the European Union's target is to minimize its dependence on Russia energy supplies, which gives it an interest in access to Croatia's energy resources and transit possibilities. At the same time, Croatia can develop various EU-supported energy cooperation schemes with neighbour countries. It has for instance established a renewable energy sources (RES) and educational network in the cross-border region, including capacity building among project partners and interested stakeholders in RES usage and the development and improvement of energy efficiency.<sup>376</sup> This aims to educate and raise awareness among the general public about

---

<sup>373</sup> European Commission, *Commission Communication to the European Parliament, the Council, The European Economic and Social Committee and the Committee of the Regions- Commission Work Programme 2014*, (Brussels: European Commission, 22.10.2013), 6-7. at [http://ec.europa.eu/atwork/pdf/cwp\\_2014\\_hr.pdf](http://ec.europa.eu/atwork/pdf/cwp_2014_hr.pdf) (accessed 8.6.2014)

<sup>374</sup> Ministarstvo gospodarstva rada i poduzetnistva (Ministry of Economy Labour and Entrepreneurship), *Strategija Energetskog razvoja Republike Hrvatske* (Energy Strategy of the Republic of Croatia), (Zagreb: Ministarstvo gospodarstva rada i poduzetnistva, June 2009), 11,15 at <http://www.mingo.hr/userdocsimages/White%20Paper%20Energy%20Staregy%20of%20the%20Republic%20of%20Croatia.pdf> (accessed 6.6.2014)

<sup>375</sup> The Slovenia Times, "Slovenia, Italy and Croatia to cooperate in energy projects", Politics 13.9.2013 at <http://www.sloveniatimes.com/slovenia-italy-and-croatia-to-cooperate-in-energy-projects> (accessed 10.6.2014)

<sup>376</sup> Ministarstvo gospodarstva rada i poduzetnistva (Ministry of Economy Labour and Entrepreneurship), *Strategija Energetskog razvoja Republike Hrvatske* (Energy Strategy of the Republic of Croatia), (Zagreb: Ministarstvo gospodarstva rada i poduzetnistva, June 2009), 3 at <http://www.mingo.hr/userdocsimages/White%20Paper%20Energy%20Staregy%20of%20the%20Republic%20of%20Croatia.pdf> (accessed 6.6.2014)

RES development, its importance and its benefits, including its contribution to the region's overall economic development.<sup>377</sup>

Croatia cooperates with Italy in energy and infrastructure projects for gas production from the Annamaria field on its Northern Adriatic Sea border. The Annamaria field, with reserves of 10 billion cu m of gas, lies in 60 m of water about 30 km south of the southern end of the Ivana field in Croatian waters. The field consists of the Annamaria B area on the Italian side and the Annamaria A platform on the Croatian side. Current production is about 800,000 cu m/day.<sup>378</sup>

Croatia and Hungary cooperate in several energy projects, including a liquefied natural gas LNG terminal on the Croatian island of Krk, an Interstate connecting gas pipeline between the Croatian and Hungarian transmission systems, and a double 400 kV power line between Hungary and Croatia. The gas pipeline provides mutual benefits in the commercial context and in security of supply, as well as offering opportunities for further development in both countries.<sup>379</sup> As Economy Minister Radimir Čačić said: "These projects would be a win-win project, as through interconnectors in Hungary we could supply Slovakia and Poland on one side and Romania on the other".<sup>380</sup> The pipeline is supposed to unify the national market with the EU-wide market, in order to undo Gazprom's monopoly and to foster gas trade across the region. The investment is a part of the New European Transmission System concept (NETS), which aims to establish an efficient regional gas market through cooperation among Central Eastern European gas transmission companies, by means of enhancing regional security of supply and coordinating infrastructure development (interconnectors, gas storages, LNG terminals).<sup>381</sup> The interconnection is of outstanding importance in the context of one of the

---

<sup>377</sup> Hungary-Croatia Cross-border Cooperation Programme, Project Database, "Croatian Hungarian Renewable energy network", Hungary-Croatia Cross-border Cooperation Programme, at <http://www.hu-hr-ipa.com/en/funded-project/163> (accessed 7.6.2014)

<sup>378</sup> Oil & Gas Journal, "Italian flow starts from Annamaria gas field," 4.7.2010 at <http://www.ogj.com/articles/2010/04/italian-flow-starts.html> (accessed 10.6.2014)

<sup>379</sup> See Natural Gas Transmission, "Transmission has started on Hungarian-Croatian Interconnector Pipeline", 8.8.2011 at <http://fgsz.hu/en/news/transmission-has-started-hungarian-croatian-interconnector-pipeline-0> (accessed 10.6.2014)

<sup>380</sup> Jasmina Kuzmanovic, "Croatia Hungary Discuss Cooperation in Energy, LNG Krk Terminal" *Bloomberg*, 25.5.2012 at <http://www.bloomberg.com/news/2012-05-25/croatia-hungary-discuss-cooperation-in-energy-lng-krk-terminal.html> (accessed 10.6.2014).

<sup>381</sup> See EUROPA, Summaries of EU legislation, Energy, Internal Energy Market, "Trans European energy networks", decision 1364/2006/EC, (Brussels: European Commission, 12.10.2006) at [http://europa.eu/legislation\\_summaries/energy/internal\\_energy\\_market/l27066\\_en.htm](http://europa.eu/legislation_summaries/energy/internal_energy_market/l27066_en.htm) and Natural Gas Transmission, "Transmission has started on Hungarian-Croatian Interconnector Pipeline", 8.8.2011 <http://fgsz.hu/en/news/transmission-has-started-hungarian-croatian-interconnector-pipeline-0> (accessed 10.6.2014).

EU's current energy policy priorities, namely the implementation of the North-South Gas Corridor making further sources of gas available for the Central Eastern and South Eastern European region. This is a further step towards the establishment of a unified, transparent EU gas market in terms of infrastructure, transmission and storage.<sup>382</sup>

Croatia cooperates with Slovenia through an agreement about the regulation of status and other legal aspects regarding investment in the nuclear power plant at Krsko, its exploitation and decommissioning. The Krsko nuclear plant operates on a non-profit basis. It produces and supplies electricity exclusively in favour of the two partners, who each have the right and obligation to use 50% of its total output. Electricity production costs are covered by the two partners.<sup>383</sup>

#### 4.3.3. Iceland

Iceland has Europe's and the world's highest energy consumption per capita, reflecting the smallness of its population combined with high energy output. According to the World Bank, electricity consumption per capita in Iceland was around 52,000 kWh in 2011.<sup>384</sup> At present Iceland produces around 17 TWh,<sup>385</sup> corresponding to 55,000 kWh per person.<sup>386</sup> The EU average is less than 6.000 kWh per capita.<sup>387</sup>

The explanations include weather conditions in Iceland which cause people to use considerable energy for heating their homes, usually all year round, as well as for agriculture, energy-intensive branches of industry, and community functioning. The fishing fleet also has a high level of energy consumption. Up to now, consciousness of the need to conserve energy has not been high in Iceland because the energy is plentiful and not expensive.

---

<sup>382</sup> Gas Infrastructure Europe-GIE, "Missions and Objectives", Gas Infrastructure Europe, at <http://www.gie.eu.com/index.php/about-us/mission> (accessed 13.6.2014).

<sup>383</sup> Nuklearna Elektrana Krsko-NEK, "Electricity," Nuklearna Elektrana Krsko at <http://www.nek.si/en/electricity/> (accessed 9.6.2014)

<sup>384</sup> Trading Economics, "Electric power consumption (kWh per capita) in Iceland", at <http://www.tradingeconomics.com/iceland/electric-power-consumption-kwh-per-capita-wb-data.html> (accessed 22.6.2014).

<sup>385</sup> A unit for measuring electrical power that is equal to one million megawatts. See Cambridge Dictionaries Online, *terawatt*, at <http://dictionary.cambridge.org/dictionary/british/terawatt?q=terawatt> (accessed 22.6.2014)

<sup>386</sup> Askja Energy-The Independent Icelandic Energy Portal, „The Energy Sector“, Askja Energy at <http://askjaenergy.org/iceland-introduction/iceland-energy-sector/> (accessed 23.6.2014).

<sup>387</sup> European Environmental Agency, "Electricity Consumption (in kWh/cap) per Capita", European Environmental Agency, at <http://www.eea.europa.eu/data-and-maps/figures/electricity-consumption-per-capita-in-1> (accessed 24.6.2014).



The domestic Icelandic energy sector has a special position. Almost 70% of the energy used in Iceland is produced at home from renewable sources like geothermal energy and hydro-power, while the rest comes from imported petroleum products used as fuel for vehicles and the shipping fleet.<sup>388</sup> According to the Icelandic Statistical Office, the annual generation of energy from 1992-2012 rose by 26.000GWh.<sup>389</sup> Domestic energy production for the year 2011 was made up of 72.7% from hydro-power plants and 27.3% from geothermal installations.<sup>390</sup> According to the Annual Report of the National Energy Authority of Iceland for 2013, domestic energy production that year constituted 71% from hydroelectricity and 29% from geothermal sources.<sup>391</sup> Although the great majority of energy sources are already renewable, Iceland has possibilities to produce even more ‘green’ energy than it does now. This especially applies to hydroelectricity production, because in the future it is expected that exploitable water supplies in Iceland will increase due to glacier melting. Energy production has already risen significantly in the last ten years.

Nevertheless, as noted, 30% of energy used still comes from imported fuels. Iceland is already self-sufficient regarding electricity and heating, and becoming equally self-sufficient regarding fuel would bring economic as well as environmental benefits.<sup>392</sup> The stability of energy supply to the economy would be much improved, bearing in mind the current risk of economic losses in oil importing because of possible transport accidents, or because of fluctuations in the international oil market that would directly impact Icelandic oil prices and perhaps cause another collapse of the Icelandic Króna. Experts prognosticate that average oil

---

<sup>388</sup> Utanríkisráðuneytið (The Ministry of Foreign Affairs), *Áhættuskýrsla fyrir Ísland: Hnattrænir, samfélagslegir og hernaðarlegir þættir*, (Risk Assessment for Iceland: Global, social and military factors), (Reykjavík: Utanríkisráðuneytið, March 2009), 113. at [http://www.utanrikisraduneyti.is/media/Skyrslur/Skyrsla\\_um\\_ahattumat\\_fyrir\\_Island\\_a.pdf](http://www.utanrikisraduneyti.is/media/Skyrslur/Skyrsla_um_ahattumat_fyrir_Island_a.pdf) (accessed 19.6.2014)

<sup>389</sup> Statistics Iceland, “Energy” at <http://www.statice.is/?PageID=1230&src=https://rannsokn.hagstofa.is/pxen/Dialog/varval.asp?ma=IDN02101%26ti=Installed+capacity+and+generation+in+public+power+plants+1976-2012+%26path=../Database/idnadur/orkumal/%26lang=1%26units=Megawatt%20hour%20percent> (accessed 24.6.2014).

<sup>390</sup> Orkustofnun (National Energy Authority), *Orkutölur 2012* (Energy Figures), (Reykjavík: Orkustofnun, 2012), 3 at [http://www.os.is/gogn/os-onnur-rit/orkutolur\\_2012-islenska.pdf](http://www.os.is/gogn/os-onnur-rit/orkutolur_2012-islenska.pdf) (accessed 19.6.2014)

<sup>391</sup> Orkustofnun (National Energy Authority), *Ársskýrsla Orkustofnunar 2013* (The Annual Report 2013), (Reykjavík: Orkustofnun, 2013), 5. at <http://os.is/gogn/OS-arsskyrslur/OS-arsskyrsla-2013.pdf> (accessed 20.6.2014)

<sup>392</sup> Orkustofnun (National Energy Authority), Fuels, “Alternative Fuels”, Orkustofnun. at <http://www.nea.is/fuel/alternative-fuels/> (accessed 24.6.2014).



market prices will increase slowly with the time, to 95EUR<sup>393</sup>/barrel in 2035 and 103EUR/barrel in 2040.<sup>394</sup>

Against this background, the National Energy Authority is supporting research into alternatives that would reduce fuel use overall and especially, the dependence on imports. The new energy sources are not defined, but they could be e.g. electricity, geothermal, methane, hydrogen and fuel derived from biomass such as plants. At present, the Icelandic fishing fleet uses annually around 200 000 ton of oil.<sup>395</sup> In the long term, the use of biodiesel (offering equal energy value),<sup>396</sup> and the electrification of fishmeal plants, could replace imported fuel use in this economically vital sector.<sup>397</sup> As for private vehicles, the state has enacted some legal measures to increase public awareness and incentives to reduce fuel use. The vehicle tax, where the level is set according to how much someone's vehicle pollutes the environment, is one of them;<sup>398</sup> as is the challenging target set by the government to increase the number of state vehicles which are environmental-electric, hydrogen- or methane-driven.<sup>399</sup> Iceland's production of such alternative fuels is expected to increase over the long term. However, the state still needs to establish a better market environment for environmental vehicles, which are currently much more expensive than the usual petrol- or diesel-fuelled models. A transmission network and re-charging system for non-traditional fuels and electric power also needs to be established around the country. The only sector where no such long-term alternative seems feasible is the air transport industry, where experts prognosticate a 150% increase in aviation fuel consumption up to 2050.<sup>400</sup>

---

<sup>393</sup> The currency changed from \$ according to the general exchange rate 30.6.14.

<sup>394</sup> U.S. Energy Information Administration, *Annual Energy Outlook 2014 with projections to 2040*, (Washington: U.S. Energy Information Administration, April 2014), 129. at [http://www.eia.gov/forecasts/aeo/pdf/0383\(2014\).pdf](http://www.eia.gov/forecasts/aeo/pdf/0383(2014).pdf) (accessed 27.6.2014).

<sup>395</sup> Samstarfshópur um aðgerðaáætlun í loftslagsmálum (Collaborative group action plan on climate change), *Aðgerðir í Loftslagsmálum- Skýrsla samstarfshóps til umhverfis og auðlindaráðherra* (Actions in the Climate Issues- The Report from consortium to the Ministry for the Environment and Natural Resources), (Reykjavík: Samstarfshópur um aðgerðaáætlun í loftslagsmálum, May 2013), 34. at <http://rafhladan.is/bitstream/handle/10802/2973/Skyrsla-2013-adgerdaaetlun-loftslagsmal.pdf?sequence=1> (accessed 27.6.2014)

<sup>396</sup> Ibid., 34

<sup>397</sup> Ibid., 14

<sup>398</sup> Samstarfshópur um aðgerðaáætlun í loftslagsmálum (Collaborative group action plan on climate change), *Aðgerðir í Loftslagsmálum- Skýrsla samstarfshóps til umhverfis og auðlindaráðherra* (Actions in the Climate Issues- The Report from consortium to the Ministry for the Environment and Natural Resources), (Reykjavík: Samstarfshópur um aðgerðaáætlun í loftslagsmálum, May 2013), 24. at <http://rafhladan.is/bitstream/handle/10802/2973/Skyrsla-2013-adgerdaaetlun-loftslagsmal.pdf?sequence=1> (accessed 27.6.2014)

<sup>399</sup> Ibid., p.26

<sup>400</sup> Orkustofnun (National Energy Authority), "Notkun olíu" (The fuel use), Orkustofnun at <http://www.orkustofnun.is/eldsneyti/eldsneytisspa/aaetlud-eldsneytisnotkun/notkun-oliu/> (accessed 27.6.2014)

#### 4.3.3.1. Energy system security

Iceland's specific geographical position as an island combined with the future possibility of greater energy generation creates particular complications. Existing hydro-electric plants need to be renovated and better equipped than they are now due to the expected growth in water flow and the change of geographical terrain. Hydro-power plants must also be designed in such a way to provide for possible natural disasters – which they are not equipped for at present - and to have the possibility of launching an energy *plan B* in risky situations. At the same time, the design of power plants must combine the lowest possible cost with optimum exploitation of the sources for energy production. Finding the best combination of all these requirements in power plant construction is the greatest challenge for developing Iceland's internal energy transmission system.<sup>401</sup>

Compared with other Scandinavian countries, and despite the high ratio of domestic production, the energy system in Iceland is ultimately less secure. Other countries in the North and West of Europe that are linked by cross-border energy networks are better positioned in terms of having options for response to possible breakdowns and disruptions in energy supply, without prejudicing energy quality and distribution.<sup>402</sup> At the moment, Iceland can only rely on itself if something happens: as an island, its distribution network is not connected with other countries and oil supplies have to arrive by sea. Iceland's level of oil stocks was estimated in June 2011 to be equivalent to around 43 days of average daily imports.<sup>403</sup> If Iceland followed the normal Europe practice in this field, it should be aiming to store the equivalent of 90 days of average daily net imports.

On the other hand, Iceland is not exposed to chain effects in the event of disruptions in other countries' energy supply. The main internal energy security threats for Iceland are possible natural disasters, earthquakes and storms, but also man-made accidents. Weather conditions, especially in the winter, could jeopardise access to energy supplies and the security and

---

<sup>401</sup> Landsnet, *Kerfisáætlun 2014-2023* (System Plan 2014-2023), Draft, (Reykjavík: Landsnet, May 2014), 19. at [http://landsnet.is/library/Skrar/Landsnet/Upplýsingatorg/Skyrslur/Kerfisaaetlanir/2014/Kerfis%C3%A1%C3%A6tlun%202014-2023%20sk%C3%BDrsla%20-%20Copy%20\(1\).pdf](http://landsnet.is/library/Skrar/Landsnet/Upplýsingatorg/Skyrslur/Kerfisaaetlanir/2014/Kerfis%C3%A1%C3%A6tlun%202014-2023%20sk%C3%BDrsla%20-%20Copy%20(1).pdf) (accessed 21.6.2014)

<sup>402</sup> Utanríkisráðuneytið (The Ministry of Foreign Affairs), *Áhættuskýrsla fyrir Ísland: Hnatrænir, samfélagslegir og hernaðarlegir þættir*, (Risk Assessment for Iceland: Global, social and military factors), (Reykjavík: Utanríkisráðuneytið, March 2009), 114. at [http://www.utanrikisraduneyti.is/media/Skyrslur/Skyrsla\\_um\\_ahattumat\\_fyrir\\_Island\\_a.pdf](http://www.utanrikisraduneyti.is/media/Skyrslur/Skyrsla_um_ahattumat_fyrir_Island_a.pdf) (accessed 19.6.2014)

<sup>403</sup> European Commission, Enlargement, Iceland, *Screening Report- Chapter 15 Energy*, (Brussels: European Commission, 25.10.2011), 4. at [http://ec.europa.eu/enlargement/pdf/iceland/key-documents/screening\\_report\\_15\\_is\\_internet\\_en.pdf](http://ec.europa.eu/enlargement/pdf/iceland/key-documents/screening_report_15_is_internet_en.pdf) (accessed 30.6.2014).

sustainability of the system. According to the Annual Report 2013 from Landsnet,<sup>404</sup> there were 52 spontaneous disruptions in energy transmission and 56 operational disruptions breakdowns in one winter alone,<sup>405</sup> caused by stormy weather and icing.

In view of the current situation of Icelandic power plants and their main security risks, Landsnet has developed an energy programme for 2014-2023 for Iceland in cooperation with the Ministry of Environmental and Resources. The main conclusions are to strengthen and to secure the energy transmission system, especially within Iceland, with much better transmission links among the largest power plants, thus ensuring an economical and high-quality energy supply to all users in the long term.<sup>406</sup> Environmental protection is an additional priority; the whole energy sector needs to be sustainable and environmental in its construction, use and existence over the long term for the sake of future generations. The project also emphasizes the importance of developing an information system exchange about the energy sector, together with the further development of new technologies and intelligence that will support the improved value and better presentation of the Icelandic energy sector at the international level.<sup>407</sup> In order to achieve these goals, Landsnet and Icelandic state are investing funds in further research and development. The new generation of transmission towers and sub-stations; smart network solutions to increase the capacity of the electricity system; and a project related to costs and life-time analysis of string installations are some good examples of financed projects.<sup>408</sup>

#### 4.3.3.2. The advantages due to the clean and renewable energy

Iceland draws advantages in terms of international competitiveness from nature's gift of clean and renewable energy. In energy agreements and cooperation with other countries, Iceland emphasizes the offer of clean, 100% renewable energy combined with the best price position

---

<sup>404</sup> The role of this company is to operate Iceland's electricity transmission system and administer its system operations. See Landsnet, "About Landsnet", at <http://landsnet.is/english/aboutlandsnet/> (accessed 20.6.2014).

<sup>405</sup> Landsnet, *Ársskýrsla 2013* (The Annual Report 2013), (Reykjavík: Landsnet, 2013), 17. at [http://landsnet.is/library/Skrar/Landsnet/Upplýsingatorg/Skyrslur/arsskyrslur/arsskyrsla\\_landnets\\_2013\\_lowr.es.pdf](http://landsnet.is/library/Skrar/Landsnet/Upplýsingatorg/Skyrslur/arsskyrslur/arsskyrsla_landnets_2013_lowr.es.pdf) (accessed 21.6.2014)

<sup>406</sup> Landsnet, *Kerfisáætlun 2014-2023* (System Plan 2014-2023), Draft, (Reykjavík: Landsnet, May 2014), 2 at [http://landsnet.is/library/Skrar/Landsnet/Upplýsingatorg/Skyrslur/Kerfisaaetlanir/2014/Kerfis%C3%A1%C3%A6tlun%202014-2023%20sk%C3%BDrsla%20-%20Copy%20\(1\).pdf](http://landsnet.is/library/Skrar/Landsnet/Upplýsingatorg/Skyrslur/Kerfisaaetlanir/2014/Kerfis%C3%A1%C3%A6tlun%202014-2023%20sk%C3%BDrsla%20-%20Copy%20(1).pdf) (accessed 21.6.2014)

<sup>407</sup> Landsnet, *Ársskýrsla 2013* (The Annual Report 2013), (Reykjavík: Landsnet, 2013), 10. at [http://landsnet.is/library/Skrar/Landsnet/Upplýsingatorg/Skyrslur/arsskyrslur/arsskyrsla\\_landnets\\_2013\\_lowr.es.pdf](http://landsnet.is/library/Skrar/Landsnet/Upplýsingatorg/Skyrslur/arsskyrslur/arsskyrsla_landnets_2013_lowr.es.pdf) (accessed 21.6.2014)

<sup>408</sup> *Ibid.*, 62.

in Europe and reliable long-term energy sale arrangements.<sup>409</sup> Long term energy sale agreements allows customers to minimize the risk of energy supply, while 100% renewable energy is attractive to international companies trying to meet climate-related and other standards.<sup>410</sup> From this it can be concluded that Icelandic energy market is very attractive to partners in the EU and more widely. According to the Global Competitiveness Report (GCI) 2013-2014, Iceland scores 4.66 on the Global Competitiveness Index (scores are from 1-7) and ranks in the 30th place among 148 nations. For comparison, Croatia also has a high score of 4.13 in competitiveness possibilities, but ranks only in 81<sup>st</sup> place on the same index among 148 nations.<sup>411</sup> This is because of the disorder mentioned above in its economic policy and bureaucracy, and especially the lack of direct investments. Icelandic energy production offers the best price in the energy market within the EU, 31 EUR per MWh in period 2010-2013, while prices in other countries were 48.4 EUR/MWh in Holland, and 43 EUR/MWh in Germany.<sup>412</sup>

Up to now, Iceland has mostly traded its energy internally for use in foreign-financed for aluminium plants and similar large-scale industry. At present, as much as 75% of all domestic energy production goes to the aluminium industry, and the rest is sold to other wholesalers or electricity retailers.<sup>413</sup>

In the coming years, European countries need renewable energy.<sup>414</sup> The resources currently most exploited within the EU for this purpose are the sun and the wind. On the other hand, Iceland also offers renewable hydro- and geothermal power that could be transported and sold within the EU and that would contribute to diversification and emergency reserves. If a physical connection could be made to allow such energy exports from Iceland, this would bring Iceland obvious economic benefits, but also a change to improve energy security: it

---

<sup>409</sup> Landsvirkjun (National Power Company of Iceland), "Energy Internationally", in *Ársskýrsla 2013* (The Annual Report 2013), (Reykjavík: Landsvirkjun, 2013), at <http://arsskyrsla2013.landsvirkjun.is/orkuvinnsla-og-vidskiptataekifri/orka-a-althjodavettvangi> (accessed 20.6.2014).

<sup>410</sup> Ibid.,

<sup>411</sup> World Economic Forum, "The Global Competitiveness Report 2013-2014". at [http://www3.weforum.org/docs/GCR2013-14/GCR\\_Rankings\\_2013-14.pdf](http://www3.weforum.org/docs/GCR2013-14/GCR_Rankings_2013-14.pdf) (accessed 18.6.2014).

<sup>412</sup> Landsvirkjun (National Power Company of Iceland), "Energy Internationally", in *Ársskýrsla 2013* (The Annual Report 2013), (Reykjavík: Landsvirkjun, 2013), at <http://arsskyrsla2013.landsvirkjun.is/orkuvinnsla-og-vidskiptataekifri/orka-a-althjodavettvangi> (accessed 20.6.2014).

<sup>413</sup> Landsvirkjun (National Power Company of Iceland), "Þjónusta við núverandi viðskiptavini" (Services to the existing costumers), in *Ársskýrsla 2013* (The Annual Report 2013), (Reykjavík: Landsvirkjun, 2013) at <http://arsskyrsla2013.landsvirkjun.is/orkuvinnsla-og-vidskiptataekifri/orka-a-althjodavettvangi> (accessed 20.6.2014).

<sup>414</sup> European Union, EU by Topic, "Energy", February 2013. At [http://europa.eu/pol/ener/index\\_en.htm](http://europa.eu/pol/ener/index_en.htm) (accessed 11.6.2014).

should be able to reverse the flow and import electricity in the event of natural disasters or other disruptions to internal production and distribution.<sup>415</sup>

One of the projects that Iceland is financing in order to benefit further from its clean energy productions and to ensure back-up energy supplies is, precisely, a long term project to enable electricity transmission between Iceland and Europe through a sub-sea cable. After some years of technical research this project is believed to be feasible and it would be cost-effective over time. As things stand, more detailed research is needed on the costs of the project, energy production and transmission, and what kind of impact this project would have on the Icelandic energy sector and prices.<sup>416</sup> There are five possible companies for this project: Rio Tinto Alcan (a former Icelandic aluminium company)<sup>417</sup>, the former Icelandic Alloys (owned by Elkem)<sup>418</sup>, Norðurál (owned by Century Aluminum)<sup>419</sup>, Alcoa og Becromal.<sup>420</sup> Due to the project's large scale, complexity and other characteristics, the relevant authorities and business leaders in Iceland need to be united and determined if they propose to accomplish it. The national, social and environmental consequences and impacts need to be further researched.<sup>421</sup>

According to the Annual Report 2013 from Landsvirkjun, Iceland have very good conditions also for wind energy production due to the relatively high wind strength at low altitudes over the sea level. This makes wind power production cost-effective, because the installations do not need to be high up and the costs of production and operation are automatically reduced.<sup>422</sup> The average efficiency ratio in wind energy production globally is around 28%, but in the Icelandic Sea the average would be around 40%, which is pretty high. This confirms the effectiveness of this kind of energy production in the future. So far, the exploration of wind

---

<sup>415</sup> Landsvirkjun (National Power Company of Iceland), "Hluti af evrópskum raforkumarkaði" (The part of the European energy market), in *Ársskýrsla 2013* (The Annual Report 2013), (Reykjavík: Landsvirkjun, 2013), at <http://arsskyrsla2013.landsvirkjun.is/rannsoknir-umhverfi-og-samfelag/rannsoknir-og-thrun#TengingraforkukerfisinsvidEvropu> (accessed 18.6.2014)

<sup>416</sup> Landsnet, *Ársskýrsla 2013* (The Annual Report 2013), (Reykjavík: Landsnet, 2013), 62. at [http://landsnet.is/library/Skrar/Landsnet/Upplýsingatorg/Skyrslur/arsskyrslur/arsskyrsla\\_landsnets\\_2013\\_lowres.pdf](http://landsnet.is/library/Skrar/Landsnet/Upplýsingatorg/Skyrslur/arsskyrslur/arsskyrsla_landsnets_2013_lowres.pdf) (accessed 21.6.2014)

<sup>417</sup> If wanted to see more information about the firm: <http://www.riotintoalcan.is/?PageID=1> (accessed 20.6.2014)

<sup>418</sup> If wanted to see more information about the firm: <http://www.jarnblendi.is/english> (accessed 20.6.2014)

<sup>419</sup> If wanted to see more information about the firm: <http://www.jarnblendi.is/english> (accessed 20.6.2014)

<sup>420</sup> Orkustofnun (National Energy Authority), *Raforkuspá 2013-2050* (Electricity 2013-2050), Orkuspárnefnd (Energy Forecast Committee), (Reykjavík: Orkustofnun, February 2013), 17. at <http://os.is/gogn/Skyrslur/OS-2013/OS-2013-02.pdf> (accessed 19.6.2014).

<sup>421</sup> Landsvirkjun (National Power Company of Iceland), "Energy Internationally", in *Ársskýrsla 2013* (The Annual Report 2013), (Reykjavík: Landsvirkjun, 2013). at <http://arsskyrsla2013.landsvirkjun.is/rannsoknir-umhverfi-og-samfelag/rannsoknir-og-thrun#TengingraforkukerfisinsvidEvropu> (accessed 18.6.2014)

<sup>422</sup> Ibid.,

energy production possibilities is in an early stage as more research is needed on what impact this energy production would have on the environment and socio-economic development; whether operating this kind of power plant would be cost-effective; and how it would interact with hydropower and geothermal energy production.

#### 4.3.3.3. Possibilities of oil production

The future golden goose for Icelandic energy supply and export possibilities lies in the exploration of possible oil production in the *Dreki* and *Gamm* sea areas. The Dreki field is located in the East and North-east portion of Icelandic territorial waters and the Gamm area is located to the North of Iceland. It is known that the sea-bed in these areas is rich with gas and oil. However, further research is needed in order to pin down the location of these resources and to examine what kind of gas is present at these sites.<sup>423</sup> At the moment there are three Petroleum Companies licensed by the state of Iceland to do such research.<sup>424</sup> In order to examine the gas and oil-petroleum exploitation possibilities in the North Atlantic, Iceland also participates in annual meetings of research managers from North-West European countries where possible locations and their exploitation are discussed.<sup>425</sup>

#### 4.3.3.4. Iceland spread its knowledge about geothermal energy

As already noted, Iceland has a very good level of experience and knowledge about the exploitation and production of geothermal energy. This has allowed Iceland to be a leader and teacher for many European countries who are currently buying gas or/and electricity from other countries but would like instead to use their own geothermal wealth.<sup>426</sup> Among these countries is also Croatia, which in its North-east region has sites with geothermal water supplies at a temperature of with 120 degrees Celsius. Croatia thus has a possibility to learn from Icelandic experts how to use geothermal water in energy production, for home heating,

---

<sup>423</sup> Orkustofnun (National Energy Authority), "Olíuleit" (Fuel Research), Orkustofnun at <http://www.orkustofnun.is/oliuleit/svaedi-og-gogn/nr/59> (accessed 19.6.2014).

<sup>424</sup> These are Faroe Petroleum, Íslenskt Kolvetni og Petoro, Ithaca Petroleum, Kolvetni og Petoro and CNOOC International, Eykon Energy og Petoro. See Orkustofnun, (National Energy Authority), *Ársskýrsla Orkustofnunar 2013* (The Annual Report 2013), (Reykjavík: Orkustofnun, 2013), 10. at <http://os.is/gogn/OS-arsskyrslur/OS-arsskyrsla-2013.pdf> (accessed 19.6.2014).

<sup>425</sup> In 2013 this meeting was organised in Akureyri, Iceland and these are countries which participated: Great Britain, Denmark, Germany, Netherland, Ireland, Faroe Islands, Norway and Iceland. See Orkustofnun, (National Energy Authority), *Ársskýrsla Orkustofnunar 2013* (The Annual Report 2013), (Reykjavík: Orkustofnun, 2013), 11. at <http://os.is/gogn/OS-arsskyrslur/OS-arsskyrsla-2013.pdf> (accessed 19.6.2014).

<sup>426</sup> Ibid., 14.

or other purposes. The United Nations Geothermal School is a result of the cooperation between the United Nations University and the Government of Iceland and is hosted by the National Energy Authority (Orkustofnun).<sup>427</sup> The Geothermal Training Programme of the United Nations University (UNU-GTP) is a postgraduate training programme, aiming at assisting developing countries in capacity building within geothermal exploration and development.<sup>428</sup> This school has operated in Iceland since 1979.

#### 4.3.3.5. Summary

As this section has shown, Iceland independently manages its energy sector, production and transmission and also takes responsibility for security in its energy sector. At present Iceland has much more to offer to the EU in this dimension than the reverse. This applies especially to the existing renewable energy sources in Iceland and many other possibilities to develop such energy, which are still at the research stage. In return, the only thing the EU could offer to the Icelandic energy sector are security back-up options if some natural or manmade disasters occur in Iceland and jeopardize its energy system. This would, however, depend on the construction of a physical link which would demand financing by the private sector rather than the EU itself.

### 4.4. Environmental Security

*Living well, within the limits of our planet.*<sup>429</sup>

This is the introductory sentence of The Programme of Environmental Policy, a document from 2013 that builds on the significant achievements of 40 years of EU environment policy, and draws on a number of recent strategic initiatives in the field of environment.<sup>430</sup>

---

<sup>427</sup> Utanríkisráðuneytið (Ministry of Foreign Affairs), “Geothermal Training Programme”, Utanríkisráðuneytið At <http://www.utanrikisraduneyti.is/verkefni/throunarsvid/haskolar-sth/jardhitaskoli-sth/> (accessed 19.6.2014).

<sup>428</sup> United Nations University, “Geothermal Training Programme”, at <http://www.unugtp.is/> (accessed 19.6.2014).

<sup>429</sup> Official Journal of the European Union, *General Union Environmental Action Programme to 2020- Living well, within the limits of our planet*, Decision, No 1386/2013/EU of the European Parliament and of the Council, (Brussels: Official Journal of the European Union, 20.11.2013), at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013D1386&from=EN> (accessed 1.7.2014).

<sup>430</sup> European Commission, Environment, „Environment Action Programme to 2020“, European Commission, 3.6.2014. at <http://ec.europa.eu/environment/newprg/index.htm> (accessed 1.7.2014)



Environmental security is now a part of the broad human security agenda in international politics, and one among a number of new global threats. Climate change is a global issue, and nations across the whole world are aware of the urgency attached to solving environmental problems.<sup>431</sup> The environment and its protection is intertwined with other security policies in both the short and the long term. Human devastation of the environment leads to drastic environmental changes that could undermine the conditions of life and human welfare – from species extinctions to fossil fuel depletion and global water shortages.<sup>432</sup> Extreme environmental degradation or change may cause violent conflicts, and here appears the linkage between environmental change and traditional security. All nations in the world need to act together in a harmonious manner to reduce the negative impact of such scenarios on mankind.<sup>433</sup>

The Europe 2020 Strategy seeks to promote sustainable economic growth by developing a more competitive low-carbon economy that makes efficient, sustainable use of resources.<sup>434</sup> *“Our prosperity and healthy environment stem from an innovative, circular economy where nothing is wasted and where natural resources are managed sustainably, and biodiversity is protected, valued and restored in ways that enhance our society’s resilience. Our low-carbon growth has long been decoupled from resource use, setting the pace for a safe and sustainable global society.”*<sup>435</sup> To this end, over the past decades the European Union has put in place a broad range of environmental legislation. As a result, air, water and soil pollution has significantly been reduced.<sup>436</sup> Over 18% of the EU's territory and 4% of its members’ sea space have been designated as protected areas for nature.<sup>437</sup> Today, EU citizens enjoy some of the best water quality in the world.

---

<sup>431</sup> Michael Mason and Mark Zeitoun, „Questioning environmental security“ in *The Geographical Journal*, Vol. 179, No.4, London, (2013), 294. at <http://onlinelibrary.wiley.com/doi/10.1111/geoj.12030/pdf> (accessed 1.7.2014).

<sup>432</sup> Ibid., p 295.

<sup>433</sup> Nina Graeger, “Environmental Security“ in *Journal of Peace Research*, Vol.33, No.1, International Peace Research Institute, Oslo, (1996): 109 at <http://www.jstor.org/discover/10.2307/425137?uid=3738288&uid=2&uid=4&sid=21104400173993> (accessed 1.7.2014).

<sup>434</sup> Official Journal of the European Union, *General Union Environmental Action Programme to 2020- Living well, within the limits of our planet*, Decision, No 1386/2013/EU of the European Parliament and of the Council, (Brussels: Official Journal of the European Union, 20.11.2013), 354,176. at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013D1386&from=EN> (accessed 1.7.2014).

<sup>435</sup> Ibid.,

<sup>436</sup> European Commission, Environment, „Environment Action Programme to 2020“, European Commission, 3.6.2014. at <http://ec.europa.eu/environment/newprg/index.htm> (accessed 1.7.2014)

<sup>437</sup> Ibid.



While progress has been made in the Union's fight for the environment, resource use is still largely unsustainable and inefficient, and waste is not yet properly managed. Unsustainable land use is consuming fertile soils, and soil degradation continues, resulting in impacts on global food security and the achievement of biodiversity targets.<sup>438</sup>

#### 4.4.1. Environmental protection through legislation and prospects

Since mankind became aware that environment protection and efficient sustainable resource use is a basic condition of survival on the Earth, many environmental political measures have been integrated in other Union policies and activities such as energy, transport, agriculture, fisheries, trade, economy and industry. These measures call for actions and regulation in order to achieve the main environmental targets of the EU: protecting, conserving and enhancing the Union's natural capital; turning the Union into a resource-efficient, green and competitive low-carbon economy; and safeguarding the Union's citizens from environment-related pressures and risks to health and well being.<sup>439</sup> Environmental legislation, knowledge and the main lines of action need to be determined primarily at Union level rather than at the national, regional and local levels. Applying the principle of subsidiarity when framing legislation to enable close environmental cooperation also between Member States is a priority for the EU in coming years. Only then can common actions be unified and effective.<sup>440</sup> The public should be properly informed about environment policy and also play an active role in its accomplishment.<sup>441</sup> The efforts required to achieve the objectives set out in the EU's Environmental Action Programme (EAP) will demand adequate investment also from public and private sources. At the same time, many countries are struggling to cope with the continuing effects of economic and financial crisis. Some are still struggling with the need for economic reforms and the reduction of public debts; if properly handled, the choices involved

---

<sup>438</sup> Official Journal of the European Union, *General Union Environmental Action Programme to 2020- Living well, within the limits of our planet*, Decision, No 1386/2013/EU of the European Parliament and of the Council, (Brussels: Official Journal of the European Union, 20.11.2013), clause 6. At <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013D1386&from=EN> (accessed 1.7.2014).

<sup>439</sup> Ibid., clause 16.

<sup>440</sup> Ibid., clause 57.

<sup>441</sup> Official Journal of the European Union, *General Union Environmental Action Programme to 2020- Living well, within the limits of our planet*, Decision, No 1386/2013/EU of the European Parliament and of the Council, (Brussels: Official Journal of the European Union, 20.11.2013), clause 15. At <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013D1386&from=EN> (accessed 1.7.2014).

could provide new opportunities for reforms and actions allowing rapid movement towards a more resource-efficient, safe and sustainable low-carbon economy.<sup>442</sup>

Fighting climate change has become an integral part of energy policy - as mentioned in the previous chapter - and progress is being made on integrating resource efficiency and research and development of new renewable energy resources for the purpose.<sup>443</sup> Whereas the Union is currently on track to reduce domestic GHG emissions 20 % below 1990 levels by 2020, meeting the 20 % energy efficiency target will require far more rapid efficiency improvements and behavioural change.<sup>444</sup> Climate change and energy efficiency creates requirements for other key sectors, such as transport and buildings where the emphasis is on research and development of ecological solutions.

Since agriculture and forestry together represent 78 % of land cover in the European Union, they play a major role in maintaining natural resources, especially the quality of water and soil, as well as biodiversity and diverse cultural landscapes.<sup>445</sup> An essential element in sustainable agriculture is farming with a sense of responsibility for future generations; while at the same time the agricultural sector needs to remain resource-efficient and productive. The Common Agricultural Policy (CAP) has improved the integration of environmental requirements and reinforced support for rural development across the EU.<sup>446</sup> National states will use 30% of direct payments to reward farmers who maintain land in good agricultural and environmental condition and comply with relevant environmental legislation. Good agricultural and environmental conditions imply environmentally beneficial agricultural and forestry practices such as crop diversification, the protection of permanent grassland and grazing land, and sustainable agro-forestry.<sup>447</sup> Soil degradation is also a growing problem

---

<sup>442</sup> Ibid., clause 74

<sup>443</sup> Ibid., clause 5.

<sup>444</sup> United Nations, *Kyoto Protocol to the United Nations Framework Convention on Climate Change- Doha Amendment to the Kyoto Protocol*, (Doha: United Nations, 8. 12. 2012), 8. at <https://treaties.un.org/doc/Treaties/2012/12/20121217%2011-40%20AM/CN.718.2012.pdf> (accessed 4.7.2014.) And Official Journal of the European Union, *General Union Environmental Action Programme to 2020- Living well, within the limits of our planet*, Decision, No 1386/2013/EU of the European Parliament and of the Council, (Brussels: Official Journal of the European Union, 20.11.2013), clause 32. At <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013D1386&from=EN> (accessed 1.7.2014).

<sup>445</sup> Official Journal of the European Union, *General Union Environmental Action Programme to 2020- Living well, within the limits of our planet*, Decision, No 1386/2013/EU of the European Parliament and of the Council, (Brussels: Official Journal of the European Union, 20.11.2013), clause 20. At <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013D1386&from=EN> (accessed 1.7.2014).

<sup>446</sup> European Commission, "Overview of CAP Reform 2014-2020" in *Agricultural Policy Perspectives Brief*, No.5 (2013): 7. at [http://ec.europa.eu/agriculture/policy-perspectives/policy-briefs/05\\_en.pdf](http://ec.europa.eu/agriculture/policy-perspectives/policy-briefs/05_en.pdf) (accessed 3.7.2014)

<sup>447</sup> Official Journal of the European Union, *General Union Environmental Action Programme to 2020- Living well, within the limits of our planet*, Decision, No 1386/2013/EU of the European Parliament and of the Council,

within the EU and globally. Erosion, loss of organic matter, salinisation, contamination, etc., have negative impacts on the ecosystem, on human health, and in a broader perspective on the economy as well. The Environmental Action Programme provides that by 2020 all land in the Union should be sustainably managed, while the EU will increase efforts to provide adequate soil protection, to reduce soil erosion, to increase organic matter and to remediate contaminated sites.<sup>448</sup>

The European Union has the world's largest maritime territory and therefore has an important responsibility to ensure and protect its marine environment. Taking into account that sea areas are harvested for various economic benefits, ranging from fishing, shipping and aquaculture to raw materials and offshore energy and marine biotechnology, it is necessary to ensure they are exploited in a way compatible with the conservation and sustainable management of marine and coastal ecosystems.<sup>449</sup> In order to integrate different national and local systems into a coherent whole, the EU adopted legislation under the title „Marine Knowledge 2020“ where various data in fields like fisheries, the environment, transport, research and industry are collected with the aim of helping industry, public authorities and researches to locate and make more effective use of such facts to improve the understanding of how the seas behave.<sup>450</sup> Greater coordination of monitoring programmes and programmes of measures, more ambitious regional cooperation and a clearer understanding of the roles, responsibilities and obligations of all parties will facilitate less costly and more effective ways to protect the marine environment<sup>451</sup>

---

(Brussels: Official Journal of the European Union, 20.11.2013), clause 20. At <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013D1386&from=EN> (accessed 1.7.2014).

<sup>448</sup> European Commission, Environment, „Soil“, European Commission, 16.7.2014. at [http://ec.europa.eu/environment/soil/index\\_en.htm](http://ec.europa.eu/environment/soil/index_en.htm) (accessed 4.7.2014).

<sup>449</sup> Official Journal of the European Union, *General Union Environmental Action Programme to 2020- Living well, within the limits of our planet*, Decision, No 1386/2013/EU of the European Parliament and of the Council, (Brussels: Official Journal of the European Union, 20.11.2013), clause 21. At <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013D1386&from=EN> (accessed 1.7.2014).

<sup>450</sup> European Commission, Maritime Affairs, „Marine Knowledge 2020“, European Commission, at [http://ec.europa.eu/maritimeaffairs/policy/marine\\_knowledge\\_2020/index\\_en.htm](http://ec.europa.eu/maritimeaffairs/policy/marine_knowledge_2020/index_en.htm) (accessed 4.7.2014)

<sup>451</sup> European Commission, Commission Staff Working Document, *Marine Knowledge 2020: roadmap- Innovation in the Blue Economy realising the potential of our seas and oceans for jobs and growth*, (Brussels: European Commission, 8.5.2014), 27. at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52014SC0149&from=EN> (accessed 4.7.2014).

#### 4.4.2. Iceland

Compared with other countries, Iceland is a good example for others in its environmental politics and behaviour. This is primarily thanks to its wealth of natural resources in geothermal and hydroelectric power which enables it to draw the great majority of its energy needs (as seen above) from clean renewable sources; but Iceland's clean environment is also attributed to its geographical position as an island in the Atlantic Sea. The main environmental threats in Iceland that could cause major natural disasters are volcanic eruptions, earthquakes, rising sea levels and floods, glacier melting, landslides and avalanches, and storms. These natural disasters could cause great damage, both to property and people, especially considering the fact that Iceland is an island. Supplies of energy and clean water could be jeopardized; so could food and fuel transport, which in combination could cause an economic collapse. At the present time, the main challenges for Iceland are to reduce greenhouse gas (GHG) emissions into the atmosphere; to decrease soil erosion; and to protect and secure a clean ocean environment by making sustainable use of marine resources.

##### 4.4.2.1. Greenhouse gases (GHG)

As shown above, Iceland is in unique position regarding environmental protection since the only sources of pollution on land and sea come from petroleum/oil users, such as vehicles, the fishing fleet, air transport, etc. However, atmospheric emissions are also a crucial global issue given their roles in ozone depletion, greenhouse effects and climate change generally – including the melting of Arctic ice which has such direct relevance for Iceland. Scientists and policy makers increasingly recognize the need to reduce global 'greenhouse gas' (GHG) emissions in coming decades in order to prevent hazardous climate change on Earth. To succeed in this, large and rapidly developing countries must take some kind of efforts to limit emissions, and developed countries must reduce their emissions drastically.<sup>452</sup> Nations such as Iceland should be in the vanguard in achieving that reduction.<sup>453</sup> According to the Kyoto agreement of 1997, Iceland must not increase its greenhouse gas emissions by more than 10% over and above 1990 levels; that is, they were supposed to remain within approximately 3,800

---

<sup>452</sup> Umhverfissráðuneytið (Ministry for the Environment), *Iceland's Climate Change Strategy*, (Reykjavík: Umhverfissráðuneytið, 2007), 7 at [http://eng.umhverfissraduneyti.is/media/PDF\\_skrar/Stefnumorkun\\_i\\_loftslagsmalum\\_enlokagerd.pdf](http://eng.umhverfissraduneyti.is/media/PDF_skrar/Stefnumorkun_i_loftslagsmalum_enlokagerd.pdf) (accessed 1.7.2014).

<sup>453</sup> Ibid.

thousand tonnes of CO<sub>2</sub> equivalents per year, on average, during the period 2008-2012.<sup>454</sup>

The greenhouse gas emission from 2011 was 3809 million tons.<sup>455</sup>

Since almost 70% of the energy used in Iceland is produced at home from renewable sources like geothermal energy and hydro-power, Iceland has a unique position in the battle against climate change. Iceland is constantly investing in new research in the field of renewable energy, and it can be said that it is in a pioneer position compared with other countries. The final target is that the whole energy sector should be sustainable and environmental in its construction, use and existence over the long term, for the sake of future generations.<sup>456</sup> As mentioned above in the energy security chapter, there is a particular demand for research that could reduce energy consumption and emission from fishing vessels, since Iceland still needs to import around 30% of its energy in the form of petroleum/oil used as fuel for vehicles and the shipping fleet. There are possibilities of substituting ammonia<sup>457</sup> for greenhouse gas refrigerants (HFCs). Efforts have been made in recent years to install equipment for fishmeal plants that allows them use electricity instead of oil for rendering.<sup>458</sup> The government intends to exert its influence to have harbours equipped with electricity, which is more efficient than diesel engine use. In the long term, bio-diesel of equivalent energy value could replace the

---

<sup>454</sup> United Nations, *Kyoto Protocol to the United Nations Framework Convention on Climate Change- Doha Amendment to the Kyoto Protocol*, (Doha: United Nations, 8. 12. 2012), 8. at <https://treaties.un.org/doc/Treaties/2012/12/20121217%2011-40%20AM/CN.718.2012.pdf> (accessed 4.7.2014.) and Umhverfissráðuneytið, (Ministry for the Environment), *Iceland's Climate Change Strategy*, (Reykjavík: Umhverfissráðuneytið, 2007), 6. At [http://eng.umhverfissraduneyti.is/media/PDF\\_skrar/Stefnumorkun\\_i\\_loftslagsmalum\\_enlokagerd.pdf](http://eng.umhverfissraduneyti.is/media/PDF_skrar/Stefnumorkun_i_loftslagsmalum_enlokagerd.pdf) (accessed 1.7.2014).

<sup>455</sup> Central Intelligence Agency, *The World Factbook*, Iceland, "Energy" at <https://www.cia.gov/library/publications/the-world-factbook/geos/ic.html> (accessed 1.7.2014)

<sup>456</sup> Landsnet, *Kerfisáætlun 2014-2023* (System Plan 2014-2023), Drög, (Reykjavík: Landsnet, May 2014), 15. at [http://landsnet.is/library/Skrar/Landsnet/Upplýsingatorg/Skyrslur/Kerfisaaetlanir/2014/Kerfis%C3%A1%C3%A6tlun%202014-2023%20sk%C3%BDrsla%20-%20Copy%20\(1\).pdf](http://landsnet.is/library/Skrar/Landsnet/Upplýsingatorg/Skyrslur/Kerfisaaetlanir/2014/Kerfis%C3%A1%C3%A6tlun%202014-2023%20sk%C3%BDrsla%20-%20Copy%20(1).pdf) (accessed 21.6.2014).

<sup>457</sup> Refrigeration, air-conditioning and heat pump systems use working fluids as a means of transferring heat between heat sources and heat sinks. New working fluids are synthetic compounds-namely hydrofluorocarbons (HFCs). Ammonia is a well known refrigerant, widely used in medium and large refrigeration systems. It requires special safety precautions since it is toxic and flammable. Its ozone-depletion potential is zero, and the global warming potential related to the greenhouse effect is also very low or zero. See Riffat S. B.\* C. F. Afonso, A. C. Oliveirat and D. A. Reay, "Natural Refrigerants For Refrigeration and Air-Conditioning Systems" in *Applied Thermal Engineering*, Institute of Building Technology, Department of Architecture and Building Technology, (Nottingham: Elsevier, January 1997), 33-34. at <http://www.sciencedirect.com/science/article/pii/S1359431196000300> (accessed 8.7.2014)

<sup>458</sup> Umhverfissráðuneytið (Ministry for the Environment), *Iceland's Climate Change Strategy*, (Reykjavík: Umhverfissráðuneytið, 2007), 12. at [http://eng.umhverfissraduneyti.is/media/PDF\\_skrar/Stefnumorkun\\_i\\_loftslagsmalum\\_enlokagerd.pdf](http://eng.umhverfissraduneyti.is/media/PDF_skrar/Stefnumorkun_i_loftslagsmalum_enlokagerd.pdf) (accessed 1.7.2014).

fuel used by fishing fleets.<sup>459</sup> Organic waste that is now placed in landfills could be utilised as fertiliser for vegetation and the methane that accumulates could be used as a fuel instead of imported fuel, which would increase energy security.<sup>460</sup>

Iceland is taking further steps in its legislation to reduce GHG emissions, for instance by varying taxes on vehicles depending on their carbon footprint. Specifically, the charge is imposed on petrol and diesel, petroleum gases and other gaseous hydrocarbons along with the fuel oil.<sup>461</sup> Advantages are given to the environmental vehicles by the lowest vehicle taxes, and free parking places.<sup>462</sup> However, more needs to be done to make 'green' vehicles more accessible to the public, as they are still more expensive to buy than traditionally fuelled vehicles.

Several countries have set for themselves long-term goals similar to Iceland's, but most of those countries produce most of their electricity through the use of fossil fuels. In that respect, most other countries have more potential for reducing GHG emissions.<sup>463</sup>

#### 4.4.2.2. Soil erosion

Soil erosion and desertification is a crucial environmental problem in Iceland. Scientists estimate that from the time of settlement of Iceland in the year 874, over 95% of the country's

---

<sup>459</sup> Samstarfshópur um aðgerðaáætlun í loftslagsmálum (Collaborative group action plan on climate change), *Aðgerðir í Loftlagsmálum- Skýrsla samstarfshóps til umhverfis og auðlindaráðherra* (Actions in the Climate Issues- The Report from consortium to the Ministry for the Environment and Natural Resources), (Reykjavík: Samstarfshópur um aðgerðaáætlun í loftslagsmálum, May 2013), 34. at <http://rafhladan.is/bitstream/handle/10802/2973/Skyrsla-2013-adgerdaaetlun-loftslagsmal.pdf?sequence=1> (accessed 27.6.2014)

<sup>460</sup> Umhverfissráðuneytið (Ministry for the Environment), *Iceland's Climate Change Strategy*, (Reykjavík: Umhverfissráðuneytið, 2007), 4. at [http://eng.umhverfisraduneyti.is/media/PDF\\_skrar/Stefnumorkun\\_i\\_loftslagsmalum\\_enlokagerd.pdf](http://eng.umhverfisraduneyti.is/media/PDF_skrar/Stefnumorkun_i_loftslagsmalum_enlokagerd.pdf) (accessed 1.7.2014).

<sup>461</sup> Samstarfshópur um aðgerðaáætlun í loftslagsmálum (Collaborative group action plan on climate change), *Aðgerðir í Loftlagsmálum- Skýrsla samstarfshóps til umhverfis og auðlindaráðherra* (Actions in the Climate Issues- The Report from consortium to the Ministry for the Environment and Natural Resources), (Reykjavík: Samstarfshópur um aðgerðaáætlun í loftslagsmálum, May 2013), 24. at <http://rafhladan.is/bitstream/handle/10802/2973/Skyrsla-2013-adgerdaaetlun-loftslagsmal.pdf?sequence=1> (accessed 27.6.2014)

<sup>462</sup> See Metanbill.is at [http://metanbill.is/index.php?option=com\\_n-frettir&do=view&id=34&Itemid=30](http://metanbill.is/index.php?option=com_n-frettir&do=view&id=34&Itemid=30) (accessed 7.7.2014)

<sup>463</sup> Umhverfissráðuneytið (Ministry for the Environment), *Iceland's Climate Change Strategy*, (Reykjavík: Umhverfissráðuneytið, 2007), 7. at [http://eng.umhverfisraduneyti.is/media/PDF\\_skrar/Stefnumorkun\\_i\\_loftslagsmalum\\_enlokagerd.pdf](http://eng.umhverfisraduneyti.is/media/PDF_skrar/Stefnumorkun_i_loftslagsmalum_enlokagerd.pdf) (accessed 1.7.2014).

forests and continuous soil cover has been devastated and lost.<sup>464</sup> Today, only about 25% of Iceland is vegetated. The cause of this is the combination of harsh climate and intensive land and resource utilization by a farming and agrarian society.<sup>465</sup> From the environmental point of view, the capacity of the vegetation and soil to remove carbon from the atmosphere is much weaker and the soil is carbon-poor. Recent researches indicate that there is significant emission of carbon dioxide (CO<sub>2</sub>) from overused land and drained wetlands.<sup>466</sup> This requires changes in land use and increased emphasis on the restoration of vegetation as soils through re-forestation, which will reduce carbon gas emissions and even result in net sequestration of carbon from the atmosphere, thus helping to mitigate climate change.<sup>467</sup> This is the cornerstone of Iceland's current environmental programme. It is expected that climate change with global warming will help Iceland to combat desertification and soil erosion, to promote sustainable land use and to restore degraded land. Higher temperatures will improve and facilitate agriculture and forestry. As opposed to many countries in southern Europe where climate change will bring more desertification, climate change in Iceland will be a driving force helping to combat it.<sup>468</sup>

Since soil erosion is major environmental problem, Iceland is very active in international efforts against desertification and soil erosion. It is a member of the United Nations Convention to Combat Desertification (UNCCD)<sup>469</sup> and it also laid the foundations of the United Nations University-Land Restoration Training Programme. This programme provides postgraduate training for specialists from the developing countries in the broad field of restoration of degraded land and sustainable land management, and aims at assisting developing countries in capacity development within this field.<sup>470</sup> The programme was founded in 2007 by the Icelandic Ministry for Foreign Affairs (MFA), in partnership with the

<sup>464</sup> Umhverfissráðuneytið (Ministry for the Environment and Natural Resources), *Stefnumörkun í loftslagsmálum* (Strategic Targets on Climate Change), (Reykjavík: Umhverfissráðuneytið, February 2007), 15. at [http://www.umhverfisraduneyti.is/media/PDF\\_skrar/Stefnumorkun\\_i\\_loftslagsmalum.pdf](http://www.umhverfisraduneyti.is/media/PDF_skrar/Stefnumorkun_i_loftslagsmalum.pdf) (accessed 7.7.2014)

<sup>465</sup> Centre for Climate Adaptation, Iceland, "Desertification Iceland", Centre for Climate Adaptation at <http://www.climateadaptation.eu/iceland/desertification/> (accessed 7.7.2014).

<sup>466</sup> Umhverfissráðuneytið (Ministry for the Environment and Natural Resources), *Stefnumörkun í loftslagsmálum* (Strategic targets on climate change), (Reykjavík: Umhverfissráðuneytið, February 2007), 16. at [http://www.umhverfisraduneyti.is/media/PDF\\_skrar/Stefnumorkun\\_i\\_loftslagsmalum.pdf](http://www.umhverfisraduneyti.is/media/PDF_skrar/Stefnumorkun_i_loftslagsmalum.pdf) (accessed 7.7.2014)

<sup>467</sup> Umhverfissráðuneytið (Ministry for the Environment and Natural Resources), *Aðgerðaáætlun í loftslagsmálum* (Actions on climate change), (Reykjavík: Umhverfissráðuneytið, October 2010), 30. at [http://www.umhverfisraduneyti.is/media/PDF\\_skrar/Adgerdaaetlun-i-loftslagsmalum.pdf](http://www.umhverfisraduneyti.is/media/PDF_skrar/Adgerdaaetlun-i-loftslagsmalum.pdf) (accessed 7.7.2014).

<sup>468</sup> Centre for Climate Adaptation, Iceland, "Desertification Iceland", Centre for Climate Adaptation at <http://www.climateadaptation.eu/iceland/desertification/> (accessed 7.7.2014).

<sup>469</sup> See UNCCD at <http://www.unccd.int/en/about-the-convention/Pages/About-the-Convention.aspx>

<sup>470</sup> United Nation University, Land Restoration Training Programme, "Background", United Nations University, at <http://www.unulrt.is/en/about-unu-lrt/background-unu-lrt> (accessed 7.7.2014).



Agricultural University of Iceland (AUI) and the Soil Conservation Service of Iceland (SCSI), and with support from United Nations University (UNU).

#### 4.4.2.3. A clean ocean

The marine environment is an important resource for humanity, and out of the ocean's various sources of wealth, fisheries has often been the most important economic activity for Iceland as a coastal nation. The environmental protection of sea areas around Iceland is a major task of Icelandic policy. The guiding principle is to maintain the health, biological diversity, and sustainability of oceanic exploitation so that it may remain the main foundation of Icelandic economic wealth.<sup>471</sup> Any climate change in the ocean and consequent movement of fish stocks will have a great impact on Icelandic economic welfare since the fish industry is the main industrial sector. Global warming may have several different effects on the oceans and therefore on the availability and location of marine life. There could be changes in the size of commercial fish stocks, changes in their geographical distribution, and changes in their catch availability.<sup>472</sup> At present, however, it is uncertain in which regions, and by how much, fish stocks could increase or decrease. The effect could be positive for some and negative for others, depending on whether it reduces or increases the maximum sustainable economic yield from fish stocks.<sup>473</sup> The increased ocean temperature in the North Atlantic from 1990 has resulted in the appearance of new fish species in Icelandic waters since 1996, as seen for instance in 2008 with increased catches of mackerel and monkfish; but at the same time it could happen that some fish species will move further to the North out of Icelandic waters.<sup>474</sup>

Exploiting the changing patterns of fish stocks risks, however, running into problems of a more political kind – as illustrated already by a dispute between Iceland with Coastal States (Norway, Faroe Islands and the EU) on mackerel fishing in the northeast Atlantic. Iceland has participated in the negotiations on the mackerel stock since it was accepted as a Coastal State for this species in 2010 after a massive increase of mackerel in Icelandic waters. In 2011

---

<sup>471</sup> Umhverfissráðuneytið (Ministry for the Environment and Natural Resources), *Hafið* (Ocean), (Reykjavík: Stefnumótun Íslenskra Stjórnvalda (Icelandic Government Policy), 2004), at [http://www.umhverfissraduneyti.is/media/PDF\\_skrar/Hafid\\_LOW1.pdf](http://www.umhverfissraduneyti.is/media/PDF_skrar/Hafid_LOW1.pdf) (accessed 18.8.2014).

<sup>472</sup> Centre for Climate Adaptation, Iceland, "Fishery", Centre for Climate Adaptation at <http://www.climateadaptation.eu/iceland/fishery> (accessed 7.7.2014)

<sup>473</sup> Ibid.,

<sup>474</sup> Utanríkisráðuneytið (Ministry for Foreign Affairs), *Ísland á norðurslóðum* (Iceland in Arctic), (Reykjavík: Utanríkisráðuneytið, April 2009), 34. at [http://formennska2009.forsaetisraduneyti.is/media/Formennska2009/Skyrslan\\_Island\\_a\\_nordurslodum.pdf](http://formennska2009.forsaetisraduneyti.is/media/Formennska2009/Skyrslan_Island_a_nordurslodum.pdf) (accessed 4.7.2014)



Iceland disputed the formerly agreed quotas and chose to take a larger share of the migrating stock, based on the general aim of sustainable exploitation and the scientific advice of the International Council for the Exploration of the Sea (ICES).<sup>475</sup> (Iceland has considerably strengthened scientific research on the mackerel stock in order to increase knowledge and understanding of its condition, behaviour and migratory patterns.) The Faroe Islands did likewise, but Norway and the EU (representing Scotland) insisted on maintaining the original quota allocation which left only a small portion of the catch for Iceland. Iceland requires a catch limit of 147 721 tonnes for its fisheries, which exceeds the advice of the ICES by almost 18%.<sup>476</sup> After lengthy negotiations seeking a compromise, the EU in March 2014 reached a deal with Norway and the Faroe Islands where these three parties allocated themselves a total of 1,047,000 tonnes for the year 2014.<sup>477</sup> The EU and Norway allocated 890,000 tonnes just among themselves, which is the maximum advised total allowable catch for this year.<sup>478</sup> Iceland did not join in this deal, but will continue efforts to find a common solution. The mackerel dispute so far has helped to further entrench the opposition to EU membership in Iceland, especially within the fishery-agricultural sector.

#### 4.4.2.4. The Arctic and climate change

Despite the challenge of updating international resource management arrangements, it remains generally true that climate change and melting of the Arctic ice will bring new, positive economic possibilities for coastal states<sup>479</sup> through the exploitation of seabed resources, new fishing locations and accessible fish stocks, and new shipping transit routes. At the same time, a major effort and great care will be needed to protect the fragile ecosystem

---

<sup>475</sup> International Council for the Exploration of the Sea (ICES). Official Web Site: <http://www.ices.dk/publications/Pages/default.aspx> (accessed 15.7.2014).

<sup>476</sup> International Council for the Exploration of the Sea (ICES), „Mackerel in the Northeast Atlantic (combined Southern, Western, and North Sea spawning components)” in *ICES Advice*, Book 9, (2014): 6. at [http://ices.dk/sites/pub/Publication%20Reports/Advice/2014/2014/mac-nea\\_update\\_2014.pdf](http://ices.dk/sites/pub/Publication%20Reports/Advice/2014/2014/mac-nea_update_2014.pdf) (accessed 25.7.2014)

<sup>477</sup> Ibid.

<sup>478</sup> Ministry of Industry and Innovation, Publication, „The EU, the Faroe Islands and Norway take full responsibility of overfishing. The Minister's response to the tripartite agreement on the mackerel issue”, (Press release from the Icelandic Minister of Fisheries and Agriculture, Mr. Sigurdur Johannsson, 13.3.2014), at <http://eng.atvinnuvegaraduneyti.is/publications/news/nr/8094> (accessed 20.8.2014).

<sup>479</sup> Arctic coastal countries are Russia, Norway, Finland, Iceland, Sweden, Denmark, Canada, USA. See Arctic Portal, „About Arctic Council”, at <http://www.arcticportal.org/arctic-council> (accessed 7.7.2014)

and natural resources in the Arctic.<sup>480</sup> Iceland needs to be alert to both these aspects – as well as diplomatic repercussions - when pursuing its economic interests. As climate-driven economic development in the Arctic proceeds, it will be very important for coastal states that build their economy on fisheries to protect their interests and prevent any changes that could jeopardize their fisheries sector.<sup>481</sup> In this context, the policy of the Icelandic government is to protect coastal states' interests and to promote research with a view to ensuring the sustainable use of living marine resources in new areas, on the basis of scientific advice, sustainable use of fish stocks, and prudent exploitation of other resources in these waters.<sup>482</sup>

New shipping routes and future shipping traffic through the Arctic, in combination with the opening-up of new seabed resource exploitation, increase the risk of serious environmental accidents that may jeopardize the ecosystems of northern seas. The greatest risks are maritime accidents and pollution of the ocean, which could directly jeopardize fish stocks with negative consequences for Icelandic economic welfare. This is a very sensitive issue for Iceland. It underlines the need to set strict safety, environments and pollution standards and criteria through international agreements and international cooperation, and then to ensure that all countries follow such standards and criteria.<sup>483</sup> Iceland has put particular efforts into devising rules, and making it obligatory to consider reports from experts, about the environmental situation in order to prevent pollution of the ocean to the south and west of the country, where there are navigable shipping routes that will be used even more intensively with the growth of Arctic traffic.<sup>484</sup> Researchers have shown that Icelanders can be proud of their clear and clean surrounding seas and beaches.<sup>485</sup> However, it is always possible to do better and Iceland's policy goal is to stay in the forefront in the fight against pollution of the oceans.

Climate change caused by human activity requires that the countries of the world make use of climate-friendly technology, environmental safety standards, and more ecologically

---

<sup>480</sup> Utanríkisráðuneytið (Ministry for Foreign Affairs), *Ísland á norðurslóðum* (Iceland in Arctic), (Reykjavík: Utanríkisráðuneytið, April 2009), 8. at [http://formennska2009.forsaetisraduneyti.is/media/Formennska2009/Skyrslan\\_Island\\_a\\_nordurslodum.pdf](http://formennska2009.forsaetisraduneyti.is/media/Formennska2009/Skyrslan_Island_a_nordurslodum.pdf) (accessed 4.7.2014)

<sup>481</sup> Ibid., 34.

<sup>482</sup> Ibid., 35

<sup>483</sup> Ibid., p. 36

<sup>484</sup> Umhverfissráðuneytið (Ministry for the Environment and Natural Resources), *Hafið* (Ocean), (Reykjavík: Stefnumótun Íslenskra Stjórnvalda (Icelandic Government Policy), 2004), 28-30. at [http://www.umhverfisraduneyti.is/media/PDF\\_skrar/Hafid\\_LOW1.pdf](http://www.umhverfisraduneyti.is/media/PDF_skrar/Hafid_LOW1.pdf) (accessed 8.7.2014)

<sup>485</sup> Umhverfisstofnun (The Environment Agency of Iceland), *Haf og Vatn* (The Ocean and The Water), „Mengun Hafs og Stranda“ (Pollution of the Sea), Umhverfisstofnun. at <http://ust.is/?Pageld=c6244e4b-fb11-43af-a209-93f2b343245d> (accessed 8.7.2014).

sustainable management of the remaining natural resources. Iceland has significant experience and expertise in the field of climate-friendly technology, which can be communicated to other countries. This applies especially in the field of the geothermal energy; research projects on the reduction of petroleum use for shipping fleets and vehicles; and the implementation of new climate-friendly technology such as that relating to hydrogen and other climate-friendly fuels. Icelanders can contribute more to the international campaign against climate change through the exportation of such expertise and technology than through any other means.<sup>486</sup> There are great possibilities for scientific research related to climate change in Iceland, whether in the form of monitoring — for example, of changes in glaciers and ocean or in promotion of researches on the carbon sequestration from the atmosphere in soil.<sup>487</sup>

#### 4.4.2.5. Icelandic environmental policy

The mackerel dispute aside, issues in the field of environmental and climate policy have not figured largely in arguments for and against Iceland's EU membership. This is not a field where Iceland would either expect great benefits or have major problems of adaptation, since national environmental standards and climate-related policies are already largely compatible. A great part of Icelandic environmental law and regulation is in line with the EU by virtue of EEA legislation. In the Environment chapter of the Commission's Screening Report for Iceland in 2011, it was stated that there would not be difficulties with implementation of the EU *acquis* in general, but that certain issues of nature protection would require specific attention in negotiations – namely commercial whale hunting, and the hunting of some other species (seals, seabirds) that are protected under international law and the *EU acquis*.<sup>488</sup> The latest report from the Commission in 2012 stated similarly that Iceland's policy was to a large extent in line with the *acquis* and that there had been further progress.<sup>489</sup>

<sup>486</sup> Umhverfissráðuneytið (Ministry for the Environment and Natural Resources), *Stefnumörkun í loftslagsmálum* (Strategic targets on climate change), (Reykjavík: Umhverfissráðuneytið, February 2007), 18. at [http://www.umhverfissraduneyti.is/media/PDF\\_skrar/Stefnumorkun\\_i\\_loftslagsmalum.pdf](http://www.umhverfissraduneyti.is/media/PDF_skrar/Stefnumorkun_i_loftslagsmalum.pdf) (accessed 7.7.2014)

<sup>487</sup> Althingi (Icelandic Parliament), *Skýrsla Gunnars Braga Sveinssonar utanríkisráðherra um utanríkis- og alþjóðamál* (Report from Minister of Foreign Affairs Gunnar Bragi Sveinsson Secretary of State about Foreign and International Affairs of Iceland), (Reykjavík: Althingi, March 2014), 66. at <http://www.althingi.is/altext/143/s/pdf/0757.pdf> (accessed 7.7.2014)

<sup>488</sup> European Commission, Enlargement, *Screening report Iceland Chapter 27 – Environment*, (Brussels: European Commission, 25.10.2011), 6, 11. At [http://ec.europa.eu/enlargement/pdf/iceland/key-documents/screening\\_report\\_27\\_is\\_internet\\_en.pdf](http://ec.europa.eu/enlargement/pdf/iceland/key-documents/screening_report_27_is_internet_en.pdf) (accessed 28.7.2014).

<sup>489</sup> European Commission, *Iceland 2012 Progress Report*, (Brussels : European Commission, 10.10.2012), 38. at [http://ec.europa.eu/enlargement/pdf/key\\_documents/2012/package/is\\_rapport\\_2012\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2012/package/is_rapport_2012_en.pdf) (accessed 28.7.2014)

For some other Nordic states, there has been concern that accepting EU environmental standards could mean actually weakening national ones. In Iceland the issue is less clear-cut because of a strongly divided internal opinion on the balance between environmental protection, natural resource conservation and economic development. There is an ongoing debate about whether to allow and legally facilitate foreign investments in large industrial plants, energy resource exploitation and the tourism sector when this comes at the expense of untouched nature and/or could mean local increases in emissions. The last government (2009-13) introduced stricter standards of environmental protection, and was willing to uphold these even at the expense of the potential benefits in terms of investment and employment for the economic recovery that Iceland needed at the time. A good example was the data centre project, when companies set up by Verne Holdings planned to build a data centre at the former army base in Keflavík in Iceland. The investors pulled out because the former government was not ready to drop the value added tax (VAT) on computer servers of foreign companies stationed in Iceland<sup>490</sup> – a tax that was also contrary to EU legislation on the free movement of capital, service and people, applying in Iceland through the EEA agreement.<sup>491</sup> Later, the taxation law was changed to accord with EU standards,<sup>492</sup> and these companies were excused from paying VAT on their servers used in data centre. The current government's policy is less strict on environmental protection when there is a chance of promoting industrial investment and energy resource exploitation projects, as mentioned above. Similar internal policy differences can be seen in the tourism sector, where the issue is whether to keep importing tourists to the country and benefit from them, or restrict the tourist flow with higher prices for services and/or new taxes, thus defining Iceland as a rather expensive destination with high quality service and a limited number of guests.<sup>493</sup> The question is whether Iceland could afford this “luxury” kind of tourism in present

---

<sup>490</sup> Iceland Review on line, „IBM pulls out of Data Center Project“, 8.9.2010. at

<http://icelandreview.com/news/2010/09/08/ibm-pulls-out-data-center-project> (accessed 28.7.2014)

<sup>491</sup> Morgunbladið (Icelandic Newspaper), „Seinagangur fælir fjárfesta frá“, 8.9.2010, at

[http://www.mbl.is/frettir/taekni/2010/09/08/seinagangur\\_faelir\\_fjarfesta\\_fra/](http://www.mbl.is/frettir/taekni/2010/09/08/seinagangur_faelir_fjarfesta_fra/) (accessed 28.7.2014).

<sup>492</sup> Lög nr.50/1998, um virðisaukaskatt, með síðari breytingum 28. Desember 2010 (The Law No. 50/1998 about the VAT with subsequent amendments), Þingskjal 659 (Parliamentary Document) 659, Löggjafarþing (The Congress) 208, Lög (The Law) nr. 163, 28.12.2010, Vefútgáfa (Published on Web), Article 12. at <http://www.althingi.is/altext/stjt/2010.163.html> (accessed 28.7.2014).

<sup>493</sup> Heimir Már Pétursson, „Brýnt að marka stefnu varðandi fjölda ferðamanna“ (Urgency to establish a policy regarding the number of tourists), Vísir (Icelandic newspaper), 14.7.2014, at <http://www.visir.is/brynt-ad-marka-stefnu-varðandi-fjolda-ferdamanna/article/2014140719539> (accessed 10.8.2014).

circumstances. Being in the EU would not itself materially change conditions for tourism since Iceland already participates in the Schengen system.

#### 4.4.2.6. In relationship with the European Union

By joining the EU Iceland would most obviously lose the economic benefits of whale, seal and bird hunting and marketing, but these are very small compared with the cultural and political importance attached to continuing such activities. If Icelandic environmental standards were clearly pegged to those of the EU, preventing future moves to tighten them nationally, this could improve the longer-term climate for foreign investments. More generally, Iceland might find itself in a competitive position to exploit its good image and technological knowhow in areas such as green renewable energy and sustainable fisheries. Icelandic influence might lead the EU to raise its own standards in some fields of environmental policy and protection, especially in relation to fisheries, renewable energy, and Arctic policy more generally.

#### 4.4.3. Croatia

As a country with distinct geographic and biological diversity, the general aim of the Republic of Croatia is to protect and preserve its natural environment as a fundamental condition for further development. Key priorities are to encourage greater awareness of the importance of the environment and universal participation in its preservation; to preserve and improve the quality of water, sea, air and soil; to maintain the existing biodiversity; to protect natural resources, and the integrity of areas with special features, especially in sensitive zones for example of the sea, islands, and mountains.<sup>494</sup>

The protection of nature and environment is also among the highest constitutional values, and the right to a healthy environment is guaranteed by the Constitution.<sup>495</sup> The national environmental strategy establishes main aims and guidelines for long-term environmental

---

<sup>494</sup> Hrvatski Sabor (Croatian Parliament), *Nacionalna Strategija Zastite Okolisa* (National Environmental Strategy), (Zagreb: Hrvatski Sabor, 25.01.2002), at <http://narodne-novine.nn.hr/clanci/sluzbeni/308683.html> (accessed 3.8.2014)

<sup>495</sup> Narodne Novine (Official Journal), *Ustav Republike Hrvatske* (The Constitution of the Republic of Croatia), (Zagreb: Narodne Novine, 25.4.2001), article 3 and 52. at <http://narodne-novine.nn.hr/clanci/sluzbeni/232289.html> (accessed 6.8.2014)

protection in accord with current conditions and international obligations.<sup>496</sup> The strategic plan for environmental protection sets targets primarily aimed at comprehensively countering environmental pollution, and at establishing a system of experts for inspection, monitoring and reporting on environment protection.<sup>497</sup> Despite all such environmental legislation, however, during Croatia's EU membership negotiations the environmental chapter was among the most complicated because of the very low ecological standards compared to the EU, and a polluted environment that had been neglected for years.<sup>498</sup>

Croatia supports all the efforts of international community to mitigate climate change. It intends to be internationally active in creating policies and measures to mitigate climate change, and to fulfil related commitments in an effective manner in order to win the EU's acknowledgment and recognition as a country that knows the value of preserving ecological habitats and natural habitats.<sup>499</sup> As an EU Member state, Croatia constantly informs the European Environmental Agency (EEA) on environmental protection matters through the Environmental Information System (EIS) established in Croatia.<sup>500</sup>

With EU membership, Croatia was obliged to assume all necessary commitments related to achieving the objectives of EU environmental and climate change policies, according to the principle of distribution of commitments among member states and bearing in mind that Croatia is also a country with low GDP.<sup>501</sup> Achieving high environmental standards is quite

---

<sup>496</sup> Ministarstvo zaštite okoliša i prirode (The Ministry of Environment and Nature Protection), *Strateski plan ministarstva okoliša i prirode za razdoblje 2013-2015* (*The strategic plan of the Ministry of Environment and Nature for the period 2013-2015*), (Zagreb: Ministarstvo zaštite okoliša i prirode, May 2012), 3. at [www.mzoip.hr/doc/Ustrojstvo/Strateski\\_plan\\_2013-2015.pdf](http://www.mzoip.hr/doc/Ustrojstvo/Strateski_plan_2013-2015.pdf) (accessed 6.8.2014)

<sup>497</sup> Ibid.,

<sup>498</sup> Sanja Tisma, Visnja Samardžija and Kresimir Jurlin, *Hrvatska i Europska Unija Prednosti i izazovi članstva* (Croatia and the European Union- Benefits and challenges of the membership), (Zagreb: Institut za međunarodne odnose u suradnji s Delegacijom Europske unije u Republici Hrvatskoj, (The Institute for International Relations in cooperation with the Delegation of the EU in Republic of Croatia), 2012), 172. at [http://ec.europa.eu/croatia/services/publications/2012/2012\\_croatia-eu\\_challenges\\_hr.pdf](http://ec.europa.eu/croatia/services/publications/2012/2012_croatia-eu_challenges_hr.pdf) (accessed 28.01.2014).

<sup>499</sup> Ministarstvo gospodarstva rada i poduzetništva (Ministry of Economy Labour and Entrepreneurship), *Strategija Energetskog razvoja Republike Hrvatske* (Energy Strategy of the Republic of Croatia), (Zagreb: Ministarstvo gospodarstva rada i poduzetništva, June 2009), 6. at <http://www.mingo.hr/userdocsimages/White%20Paper%20Energy%20Strategy%20of%20the%20Republic%20of%20Croatia.pdf> (accessed 26.7.2014)

<sup>500</sup> <sup>500</sup> Ministarstvo zaštite okoliša i prirode (The Ministry of Environment and Nature Protection), *Strateski plan ministarstva okoliša i prirode za razdoblje 2013-2015* (*The strategic plan of the Ministry of Environment and Nature for the period 2013-2015*), (Zagreb: Ministarstvo zaštite okoliša i prirode, May 2012), 13. at [www.mzoip.hr/doc/Ustrojstvo/Strateski\\_plan\\_2013-2015.pdf](http://www.mzoip.hr/doc/Ustrojstvo/Strateski_plan_2013-2015.pdf) (accessed 2.8.2014)

<sup>501</sup> Ministarstvo gospodarstva rada i poduzetništva (Ministry of Economy Labour and Entrepreneurship), *Strategija Energetskog razvoja Republike Hrvatske* (Energy Strategy of the Republic of Croatia), (Zagreb: Ministarstvo gospodarstva rada i poduzetništva, June 2009), 9. at <http://www.mingo.hr/userdocsimages/White%20Paper%20Energy%20Strategy%20of%20the%20Republic%20of%20Croatia.pdf> (accessed 26.7.2014)

expensive and the world economic recession poses additional problems for Croatia in achieving high standards of environmental protection.

#### 4.4.3.1. Greenhouse gases (GHG)

Compared with other European countries, as well with other developed countries in the world, Croatia has relatively low greenhouse gas emissions. Croatia ratified the Kyoto Protocol<sup>502</sup> and thereby made a commitment to decrease the emission of greenhouse gases by 5% in the period 2008-2012 compared with levels in the base year (1990). In 2006, greenhouse gas emissions were at the level of 30.6 million tons of CO<sub>2</sub> which was 2.4% less than in 1990.<sup>503</sup> Due to the economic recovery in the period 1996-2003, greenhouse gas emissions increased by an annual average of 3.6% especially from road transport.<sup>504</sup> The aim now is to reduce emissions from this sector through development of sustainable transport, technological development and application of CO<sub>2</sub>-neutral fuels. Development of renewable energy sources will decrease greenhouse gas emissions, but also increase the security of supply by using local energy sources.<sup>505</sup> As explored in detail in the previous chapter, the general aim in the energy and transport sectors is a more effective use of energy, through research into and use of renewable energy sources and energy sources that do not produce greenhouse gases. Energy policy measures are forecast to reduce liquid fuel consumption in the residential and commercial/institutional sectors from their proportional energy share of 17.1% in 2006 to a minimum of 1.7% in 2020. Cleaner fuels and energy without 'local' emissions, electricity, steam and hot water are planned to cover 98%, in total, of energy needs in the residential and commercial/institutional sectors in 2020.<sup>506</sup>

---

<sup>502</sup> United Nations, *Kyoto Protocol to the United Nations Framework Convention on Climate Change- Doha Amendment to the Kyoto Protocol*, (Doha: United Nations, 8. 12. 2012) at [http://unfccc.int/kyoto\\_protocol/doha\\_amendment/items/7362.php](http://unfccc.int/kyoto_protocol/doha_amendment/items/7362.php)

<sup>503</sup> Ministarstvo gospodarstva rada i poduzetnistva (Ministry of Economy Labour and Entrepreneurship), *Strategija Energetskog razvoja Republike Hrvatske* (Energy Strategy of the Republic of Croatia), (Zagreb: Ministarstvo gospodarstva rada i poduzetnistva, June 2009), 92. at <http://www.mingo.hr/userdocsimages/White%20Paper%20Energy%20Staregy%20of%20the%20Republic%20of%20Croatia.pdf> (accessed 26.7.2014)

<sup>504</sup> Ibid., 9.

<sup>505</sup> Ibid., 9.

<sup>506</sup> Ministarstvo gospodarstva rada i poduzetnistva (Ministry of Economy Labour and Entrepreneurship), *Strategija Energetskog razvoja Republike Hrvatske* (Energy Strategy of the Republic of Croatia), (Zagreb: Ministarstvo gospodarstva rada i poduzetnistva, June 2009), 89. at <http://www.mingo.hr/userdocsimages/White%20Paper%20Energy%20Staregy%20of%20the%20Republic%20of%20Croatia.pdf> (accessed 26.7.2014)



Among all the recognized options, however, the use of nuclear power is the measure with the greatest potential for decreasing greenhouse gas emissions. Without increased use of nuclear power, the targets aiming at a significant decrease in greenhouse gas emissions could not be achieved.<sup>507</sup> But the growth of nuclear power plants is not welcomed by the general public in Croatia. Public disputes are related to the environmental impact, especially with regard to decommissioning and radioactive waste disposal. The problem of deciding a location and constructing new power generation facilities is also linked to the acceptability of these stations to the domestic community. The question is whether these problems can be overcome so as to achieve the greater use of nuclear power. Scientists advise that the nuclear option provides competitive and stable electricity prices and less dependence on energy imports; it meets the Kyoto Protocol's demands; and also delivers a positive impact on employment and the economy.<sup>508</sup> By becoming an EU Member State, Croatia will get additional support for strategic development in this field, boosting investments that reduce greenhouse gas emissions, creating new employment opportunities, and encouraging local economic development.

#### 4.4.3.2. Waste management

Waste management is the biggest issue of environmental protection in the Republic of Croatia, where the largest gap (organizational and financial) exists vis-a-vis EU standards. This is primarily because of inadequate control of waste and efforts at waste reduction, inadequate "wild" waste disposal, and low recycling possibilities.<sup>509</sup> Most waste comes from the agriculture and forestry sector (around 53%), then from construction waste (20%) and from industry and mining (12%).<sup>510</sup> Thousands of sites are potentially contaminated by waste (with no record of how many there really are), while many other problems of waste disposal are related to illegal dumps of municipal waste, numbering around 3000 (299 of them are now

---

<sup>507</sup> Ibid., 43.

<sup>508</sup> Dragan Grdic, „Nuklearka jamči energetska neovisnost“ (The nuclear plants guarantees the energy independence), Poslovni dnevnik (Business Journal), 20.4.2010. at <http://www.poslovni.hr/domace-kompanije/nuklearka-jamci-energetska-neovisnost-145482> (accessed 5.8.2014)

<sup>509</sup> Hrvatski Sabor (Croatian Parliament), „Waste“, in *Nacionalna Strategija Zastite Okolisa* (The National Environmental Strategy), (Zagreb: Hrvatski Sabor, 25.01.2002) at <http://narodne-novine.nn.hr/clanci/sluzbeni/308683.html> (accessed 3.8.2014)

<sup>510</sup> Ministarstvo zaštite okoliša i prirode (The Ministry of Environment and Nature Protection), *Strateski plan ministarstva okoliša i prirode za razdoblje 2013-2015* (The strategic plan of the Ministry of Environment and Nature for the period 2013-2015), (Zagreb: Ministarstvo zaštite okoliša i prirode, May 2012), 10. at [www.mzoi.hr/doc/Ustrojstvo/Strateski\\_plan\\_2013-2015.pdf](http://www.mzoi.hr/doc/Ustrojstvo/Strateski_plan_2013-2015.pdf) (accessed 6.8.2014)



in remediation).<sup>511</sup> With increased industrial activity, Croatia also faces hazardous industrial waste landfills, waste from mineral extraction sites and areas where there are military stockpiles. The sad fact is that hazardous waste has been disposed of in natural locations of great sensitivity, and there is no proper landfill for hazardous waste.<sup>512</sup>

Currently, the hazardous waste disposal regulation is one area of Croatian waste management that is subject to a transitional period for adjustment to EU standards (see also below).

According to the first national report on climate change, garbage dumps contribute around 20% to the nation's greenhouse gas emissions.<sup>513</sup> A fundamental condition for solving the waste problem is the classification of the waste by its source and its recycling. The recycling of waste would be the best solution because this is a way to create more jobs. Other solutions like waste incineration need special equipment and a location which is hard to find with full social acceptance. Overall, waste is a constantly growing problem and the waste management system and infrastructure for its proper disposal does not functioning completely according to EU standards. The current state of regulation and legislation is one of the basic problems, because legislation – including provisions on fines – is poorly implemented and only partially or inadequately applied.<sup>514</sup>

As just mentioned, since Croatia was unable fully to implement EU environmental directives at the time of accession, it was allowed a transitional period of adjustment for improving waste management. Croatia is supposed to ensure a gradual reduction of the amount of biodegradable municipal waste going to garbage dumps. In the transitional period, up to 31 December 2020, Croatia will reduce municipal waste disposal to 35% of the total amount (by weight) of biodegradable municipal waste produced in 1997.<sup>515</sup> Industrial plants will need to fulfil the conditions of an integrated environmental model and obtain so-called environmental

---

<sup>511</sup> Hrvatski Sabor (Croatian Parliament), *Strategija gospodarenja otpadom Republike Hrvatske* (The Strategy of Waste Management of the Republic of Croatia), (Zagreb: Hrvatski Sabor, 14.10.2005). at <http://narodne-novine.nn.hr/clanci/sluzbeni/289920.html> (accessed 5.8.2014)

<sup>512</sup> Ibid.,

<sup>513</sup> Hrvatski Sabor (Croatian Parliament), "Waste", in *Nacionalna Strategija Zastite Okolisa* (The National Environmental Strategy), (Zagreb: Hrvatski Sabor, 25.01.2002). at <http://narodne-novine.nn.hr/clanci/sluzbeni/308683.html> (accessed 3.8.2014)

<sup>514</sup> Hrvatski Sabor (Croatian Parliament), *Strategija gospodarenja otpadom Republike Hrvatske* (The Strategy of Waste Management of the Republic of Croatia), (Zagreb: Hrvatski Sabor, 14.10.2005) at <http://narodne-novine.nn.hr/clanci/sluzbeni/289920.html> (accessed 5.8.2014)

<sup>515</sup> Ministarstvo vanjskih i Europskih poslova (Ministry of Foreign and European Affairs), *Ugovor o pristupanju Republike Hrvatske Europskoj Uniji* (The Treaty Concerning the Accession of the Republic of Croatia to the European Union), (Zagreb: Ministarstvo vanjskih i Europskih poslova, 1.7.2013), 41. at [http://www.mvep.hr/custompages/static/hrv/files/120522\\_Ugovor\\_o\\_pristupanju.pdf](http://www.mvep.hr/custompages/static/hrv/files/120522_Ugovor_o_pristupanju.pdf) (accessed 29.7.2014)

permits, which will be issued individually - according to the terms agreed for each industrial plant - at least until the year 2018.<sup>516</sup>

In 2005 Croatia's Waste Management Strategy was adopted, according to which 21 regional waste management centres will be built by 2025. The waste strategy sets the legal framework for the management of different types of waste in Croatia, from its inception to its final disposal, with the primary objectives of achieving and preserving an integrated waste management system compliant with EU standards and requirements, while avoiding or reducing the formation of waste and its adverse impact on human health, the environment and climate.<sup>517</sup>

Waste disposal and its management has become such a major problem in Croatia because of the lack of harmony among social groups. Actors such as government bodies, local authorities, businessmen, scientists, experts, associations, political parties, and so on show an interest in solving problems only when they are directly threatened or for some other reasons related to their own concerns. Efforts to solve the problem of waste management and sustainable development thus almost always cause conflicts because of the different, often conflicting interests of these groups and entities. Such conflicts arise when there is a need to locate either buildings or waste management facilities, and even when the task is to repair existing uncontrolled dumps. The causes include mistrust, lack of knowledge and awareness about the danger of waste for the environment and the health of all; but also a lack of public participation in decision-making processes on these issues, and of a unified and transparent method of compensation for reduced property values in areas where waste disposals are located.<sup>518</sup>

#### 4.4.3.3. The Adriatic Sea

Of the total 87,661 square kilometres of Croatian territory, 56,594 square km consist of land and 31,067 square km represent the Adriatic Sea.<sup>519</sup> The Adriatic Sea is a specific sub-region

---

<sup>516</sup> Ibid., 44

<sup>517</sup> Hrvatski Sabor (Croatian Parliament), "Water Management and Protection", in *Nacionalna Strategija Zastite Okolisa* (The National Environmental Strategy), (Zagreb: Hrvatski Sabor, 25.01.2002). at <http://narodne-novine.nn.hr/clanci/sluzbeni/289920.html> (accessed 5.8.2014)

<sup>518</sup> Hrvatski Sabor (Croatian Parliament), "Water Management and Protection", in *Nacionalna Strategija Zastite Okolisa* (The National Environmental Strategy), (Zagreb: Hrvatski Sabor, 25.01.2002). at <http://narodne-novine.nn.hr/clanci/sluzbeni/289920.html> (accessed 5.8.2014)

<sup>519</sup> Hrvatski Sabor (Croatian Parliament), "Natural Habitats", in *Strategija održivog razvitka Republike Hrvatske* (The Strategy of the sustainable development of the Republic of Croatia), (Zagreb: Hrvatski Sabor, 20.02.2009) at [http://narodne-novine.nn.hr/clanci/sluzbeni/2009\\_03\\_30\\_658.html](http://narodne-novine.nn.hr/clanci/sluzbeni/2009_03_30_658.html) (accessed 30.7.2014)

within the Mediterranean thanks to its characteristics of rich natural biota, purity, transparency and fine landscapes. Coastal areas are also characterized by a high degree of biodiversity, including numerous endemic species, especially sensitive habitats and ecosystems.<sup>520</sup> A protected and healthy sea is essential for Croatia's healthy environment, and also for its economic development in a large variety of branches such as tourism and nautical tourism, maritime transport and some economic activities related to fishing.<sup>521</sup> The major environmental problems threatening the sustainable development of the Adriatic are the pollution of the sea with waste water (reflecting the lack of equipment for purification of urban and industrial wastes), then accidental and operational pollution from marine objects, accidents in the marine transport of oil and oil products, and excessive construction in the coastal area.<sup>522</sup> Unlike Iceland, the Croatian fishery sector is weak: the Adriatic Sea is fished, but Croatia needs to maintain the cleanness of the sea and its biological diversity mainly because of the tourism and nautical tourism sector, for which it is famous and on which it depends economically. The Republic of Croatia is increasingly being promoted as a powerful and important tourist destination. Tourism is a major driver of economic activity in the coastal area, with a steady growth of approximately 3% in the number of tourists per year, which creates great environmental pressure on the coastal area during the tourist season.<sup>523</sup> Croatian islands include almost all the islands of the eastern Adriatic coast and its central part, making it the country with the second largest archipelago in the whole Mediterranean. Islands cover 3,259 sq km, or 5.8% of Croatian territory and significantly contribute to increasing the area of the territorial sea.<sup>524</sup> The development of nautical tourism in certain coastal and island communities has a number of positive economic impacts: additional income for the local population, increased employment opportunities, a general increase in standards, and a reduction in emigration.<sup>525</sup> The protection of the marine environment must be a priority,

---

<sup>520</sup> Ibid.,

<sup>521</sup> Hrvatski Sabor (Croatian Parliament), "The Sea, Coastal area and Islands", in *Strategija održivog razvitka Republike Hrvatske* (The Strategy of the sustainable development of the Republic of Croatia), (Zagreb: Hrvatski Sabor, 20.02.2009) at [http://narodne-novine.nn.hr/clanci/sluzbeni/2009\\_03\\_30\\_658.html](http://narodne-novine.nn.hr/clanci/sluzbeni/2009_03_30_658.html) (accessed 30.7.2014)

<sup>522</sup> Ibid.,

<sup>523</sup> Institut za turizam (The Institute for tourism), "Hrvatski turizam u brojkama" (Croatian Tourism in Numbers), Vol. 7, issue 4, (2013): 4. at <http://www.iztg.hr/UserFiles/file/institut/Hrvatski-turizam-u-brojkama-2013-Broj-04.pdf> (accessed 7.8.2014)

<sup>524</sup> Ministarstvo zaštite okoliša i prirode (The Ministry of Environment and Nature Protection), *Strateski plan ministarstva okoliša i prirode za razdoblje 2013-2015* (The strategic plan of the Ministry of Environment and Nature for the period 2013-2015), (Zagreb: Ministarstvo zaštite okoliša i prirode, May 2012), 3. at [www.mzoip.hr/doc/Ustrojstvo/Strateski\\_plan\\_2013-2015.pdf](http://www.mzoip.hr/doc/Ustrojstvo/Strateski_plan_2013-2015.pdf) (accessed 6.8.2014)

<sup>525</sup> Hrvatski Sabor (Croatian Parliament), "The Protection of the Adriatic Sea, Coastal area and Islands", in *Strategija održivog razvitka Republike Hrvatske* (The Strategy of the sustainable development of the Republic

because preserving the natural environment is a prerequisite for the future development of tourism and the balancing of economic and social interests.

#### 4.4.3.4. The Water

Croatia is the 5<sup>th</sup> richest country in Europe in terms of water supplies.<sup>526</sup> About 60% of this water wealth is "produced" in Croatia and 40% involves external contributions from neighbouring countries.<sup>527</sup> Underground water is mostly used for the purpose of public water supply in the Republic of Croatia, accounting for 90% of the total water supply, while the remaining 10% comes from surface water.<sup>528</sup> Most of the river basins, including subterranean waters, have a largely cross-border character. Therefore, all activities aiming at water quality protection and the water regulation regime in general, have related consequences for the neighbour countries. The main problem is water pollution caused by extensive agricultural production including the use of many herbicides, plus the large urban conglomeration and poor quality of municipal waste management. To this can be added unexpected situations such as natural disasters, as happened recently with the great floods of summer 2014. In Croatia's environmental protection strategy aims are laid out for preserving water quality, preventing its pollution, improving the level of coverage of the water supply, improving the quality of waste water and sewage network availability, improving flood defences, and strengthening the protection of sensitive aquatic and terrestrial ecosystems that depend on water as well as of marine and coastal ecosystems.<sup>529</sup> Many of these aims, however, are still limited to the letter of legislation. A great deal still remains to be achieved in practice to reach compliance with EU standards, and to protect and maintain the richness of water supply that Croatia possesses, especially as regards an improved drainage system and flood protection in

---

of Croatia), (Zagreb: Hrvatski Sabor, 20.02.2009). at [http://narodne-novine.nn.hr/clanci/sluzbeni/2009\\_03\\_30\\_658.html](http://narodne-novine.nn.hr/clanci/sluzbeni/2009_03_30_658.html) (accessed 30.7.2014)

<sup>526</sup> Hrvatske vode (Croatian waters), *Strategija upravljanja vodama* (The Water Management Strategy), (Zagreb: Hrvatske Vode, March 2009), 1 at

[file:///C:/Users/Cile%20i%20Dada/Downloads/STRATEGIJA\\_UPRAVLJANJA\\_VODAMA.pdf](file:///C:/Users/Cile%20i%20Dada/Downloads/STRATEGIJA_UPRAVLJANJA_VODAMA.pdf) (accessed 16.8.2014).

<sup>527</sup> Hrvatski Sabor (Croatian Parliament), "Water Management and Protection", in *Nacionalna Strategija Zastite Okolisa* (The National Environmental Strategy), (Zagreb: Hrvatski Sabor, 25.01.2002) at <http://narodne-novine.nn.hr/clanci/sluzbeni/308683.html> (accessed 3.8.2014)

<sup>528</sup> The United Nations Development Programme (UNDP), *Progress towards the Achievement of the Millennium Development Goals in the Republic of Croatia*, editor Helena Gorancic-Lazetic, (Zagreb: The United Nations Development Programme (UNDP), 2006), 78 at

[http://planipolis.iiep.unesco.org/upload/Croatia/Croatia\\_MDG\\_Progress-Report\\_2006.pdf](http://planipolis.iiep.unesco.org/upload/Croatia/Croatia_MDG_Progress-Report_2006.pdf) (accessed 8.8.2014)

<sup>529</sup> Hrvatski Sabor (Croatian Parliament), "Water Management and Protection", in *Nacionalna Strategija Zastite Okolisa* (The National Environmental Strategy), (Zagreb: Hrvatski Sabor, 25.01.2002) at <http://narodne-novine.nn.hr/clanci/sluzbeni/308683.html> (accessed 3.8.2014)

urban areas near rivers, controlled waste and sewage network management, and so forth. It is expected that the EU membership will help and support the achievement of these aims.

#### 4.4.3.5. Natural habitats

According to the Protected Areas Register of the Ministry of Environmental and Nature Protection, a total of 419 areas in Croatia have been protected, constituting 6756 square km or 7.71% of the nation's territory.<sup>530</sup> The total number of known species in Croatia is approximately 37,000, of which 1,136 are endemic.<sup>531</sup> This places Croatia among the richer countries in terms of natural biological diversity. To preserve this natural richness it is necessary to take various measures for protecting natural habitats and sensitive areas, primarily by registration and location mapping of all species of animals and plants with a view to their protection, but also by de-mining measures. The existence of mine-suspected areas in Croatia is a consequence of the war in the 1990s and involves a total area of around 1,044 km<sup>2</sup>, though now decreasing.<sup>532</sup>

#### 4.4.3.6. The EU and environment in Croatia

In the national environmental strategy for environmental protection, it is emphasized that EU membership is a basic prerequisite for sustainable development - meaning a balance in economic and social growth combined with environmental protection.<sup>533</sup> Sustainable development is the one solution that can meet the needs of today's generation without damaging the needs of coming generations.

Croatian membership in the EU will enable many improvements in environmental protection due to enhanced environmental standards and modern infrastructure systems for waste

---

<sup>530</sup> State Institute for Nature Protection, Protected Areas, "Protected Areas in Croatia- national categories", State Institute for Nature Protection. at <http://www.dzrp.hr/eng/protected-areas/protected-areas-in-croatia/protected-areas-in-croatia-%E2%80%93-national-categories-1137.html> (accessed 6.8.2014).

<sup>531</sup> Ministarstvo zaštite okoliša i prirode (The Ministry of Environment and Nature Protection), *Strateski plan ministarstva okoliša i prirode za razdoblje 2013-2015 (The strategic plan of the Ministry of Environment and Nature for the period 2013-2015)*, (Zagreb: Ministarstvo zaštite okoliša i prirode, May 2012), 24. at [www.mzoi.hr/doc/Ustrojstvo/Strateski\\_plan\\_2013-2015.pdf](http://www.mzoi.hr/doc/Ustrojstvo/Strateski_plan_2013-2015.pdf) (accessed 6.8.2014)

<sup>532</sup> Hrvatski Sabor (Croatian Parliament), "Natural Habitats", in *Strategija održivog razvitka Republike Hrvatske* (The Strategy of the sustainable development of the Republic of Croatia), (Zagreb: Hrvatski Sabor, 20.02.2009). at [http://narodne-novine.nn.hr/clanci/sluzbeni/2009\\_03\\_30\\_658.html](http://narodne-novine.nn.hr/clanci/sluzbeni/2009_03_30_658.html) (accessed 30.7.2014)

<sup>533</sup> Hrvatski Sabor (Croatian Parliament), "Vision", in *Nacionalna Strategija Zaštite Okoliša* (The National Environmental Strategy), (Zagreb: Hrvatski Sabor, 25.01.2002) at <http://narodne-novine.nn.hr/clanci/sluzbeni/308683.html> (accessed 3.8.2014)

management, water and air protection, and so forth. The EU supports the renewal of existing garbage dumps while creating new facilities for waste management on a regional and local level. EU membership also provides support for modern water supply systems and the construction of waste-water treatment plants, of which around two hundred should be functioning by the year 2020.<sup>534</sup> Better control of industrial pollution will be established with generally improved management of pollution risks. EU membership will also help Croatia to implement more easily the terms of international conventions on climate change and environment protection, and to integrate them in all sectors of life. Increased environmental awareness and development of special expertise will result in new business opportunities in every economic sector.

By becoming a Member State, Croatia has already had to improve many of its environmental standards, for example regarding solutions for waste problems, protection of drinking water sources, the protection of the Adriatic Sea and protection of natural habitats; but much remains to be improved to achieve all EU standards. Croatia must fulfil the timetable of its transitional period, as mentioned above, for approaching many EU norms especially as regards rehabilitation and improvement of waste management.<sup>535</sup> With regard to the *acquis* on climate change, Croatia needs to identify relevant installations, prepare technical and economic guidelines for individual sectors, set up effective monitoring mechanisms, establish a register of emission permits and improve the existing inventory of greenhouse gas emissions.<sup>536</sup>

The costs of all this adjustment to the requirements of the EU's environmental *acquis*, and of building the necessary infrastructure, are high and represent the biggest problem for Croatia. In this context Croatia needs to commit adequate financial resources and also ensure coherence between the available financial resources and the timetable for legislative alignment.<sup>537</sup> The implementation of EU environmental directives for the most endangered

---

<sup>534</sup> Sanja Tisma, Visnja Samardzija and Kresimir Jurlin, *Hrvatska i Europska Unija Prednosti i izazovi clanstva* (Croatia and the European Union- Benefits and challenges of the membership), (Zagreb: Institut za medjunarodne odnose u suradnji s Delegacijom Europske unije u Republici Hrvatskoj, (The Institute for International Relations in cooperation with the Delegation of the EU in Republic of Croatia), 2012), 151. at [http://ec.europa.eu/croatia/services/publications/2012/2012\\_croatia-eu\\_challenges\\_hr.pdf](http://ec.europa.eu/croatia/services/publications/2012/2012_croatia-eu_challenges_hr.pdf) (accessed 28.01.2014).

<sup>535</sup> Ministarstvo zaštite okoliša i prirode (The Ministry of Environment and Nature Protection), *Screening Report Croatia-Chapter 27 Environment*, (Zagreb: Ministarstvo zaštite okoliša i prirode, 1.2.2007), 22. at [http://www.mzoip.hr/doc/EI/Screening\\_report\\_2007.pdf](http://www.mzoip.hr/doc/EI/Screening_report_2007.pdf) (accessed 3.8.2014).

<sup>536</sup> Ibid., 21.

<sup>537</sup> Ibid., 20.

sectors - waste, water and air - will demand an investment of about 10 billion Euros over the next ten years.<sup>538</sup> A major effort will also be needed at the stage of implementation, which will require not only large-scale investments (notably related to establishment of waste management centres), but the further strengthening of administrative capacity at national, regional and local levels.

The question is whether Croatia will be able to accomplish these tasks, considering the ongoing economic crisis, the social disharmony that has affected decision-making, and the underlying problems of environmental awareness. The prospects are especially uncertain when it is noted that Croatia must put together the necessary financial resources by itself. Some investments will be financed by the loan of European and world financial institutions, but also through foreign direct investment. One possible financial source in the future which should not be overlooked is a price increase for utility services. It is expected that with the growth of environmental awareness and better education in this area, new economic opportunities and employment possibilities will arise that will generate greater financing possibilities for further environmental improvement and protection. Overall, in contrast to Iceland's limited scope for environmental benefit and policy change, in Croatia's case it is unquestionable that the nation can improve its ecological standards, protect the health of its population, and play its part in managing climate change better and more efficiently inside the EU than alone.

---

<sup>538</sup> Sanja Tisma, Visnja Samardzija and Kresimir Jurlin, *Hrvatska i Europska Unija Prednosti i izazovi clanstva* (Croatia and the European Union- Benefits and challenges of the membership), (Zagreb: Institut za medjunarodne odnose u suradnji s Delegacijom Europske unije u Republici Hrvatskoj, (The Institute for International Relations in cooperation with the Delegation of the EU in Republic of Croatia), 2012), 151. at [http://ec.europa.eu/croatia/services/publications/2012/2012\\_croatia-eu\\_challenges\\_hr.pdf](http://ec.europa.eu/croatia/services/publications/2012/2012_croatia-eu_challenges_hr.pdf) (accessed 4.8.2014).



## 5. Conclusions and discussions

In this thesis the issue of security challenges for small states has been explored, with special reference to their relationships with the European Union, by comparing two small states - Iceland and Croatia – in terms of four different security dimensions. As we have seen, these are two very different countries in the type of benefits and protection they seek for their existential concerns, with different political possibilities and wishes, and requiring different efforts and sacrifices in order to achieve them. Both are clearly “small” states that must rely on stronger partners in international relations in order to achieve their goals. The role(s) played by the European Union towards Iceland and Croatia make the EU as a good example of a multi-functional and continuously evolving international organization that can offer much in response to security challenges for all states, and especially for small ones.

In this closing section, some conclusions and discussions will be drawn regarding the two initial research questions of this thesis. The first question was: what dimensions of security are relevant to the applications for EU membership of Iceland and Croatia, respectively, and how are these issues viewed by each country and the EU? Here are some reflections and conclusions relating to that point.

Security is one of the fundamental social functions and a condition for the existence and functioning of individuals, societies, states, and the international community as a whole. In the traditional understanding, security is rooted in a strategy designed to prevent war and achieve a balance of power among great powers that would guarantee peace.<sup>539</sup> However, increased globalization in the last decades has resulted in stronger and easier connections between states and international communities. This has made the world smaller, more connected and more interdependent between states. These changes in international relations have brought with them changes in both the theory and practice of security. States and societies are confronting the fact that in order to make society safe, a whole new range of challenges have to be taken into account. Security challenges do not only affect states, but go *deeper* and affect other aspects of national existence as well as many other groups and individuals.<sup>540</sup> Together with this deepening comes a *broadening* that means expanding the agenda of security to many additional issues, beyond the boundaries of hard security and old

---

<sup>539</sup> Kenneth N. Waltz, “Anarchic Orders and Balances of Power” in *Neorealism and Its Critics*, Robert O. Keohane, (New York, Columbia University Press, 1986), 116.

<sup>540</sup> Ken Booth, „Critical Explorations“ in *Critical Security Studies and World Politics*, Ken Booth (ed.), (London: Lynne Rienner Publishers, 2005), 14.



realist struggles for power.<sup>541</sup> In turn, this has inspired a new concept of security that includes many new, non-military risks and challenges<sup>542</sup> such as natural disasters, human and animal epidemics, dependence on foreign economic resources, cyber security and many others.

Having explored four specific and important security dimensions as they apply to Iceland and Croatia, respectively, in correlation to the EU it can be seen that each dimension has an impact on each state's attitude and actions vis-à-vis integration in the EU, and also *vice versa*. All four of these security dimensions are relevant to the two nations' applications for European Union membership. A further conclusion arising from our analysis is that the EU treats and affects each state differently, in view (among other things) of their security strength and position in the international community. Each security dimension analysed has shown that it has an important impact on how easily a give small state can integrate into international institutions.

As regards military security, the EU's European Security Strategy<sup>543</sup> does not mention the use of military force on Europe's own territory; military security threats should be tackled with the cooperation and active role of other international institutions. In effect, the use of hard military force for self-defence is outsourced by the EU to NATO. The EU does not have an army, and relies on *ad hoc* forces contributed by EU Member States for the military engagements it undertakes in support of others. This confirms a basic concept of realist theory whereby states still have a final decision regarding the use of military power. The sovereign state has the monopoly of the legitimate use of physical force within a given territory.<sup>544</sup> The EU, despite other supranational elements in its make-up, still does not dispose of any collective sovereignty or authority in that field. Its strength lies rather in soft security dimensions such as health, environmental protection and mitigating climate change, assisting in economic development, and strengthening governance and human rights. The EU can effectively promote its conception of security by such means with specific policies developed through decades. Reality has shown that both the earlier EU members and the new democracies benefit from such cooperation.

---

<sup>541</sup> Ibid.,

<sup>542</sup> David Mutimer, "Critical Security Studies: A Schismatic History", in *Contemporary Security Studies*, Alan Collins (ed.), (New York: Oxford university Press, 2007), 60.

<sup>543</sup> Council of the European Union, European Union External Action, *A Secure Europe in a Better World- European Security Strategy*, (Brussels: Council of the European Union, 12 December 2003), 1. at <http://www.consilium.europa.eu/uedocs/cmsUpload/78367.pdf> (accessed 10.10. 2013).

<sup>544</sup> Tim Dunne, Milja, Kurki and Steve Smith, *International relations Theories, Discipline and Diversity*, second edition, (New York: Oxford, 2007), 172.

Croatia completely shares and supports aims and values of NATO as well as the EU, because both these organizations are the key to enhancing national security as well as the stability of South-East Europe.<sup>545</sup> With its membership of NATO and the EU, Croatia has an opportunity to preserve and enforce peace and stability for itself and its neighbourhood. In this sense and against a background of former violent conflict for Croatia and other Western Balkan states, EU entry offers a way of re-building, legitimizing and strengthening the national *identity* – if necessary, within new frontiers – while for many political forces in Iceland, the impact of membership in a partly supranational body on identity and independence can only be seen as negative.<sup>546</sup>

Even if it was NATO rather than the EU that physically pacified the Western Balkan region during the Former Yugoslavian conflict and Kosovo crisis, the EU has arguably played a larger role in the national and regional transformations needed to ensure a lasting peace - using the enlargement process itself as its most powerful instrument. Croatia faced a much steeper and longer climb towards membership than other recent entrants, with many special conflict-related criteria that needed to be fulfilled, and the same will be true for other states of the Western Balkans. At the same time, belief in EU entry was the only force strong enough to pacify the Balkans, and was solidly enough grounded to motivate the government and people to make the effort.<sup>547</sup> Further, once achieved, EU membership gives Croatia an opportunity to explore the potential for transforming itself beyond the traditional image and potential of a small state.<sup>548</sup> If the moment comes when Croatia as a small state is able to prove the possibility of impacting on the international system with its economic power, and the power of convincing and teaching others, then it could be said to have become a *small power* in more general terms.

Iceland does not need the EU for same reasons; it has a possibility to choose, to negotiate its terms, and is much more pragmatic in its relationship with EU. Iceland does not fear for its

---

<sup>545</sup> North Atlantic Treaty Organisation, Newsroom, Speeches, Mr. Gordan Jandroković, Minister of Foreign Affairs and European Integration of the Republic of Croatia at the signature of the Protocols of Accession of Albania and Croatia, (9. July 2008), at [http://www.nato.int/cps/en/natolive/opinions\\_7887.htm?selectedLocale=en](http://www.nato.int/cps/en/natolive/opinions_7887.htm?selectedLocale=en) (accessed 13.2.2014)

<sup>546</sup> Avery Graham, Alyson JK Bailes and Baldur Þórhallsson, „Iceland’s Application for European Union Membership“ in *Studia Diplomatica*, LXIV-1, (2011): 115. at <http://uni.hi.is/baldurt/files/2012/08/Iceland-EU-Baldur-Alyson-Graham.pdf> (accessed 12.2.2014).

<sup>547</sup> Ibid., 116.

<sup>548</sup> Dejan, Jovic, „Hrvatska vanjska politika pred izazovima članstva u Europskoj Uniji“ (Croatian Foreign Policy facing the Challenges of the Membership in the European Union), in *Politička misao* (Political Thought), god. 48, No. 2, (Zagreb: Fakultet političkih znanosti, 2011), 1. At <http://hrcak.srce.hr/72011> (accessed 16.8.2014)

national security. It has no negative experience of wars behind it, nor is it surrounded with problematic neighbours as Croatia is. There is little chance that any state would have an interest in attacking Iceland, except in the event of a multi-state conflict - in which case the specific geographical position of Iceland would be strategically important and could become a target. In that case, however, Iceland would completely rely on USA and NATO for its military security; it does not need the EU even as an indirect supporter for this security dimension.

It is true that, in a broader strategic sense, EU assistance would be relevant for Iceland's interest in developing Arctic policy aims and governance. But Iceland already has direct access to EU legislation through the EEA, and its Arctic policy aims are almost identical to the EU's.<sup>549</sup> If Iceland were to aim to take fuller advantage of its Arctic position in future, it could be argued that its need for the protection of EU membership would be greater, given the EU's growing importance in "soft" security contexts<sup>550</sup> and Iceland's need to balance among and shield itself against other Arctic powers. In turn, if the EU's role and ambitions in the Arctic were growing, its willingness to facilitate Iceland's entry - for instance by special arrangements on some critical points - might increase. Of course, Icelandic leaders are aware of this potential and its possible advantages for the security of the country. But in this field as in others, in contrast to the existential importance of the EU for Croatia, most Icelanders' motives for approaching and working with the EU are more specific and pragmatic. It is not a question of survival or redemption, but of what specific benefits Iceland wants and whether it is only the EU that can offer them.

Economic management, administrative competence and membership in international organizations are very important for small states in order to limit external shocks, and to help them cope with economic crisis.<sup>551</sup> A small nation must look for protection from its powerful friends; only through bilateral arrangements and/or through multilateral organizations can it avoid attempts to violate its rights,<sup>552</sup> achieving among other things equal access to the global market. The EU offers exactly this kind of financial and economic security, even if sometime

---

<sup>549</sup> Alyson J.K. Bailes and Baldur Thorhallsson, "Iceland and Europe, drifting further apart?", *FIIA Briefing Paper*, No. 139, The Finnish Institute of International Affairs, (2013): 8. at <http://uni.hi.is/baldurt/files/2013/09/Iceland-and-Europe-FIIA-briefing-paper.pdf> (accessed 15.3.2014).

<sup>550</sup> Ibid.,

<sup>551</sup> Alyson J.K. Bailes and Baldur Thorhallsson, "Instrumentalizing the European Union in Small State Strategies" in *Journal of European Integration*, Vol.35, No.2, University of Iceland, Reykjavík, (2013): 112 at <http://uni.hi.is/baldurt/files/2013/09/Instrumentalising-the-EU-in-small-state-strategy.pdf> (accessed 26.3.2014).

<sup>552</sup> Hans J. Morgenthau, *Politics Among Nations*, Fourth printing, (New York: Alfred A. Knopf, 1968), 282.

on stringent terms.<sup>553</sup> In Iceland's case also, considerations of economic security may be the strongest incentive pushing towards even closer cooperation with the EU. Past Icelandic governments have already sought a degree of shelter within the framework of European integration by joining EFTA in 1970 and the EEA in 1993, with the main motive of responding to economic downturns and guaranteeing access to the European market.<sup>554</sup> When Iceland applied for EU membership after the economic crash in 2008, driven precisely by fears of financial/economic fragility and isolation, the Commission's assessment noted that Iceland was in a good position to overtake new obligations of membership especially in the fields covered by the EEA. Further efforts to adapt Icelandic legislation followed, but according to the European Commission's report on Iceland for 2013, Iceland's financial sector weaknesses and capital movement restrictions still impede an efficient allocation of resources. Iceland should be able to cope with competitive pressures and market forces within the Union over the medium term, provided that it continues to address current structural weaknesses through appropriate macroeconomic policies and structural reforms.<sup>555</sup>

As already explained, however, the new government taking office in May 2013 put Iceland's EU application on hold and in March 2014 proposed withdrawing it, despite opinion polls showing the people's will to vote themselves on whether the entry negotiations should be continued or not. A petition demanding the right to vote in a national referendum on the EU negotiations has been signed by more than 53,555<sup>556</sup> Icelanders up to the present. The Social Democrats, and minor pro-EU factions in other leading parties, continue to argue that the EU can give Iceland strategic protection not least by offering an alternative, stronger currency, and that solutions can be negotiated that would protect special Icelandic rights and interests notably on fishery policy.<sup>557</sup> The EU's opponents argue that Iceland as a small state would be

---

<sup>553</sup> Alyson J.K. Bailes and Baldur Thorhallsson, "Instrumentalizing the European Union in Small State Strategies" in *Journal of European Integration*, Vol.35, No.2, University of Iceland, Reykjavík, (2013): 108 at <http://uni.hi.is/baldurt/files/2013/09/Instrumentalising-the-EU-in-small-state-strategy.pdf> (accessed 26.3.2014).

<sup>554</sup> Baldur Thorhallsson, „The Icelandic Crash and its Consequences: A Small State without Economic and Political Shelter“ in *Small States in Europe Challenges and Opportunities*, Robert Steinmetz and Anders Wivel (eds.), (Surray: Ashgate, 2010), 200. At [http://uni.hi.is/baldurt/files/2012/08/The\\_Icelandic\\_Crash\\_and\\_its\\_Consequences\\_Thorhallsson.pdf](http://uni.hi.is/baldurt/files/2012/08/The_Icelandic_Crash_and_its_Consequences_Thorhallsson.pdf) (accessed 4.4.2014).

<sup>555</sup> European Commission, *Iceland 2013 Report*, Commission staff working document, (Brussels: European Commission, 16.10.2013), at [http://ec.europa.eu/enlargement/pdf/key\\_documents/2013/package/brochures/iceland\\_2013.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2013/package/brochures/iceland_2013.pdf) (accessed 18.3.2014).

<sup>556</sup> Information taken from <http://thjod.is/> (accessed 13.8.2014).

<sup>557</sup> Baldur Þórhallsson, „Can Small States Choose Their Own Size? The Case of a Nordic State- Iceland“ in *The Diplomacies of Small States Between Vulnerability and Resilience*, Andrew F. Cooper and Timothy M. Shaw (eds.), (New York: Palgrave Macmillan, 2009), 119.

powerless within the EU and unable to defend its interests; it would lose a vital part of its independence and sovereignty.<sup>558</sup> Regarding economy and economic policy, they claim that membership would undermine Iceland's ability to manage its own economic policy.<sup>559</sup> The strongest underlying concern is, in fact, that Iceland's fisheries sector would be gravely harmed by EU membership; the nation would lose control over its most valuable national resource - fish - and its agriculture would be left devastated.<sup>560</sup> Such sectoral interests are less important than general considerations of economic protection and sustainability for the pro-European strain in Icelandic public opinion, bringing together people who are concerned also about consumer interests, but more broadly about their economic prosperity and the risk of isolation within Europe.<sup>561</sup> Pro-EU Icelanders argue that standing and acting alone without any shelter leads to vulnerability and instability, while within the Union, Iceland could be influential and have great opportunities of becoming a leader in some policy areas such as fisheries and Arctic policy. Given its smallness, what it needs most is a large, strong partner who would provide shelter and with and through whom it could achieve its goals.

Economically as in other fields, Croatia needed and still needs to prove itself both in the EU and the Balkan region, insofar as it aspires to be an example for other ex-Communist countries intending to integrate to the EU. Unlike Iceland, however, Croatia's economic structure gives it no reason to fear losing its independence and control over natural resources to the EU, nor has it cause to think it could fare better in bilateral economic arrangements than through the EU's common trade policies. On the contrary, Croatia needs EU integration to improve the prospects in its bilateral economic relations with other countries. Without the EU internal market, Croatia would not be an appealing prospect on the international economic scene. As an EU Member State, it gains access to the internal market and reduces the technical barriers to trade. It is clear that, unlike Iceland, Croatia stands to benefit from the EU in all the basic elements of its economic policy. During the accession process there was

---

<sup>558</sup> Avery Graham, Alyson JK Bailes and Baldur Þórhallsson, „Iceland's Application for European Union Membership“ in *Studia Diplomatica*, LXIV-1, (2011): 97. at <http://uni.hi.is/baldurt/files/2012/08/Iceland-EU-Baldur-Alyson-Graham.pdf> (accessed 31.3.2014).

<sup>559</sup> Baldur Thorhallsson, *Iceland's contested European Policy: The Footprint of the Past-A Small and Insular Society*, Jean Monet Occasional Paper 02/2013, (Malta: Institute for Euroepan Studies, 2013), 46. at <http://uni.hi.is/baldurt/files/2013/03/Foreign-policy-Iceland-smallness-insulart-by-Baldur-Thorhallsson.pdf> (accessed 18.3.2014).

<sup>560</sup> Website of the anti-EU movement, Heimssýn, available at <http://heimssyn.is> (last access: 1 December 2010), cited in Avery Graham, Alyson JK Bailes and Baldur Þórhallsson, „Iceland's Application for European Union Membership“ in *Studia Diplomatica*, LXIV-1, (2011): 99. at <http://uni.hi.is/baldurt/files/2012/08/Iceland-EU-Baldur-Alyson-Graham.pdf> (accessed 31.3.2014).

<sup>561</sup> Avery Graham, Alyson JK Bailes and Baldur Þórhallsson, „Iceland's Application for European Union Membership“ in *Studia Diplomatica*, LXIV-1, (2011): 96. at <http://uni.hi.is/baldurt/files/2012/08/Iceland-EU-Baldur-Alyson-Graham.pdf> (accessed 31.3.2014).

never an internal discussion about what Croatia would lose with membership, but only about the many benefits it would win, and how these benefits should open the door for joining other multilateral organisations and making bilateral arrangements with great powers and institutions. The only question for debate was whether and when Croatia might manage to accomplish all the criteria and difficult reforms required for membership. Croatia experienced a new type of entry negotiations, where the EU was not ready to make concessions facilitating the criteria for membership; Croatia had to completely prove its credibility to become the 28<sup>th</sup> Member State. It certainly looks much better now on the international scene as a Member State of the EU than as merely a former Yugoslav Republic from the Balkans with a history of war and a broken economy. While the main political parties in Iceland still believe that the EU membership will handicap Iceland on the international scene or in bilateral cooperation with other states, EU membership helps Croatia to achieve acknowledgment and credibility in the eyes of the world.

The energy and environmental dimensions of security are “softer” ones, closely entwined with the economic security and prosperity that is a crucial condition for fulfilling them both. Although any state would wish to improve its economic, environmental and humanitarian arrangements, if their very existence is jeopardized these other interests would stand no chance of ever being realized.<sup>562</sup> The main aim of Croatia has been, accordingly, to ensure its security and stability through the shelter of EU membership, trusting that then with time it would prosper in other fields.

In order to achieve stability and sustainability in energy security and to achieve high environmental protection standards, including participation in efforts to manage climate change, both states need investments and funds. High standards in these two dimensions are expensive and require constant investment in innovation, technology and education. Iceland again stands much better in these dimensions than Croatia. Achieving a sustainable energy sector and the diversification of energy resources are complex challenges for Croatia in its modern economic development. Progress is slowed down both by a world economic crisis and by a complicated and unnecessary national bureaucracy, which makes investors rather give up than fight with it. It is not expected that the EU should finance related projects; Croatia needs to attract investments by its own. The EU does, however, offer assistance and active guidance, if only because a sustainable, safe and competitive energy policy is in all Europeans’ interest.

---

<sup>562</sup> Tim Dune and Brian C. Schmidt, “Realism” in *Globalization of Worlds Politics: an Introduction to International Relations*, John Baylis & Steve Smith (eds.), third edition, (New York: Oxford University Press, 2008), 164.

If Croatia succeeds generally in adapting its economic policy to a system of liberalized and open free-market regulation, then it is possible to hope for new investments in fields of energy and environment.<sup>563</sup>

As explained above in the energy security chapter, Iceland currently has much more to offer to the EU in the energy/environmental security dimension than the reverse. This applies especially to the existing renewable energy sources in Iceland and many other possibilities to develop such energy. In return, the only thing the EU could offer to the Icelandic energy sector are security back-up options if some natural or manmade disasters occur in Iceland and jeopardize its energy system. At the moment, Iceland can only rely on itself if something happens: as an island, its distribution network is not connected with other countries and oil supplies have to arrive by sea.<sup>564</sup> If a physical connection could be made to allow energy exports from Iceland, this would bring Iceland obvious economic benefits, but also a change to improve energy security: it should be able to reverse the flow and import electricity in the event of natural disasters or other disruptions to internal production and distribution.<sup>565</sup> This would, however, depend on the construction of a physical link which would demand financing by the private sector rather than the EU itself. The creation of a physical connection to the continent and/or entry to the EU would also mean that the price of energy would rise for Icelanders in order to conform with energy prices on the EU market. It is a question whether Iceland is ready for this, especially taking into account the fact that energy in Iceland is plentiful and cheap and Iceland has the world's highest energy consumption per capita<sup>566</sup>, reflecting the smallness of its population.

The second research question remaining to be answered is: What does this tell us about the security challenges of small states and the role of integration in institutions as a way of

---

<sup>563</sup> Energy Charter, Energy Charter Protocol on Energy Efficiency and Related Environmental Aspects, *Regular Review on Energy Efficiency Policies of Croatia*, (Energy Charter, 2010), 8. at [http://www.encharter.org/fileadmin/user\\_upload/Publications/Croatia\\_EE\\_rr\\_2010\\_ENG.pdf](http://www.encharter.org/fileadmin/user_upload/Publications/Croatia_EE_rr_2010_ENG.pdf) (accessed 6.6.2014)

<sup>564</sup> Utanríkisráðuneytið (The Ministry of Foreign Affairs), *Áhættuskýrsla fyrir Ísland: Hnatrænir, samfélagslegir og hernaðarlegir þættir*, (Risk Assessment for Iceland: Global, social and military factors), (Reykjavík: Utanríkisráðuneytið, March 2009), 114. At [http://www.utanrikisraduneyti.is/media/Skyrslur/Skyrsla\\_um\\_ahattumat\\_fyrir\\_Island\\_a.pdf](http://www.utanrikisraduneyti.is/media/Skyrslur/Skyrsla_um_ahattumat_fyrir_Island_a.pdf) (accessed 19.6.2014)

<sup>565</sup> Landsvirkjun (National Power Company of Iceland), "Rannsóknir og Þróun" (Research and Development), in *Ársskýrsla 2013* (The Annual Report 2013), (Reykjavík: Landsvirkjun, 2013), at <http://arsskyrsla2013.landsvirkjun.is/rannsoknir-umhverfi-og-samfelag/rannsoknir-og-thrun#TengingraforkukerfisinsvidEvropu> (accessed 18.6.2014)

<sup>566</sup> Askja Energy-The Independent Icelandic Energy Portal, „The Energy Sector“, Askja Energy at <http://askjaenergy.org/iceland-introduction/iceland-energy-sector/> (accessed 23.6.2014).



handling them? Theorists assume that small states, such as those examined here, generally lack significant armed forces, political and economic power and are usually dependent on larger neighbours to perform these functions for them.<sup>567</sup> The small state has to be flexible in order to achieve protection and ensure its security, while also protecting its independence, identity, special interests and ambitions. According to the realist view of international relations, the prospects for small states that seek protection from their big neighbours or from international institutions must be understood in terms of the concept of interest defined in power terms.<sup>568</sup> Whether the state will be protected at a particular moment depends on the arrangement of balance of power in the international community operating in that particular situation, and whether the relevant big power or institution is interested in protecting a small nation.<sup>569</sup>

Tough though this judgement may sound, in this modern time of globalization and close cooperation among states and organizations, there are cases where a mutual interest in providing safe shelter exists. An example could be seen in the relationship between the USA and Iceland in the time of the Cold War; but the converse may be proven in the case of the Icesave dispute,<sup>570</sup> where the EU decided *not* to help Iceland for the sake of political relationships with other parties to the dispute. In face of this and its other experiences at the moment of economic crash, Iceland briefly seemed to recognize not only the EU's power to ensure shelter for its citizens, but also the realistic conditions that must be met to extend that protection to Iceland itself. If Iceland had submitted to the terms for joining the European shelter, arguably the 2008 economic crash would never happened, and Iceland would never be left alone as it was at this time. Conversely, the EU might benefit from Icelandic membership in realist power terms, especially taking into account the strategic geographical position of Iceland and its role in Arctic policy. Croatia, by comparison, faced with much deeper problems (war, economic transition, ex-Communist country), has never ceased to be aware of the power of the EU and prepared to accept everything it must do to achieve the protection of membership – seeing this as the only realistic way to become a real subject in international politics, and to be understood and recognized as a genuine, stable nation-state. The EU's

---

<sup>567</sup> Barry Buzan, *People States and Fear*, 2nd edition, (Colchester: ECPR Press. 2007), 71.

<sup>568</sup> Hans J. Morgenthau, *Politics Among Nations*, Fourth printing, (New York: Alfred A. Knopf, 1968), 5.

<sup>569</sup> *Ibid.*, Page 25.

<sup>570</sup> The dispute between Iceland on the one hand and the Netherlands and Britain on the other hand centred upon the conditions for Icelandic reimbursements of the compensation Britain and the Netherlands provided to account holders for deposits lost in the Icelandic bank Landsbankinn, which had offered online savings accounts under the Icesave brand in those states. See above.



corresponding realist interest was to accept Croatia as step towards achieving future stability in South-East Europe.

Beyond this realist frame, however, the experiences of Iceland and Croatia also illustrate the need for cooperation with others for common aims of survival and welfare. This need is stressed by the theory of neoliberal institutionalism, where it is argued that states gain more and have more common interests in cooperation than in self-interested thinking.<sup>571</sup> In modern conditions, the concept of interdependence between states is crucial for cooperation between states and other international actors.<sup>572</sup> This is particularly true in the light of the wider security spectrum recognized in the modern world, which includes many global or transnational problems that a single large protecting state could not guarantee to solve. Economic prosperity, energy security and the protection of the environment could never be achieved without close, rule-based cooperation between states, where small states can turn to some big power or organization for the shelter and partnership. In order to safeguard its position at the international level and also to meet and solve security threats, a small state needs to be more flexible in solving its problems. As we have seen, small states are vulnerable not only to physical shocks such as invasions and other externally directed strikes, but also to fluctuations in the world economy: this limits their economic as well as political room for manoeuvre and makes them more dependent on the economies of larger states.<sup>573</sup> They usually seek strength through membership of international organizations and institutions that can protect their interests and express and promote their own views and identities.<sup>574</sup>

According to neoliberals, states are still central actors, but they decide to cooperate through institutions in order to achieve specific goals of economic protection, safety and security, or – if small – out of general nervousness about their relative size and need for the “shelter” of a larger state or international organization.<sup>575</sup> International organizations are able to ensure the formal equality among small states, while providing the potential security of membership, an

---

<sup>571</sup> Robert O. Keohane, *After Hegemony, Cooperation and Discord in the World Political Economy*, (New Jersey: Princeton University Press, 2005), 51.

<sup>572</sup> Stephanie Lawson, *International Relations*, (Cambridge: Polity Press, 2003), 49.

<sup>573</sup> Peter J. Katzenstein, „Small States in World Market“, in *Small States in International Relations*, Christine Ingebritsen, Iver Neumann, Sieglinde Gstöhl and Jessica Beyer (eds.), (Seattle: University of Washington Press, 2006), 202.

<sup>574</sup> Anders Wivel, „The Security Challenge of Small EU Member States: Interests, Identity and the Development of the EU as a Security Actor“, *Journal of Common Market Studies*, vol.43, (2005): 394-396, <http://onlinelibrary.wiley.com/doi/10.1111/j.0021-9886.2005.00561.x/abstract> (accessed 22.11.2012).

<sup>575</sup> Robert O. Keohane, „Lilliputian's Dilemmas“, in *Small States in International Relations*, Christine Ingebritsen, Iver Neumann, Sieglinde Gstöhl and Jessica Beyer (eds.), (Seattle: University of Washington Press, 2006), 58.

opportunity to participate in decision making, and possibly an effect of restraint upon the larger powers both inside and outside them.<sup>576</sup> Through membership, small states ensure their voice is heard in international institutions and can hope to prevent the use of certain types of power by powerful states, including the threat of force.<sup>577</sup> This interdependent need for cooperation can be seen as also explaining the way that EU integration has advanced through cooperation among small states and the EU in order to achieve common gains. Obviously the position of the EU within this relationship is much stronger, and allows the Union to determine when and on what terms this mutual provision of benefits will be developed.

Since its independence, the main aims of Croatia's foreign policy<sup>578</sup> have been the maintenance of independence, territorial security, and joining the EU and NATO. As a small country with a complex geopolitical position and history of conflict, Croatia was/is in an unfavourable position in its relationships with big powers, in all dimensions including security and foreign policy.<sup>579</sup> As already noted, Croatia had to surmount a tough set of hurdles in its relationship with the EU before being admitted as a Member State – considerably tougher than those that would ever apply to Iceland. The policy of the EU towards Croatia during the negotiation process is often described as a “policy of conditionality”<sup>580</sup> made up of *push/pull* acts, where the EU *pushes* the state with conditionality to accomplish the given criteria, and the state is *pulled* by the hope and rewards of full membership. This policy would not work in the same way for Iceland, because the advantages on both sides are at least superficially balanced and more difficult negotiations would be needed to find a settlement assuring both sides of common gains.

A similar picture can be drawn using the theories of social constructivists, who argue that for successful integration in larger communities the interaction must be long and intense, and

---

<sup>576</sup> Ibid., 58.

<sup>577</sup> Mark A. Pollack, „International Relations Theory and European Integration“ in *Journal of Common Market Studies*, volume 39, (2001): 224. At <http://onlinelibrary.wiley.com/doi/10.1111/1468-5965.00286/pdf> (accessed 4.8.2013).

<sup>578</sup> Hrvatski Sabor, (*The Parliament of Croatia*), *Strategija Nacionalne sigurnosti Republike Hrvatske*, (*The National Security Strategy*), (Zagreb: Hrvatski Sabor, 19.3.2002), 2. at [https://www.soa.hr/UserFiles/File/Strategija\\_nacionalne\\_sigurnosti\\_RH.pdf](https://www.soa.hr/UserFiles/File/Strategija_nacionalne_sigurnosti_RH.pdf)

<sup>579</sup> Ibid., page 5.

<sup>580</sup> Natasa Besirevic, „Instrument Uvjetovanosti Evropske Unije u Politici Prosirenja Prema Drzavama Istocne i Srednje Evrope te Zapadnog Balkana“ (*The Instrument of conditionality in the European Union's enlargement policy towards the Countries of Eastern and Central Europe and the Western Balkans*) in *Reginalne Komparativne Studije* (Regional Comparative Studies), Fakultet Politickih Znanosti, (Sveuciliste u Zagrebu: Fakultet Politickih Znanosti, 2012), 5. At <http://hrcak.srce.hr/99809> (accessed 28.1.2014).

actors (states) have to be dissatisfied with the existing forms of identity and cooperation.<sup>581</sup> The aim is to find the new source of power that lies in interactions among actors. Precisely these functions are provided by EU integration in Croatia's case. The EU recognizes the need and the willingness of Former Yugoslavian states to be accepted into the European family, and sees the value of allowing their identity to develop and transform into a "European identity". In order for this to happen, a state must be ready to interact with others because of its feelings of belonging and identity.<sup>582</sup> The Balkans has always been a crossroads of languages, religions and ethnicities. EU integration offers the opportunity to de-emphasise the importance of borders, but historically it has been able to do so only where borders were clearly delineated and uncontested. If settling borders is a way to make Europe less divided, it is worth investing in.<sup>583</sup> By contrast, this dimension of "belonging" is precisely one of the fears of Iceland, which has no misgivings about the value of its Icelandic identity and fears to lose it within the EU. There is no strong feeling of being "European", or of possible benefits from strengthening and stressing that particular aspect of identity. This attitude among the majority of Icelanders might be explained by smallness, isolation, and/or relatively young statehood.

Small states can be an important bridge between big powers and serve as a good example for others, as Slovenia and Croatia have done for other Former Republic of Yugoslavian (FRY) states. Croatia as such may not help much to improve the region's image problem, but the future of enlargement to the Balkans rests partially on Croatia's shoulders.<sup>584</sup> Looking ahead, the country needs to remain as an example to the rest of its neighbours who also aspire to membership, motivating them to accomplish similar reforms and to enter the EU. At the same time it is to the EU that the international community in general looks to promote future stability and prosperity for the region: being surrounded by EU Member States, the Balkans is effectively in the EU's own locality.<sup>585</sup> Europe's success in completing the pacification and integration of the region is also the surest guarantee of Croatia's safe and prosperous future as a small state.

---

<sup>581</sup> Karen A. Mingst, *Essentials of International Relations*, 3rd edition, (New York: W.W. Norton & Company, 2004), 104.

<sup>582</sup> Karen A. Mingst and Jack L. Snyder, *Essentials Readings in World Politics*, 3rd edition, (New York, Norton & Company Inc., 2004), 106.

<sup>583</sup> Rosa Balfour and Dijana Basic, „A Bridge over Troubled Borders: Europeanising the Balkans“ in *Policy Brief*, European Policy Centre, (November 2010), at [http://www.epc.eu/documents/uploads/pub\\_1170\\_a\\_bridge\\_over\\_troubled\\_borders.pdf](http://www.epc.eu/documents/uploads/pub_1170_a_bridge_over_troubled_borders.pdf) (accessed 12.8.2014).

<sup>584</sup> Ibid.

<sup>585</sup> Ibid.

As for Iceland, if it now renounces its bid for full EU membership, the question is whether the EU will be ready to offer flexibility and comprehension the next time Iceland faces new problems beyond the capacity of its existing protectors to solve, or if and when a possible future pro-European government decides to apply for membership again. Would such a further attempt be too late? And if membership remains out of reach, would the Icelandic elite be dooming themselves to remain dependent on the EU in so many economic and regulatory contexts without possibility to take a role in decision making process? As the country's wealth depends so heavily on external trade, tourism and investment, and as over 80% of trade goes to EU/EEA members, even the present EU-sceptical government proposes to keep Iceland as a member of the EEA.<sup>586</sup> Further, for Iceland as for other EEA members, a persistent and worsening problem lies in the fact that non-EU participants have no power in discussions and decision making in the terms of Single Market legislation that they are obliged to implement as the price of their market access.<sup>587</sup> They are not in possibility to take a part in decision making about new EU policy decisions that could affect their economic fortunes very extremely.

The government has, indeed, spoken of exploring all possible new power relationships including cooperation with China and India, prioritizing bilateral cooperation rather than EU-style permanent commitments to multilateralism.<sup>588</sup> However, the USA commitment to Iceland has weakened over the years and other big powers are still unable to solve the nation's main economic problems.<sup>589</sup> The real will, possibility and sincerity of these big powers towards Iceland is questionable, and in any case none of them can give Iceland the broad strategic cover it needs, or provide more than minor help in boosting its economy in the near term.<sup>590</sup> Considering a small state's complex needs for shelter, neighbourhood cooperation, and partnerships grounded in cultural and historical connections, none of these states provides as clear an alternative to Europe as their advocates might wish.<sup>591</sup> Conversely, when negotiating with big powers like China, Iceland could benefit from flexibility and the

---

<sup>586</sup> Alyson J.K. Bailes and Baldur Thorhallsson, "Iceland and Europe, drifting further apart?", FIIA Briefing Paper, No. 139, The Finnish Institute of International Affairs, (2013): 6. at <http://uni.hi.is/baldurt/files/2013/09/Iceland-and-Europe-FIIA-briefing-paper.pdf> (accessed 15.3.2014).

<sup>587</sup> Ibid., 6.

<sup>588</sup> Ibid., 7.

<sup>589</sup> Avery Graham, Alyson JK Bailes and Baldur Þórhallsson, „Iceland's Application for European Union Membership“ in *Studia Diplomatica*, LXIV-1, (2011): 95. at <http://uni.hi.is/baldurt/files/2012/08/Iceland-EU-Baldur-Alyson-Graham.pdf> (accessed 31.3.2014).

<sup>590</sup> Alyson J.K. Bailes and Baldur Thorhallsson, "Iceland and Europe, drifting further apart?", FIIA Briefing Paper, No. 139, The Finnish Institute of International Affairs, (2013): 7. at <http://uni.hi.is/baldurt/files/2013/09/Iceland-and-Europe-FIIA-briefing-paper.pdf> (accessed 15.3.2014).

<sup>591</sup> Ibid.

possibility to be pragmatic, while still being protected by international rules, if it enjoyed integration with the EU's policies, partnerships, and the global power that the EU has and represents in the global scene.<sup>592</sup> The China–Iceland free trade agreement signed in May 2013 is an example of this beneficial linkage, as the Chinese interest was largely aroused by the position Iceland holds through the EEA.<sup>593</sup>

Normally in the modern world – and particularly in Europe - a small state utilizes more than one source of shelter and protection, including multiple institutions.<sup>594</sup> Aside from ensuring many-sided protection for the full security spectrum, such a strategy allows small players to be more flexible, to gain more room for manoeuvre in international interactions, and, if skilled, to play off one large partner against another.<sup>595</sup> Success in such attempts could be said to reflect a certain “power of powerlessness” whereby small states are able to exploit their smaller size in a variety of ways to achieve their intended practical or broader policy, outcomes.<sup>596</sup> This thesis has shown that EU membership can play an important or even decisive part in making such an approach work – in ways that hold good under the realist, neoliberal institutionalist, and social constructivist theories - for a small state even with such a difficult past as Croatia. It has not been able to answer the question of whether equal success is or will be within Iceland's reach through solutions that exclude full European integration.

---

<sup>592</sup> Alyson J.K. Bailes and Baldur Thorhallsson, “Iceland and Europe, drifting further apart?”, FIIA Briefing Paper, No. 139, The Finnish Institute of International Affairs, (2013): 7. at <http://uni.hi.is/baldurt/files/2013/09/Iceland-and-Europe-FIIA-briefing-paper.pdf> (accessed 15.3.2014).

<sup>593</sup> Ibid.

<sup>594</sup> Ibid.

<sup>595</sup> Ibid.,

<sup>596</sup> Godfrey Baldacchino, „Thucydides or Kissinger? A Critical Review of Smaller State Diplomacy“ in *The Diplomacies of Small States Between Vulnerability and Resilience*, Andrew F. Cooper and Timothy M. Shaw (ed.), (New York: Palgrave Macmillan, 2009), 22.

## Bibliography

Alþingi Íslands (Icelandic Parliament). „Úttekt á stöðu aðildarviðræðna Íslands við Evrópusambandið og þróun sambandsins“ (An evaluation of Iceland’s accession negotiations Iceland with the EU and the development of the EU). Reykjavík: Alþingi Íslands, 143th legislative session 2013-2014. at <http://www.althingi.is/altext/143/s/pdf/0610.pdf> (accessed 14.4.2014).

Alþingi Íslands (Icelandic Parliament). *Skýrsla Gunnars Braga Sveinssonar utanríkisráðherra um utanríkis- og alþjóðamál* (Report from Minister of Foreign Affairs Gunnar Bragi Sveinsson Secretary of State about Foreign and International Affairs of Iceland). Reykjavík: Alþingi, March 2014. at <http://www.althingi.is/altext/143/s/pdf/0757.pdf> (accessed 7.7.2014)

Alþingi Íslands (Icelandic Parliament). *Stefna Íslands í málefnum Norðurlóða*, (Icelandic Strategy in the Arctic). Reykjavík: Löggjafarþing 2010-2011. At <http://www.althingi.is/dba-bin/unds.pl?xti=/wwwtext/html/139/s/1148.html&leito=nor%F0ursl%F3%F0ir%0nor%F0ursl%F3%F0%0nor%F0ursl%F3%F0a%0nor%F0ursl%F3%F0anna%0nor%F0ursl%F3%F0ar%0nor%F0ursl%F3%F0arinnar%0nor%F0ursl%F3%F0in%0nor%F0ursl%F3%F0ina%0nor%F0ursl%F3%F0inni%0nor%F0ursl%F3%F0ir%0nor%F0ursl%F3%F0irnar%0nor%F0ursl%F3%F0um%0nor%F0ursl%F3%F0unum%02011#word1> (accessed 22.8.2014).

Alþýðusamband Íslands (Icelandic Confederation of Labour). Web Site. At <http://www.asi.is/> (accessed 18.8.2014).

Andersson, Jan Joel and Sven Biscop. *The EU and the European Security Strategy: Forging a global Europe*. New York: Routledge, 2008.

Arctic Portal. „About Arctic Council“. at <http://www.arcticportal.org/arctic-council> (accessed 7.7.2014)

Askja Energy-The Independent Icelandic Energy Portal. „The Energy Sector“. Askja Energy. at <http://askjaenergy.org/iceland-introduction/iceland-energy-sector/> (accessed 23.6.2014).

Bailes J.K. Alyson. *The European security strategy An evolutionary history*. SIPRI Policy Paper. No.10. Stockholm: Stockholm International Peace Research Institute, 2005. 33 pp. [http://books.sipri.org/product\\_info?c\\_product\\_id=190#](http://books.sipri.org/product_info?c_product_id=190#) (accessed 15.9.2013).

Bailes, J.K. Alyson, „Does a Small State Need a Strategy?“, Faculty of Political Science, University of Iceland, at [http://stofnanir.hi.is/sites/files/ams/Bailes\\_Final\\_1.pdf](http://stofnanir.hi.is/sites/files/ams/Bailes_Final_1.pdf) (accessed 7.8.2014)

Bailes, J.K. Alyson and Baldur Thorhallsson. “Iceland and Europe, drifting further apart?”. FIIA Briefing Paper, No. 139, The Finnish Institute of International Affairs, (2013): 1-9. <http://uni.hi.is/baldurt/files/2013/09/Iceland-and-Europe-FIIA-briefing-paper.pdf> (accessed 18.3.2014).

Bailes, J.K. Alyson and Baldur Thorhallsson. “Instrumentalizing the European Union in Small State Strategies” In *Journal of European Integration*. Vol.35, No.2. University of Iceland.

Reykjavík, (2013): 99-115 at <http://uni.hi.is/baldurt/files/2013/09/Instrumentalising-the-EU-in-small-state-strategy.pdf> (accessed 26.3.2014).

Baldacchino, Godfrey. „Thucydides or Kissinger? A Critical Review of Smaller State Diplomacy“ In *The Diplomacies of Small States Between Vulnerability and Resilience*, Andrew F. Cooper and Timothy M. Shaw (eds). New York: Palgrave Macmillan, 2009.

Balfour, Rosa and Dijana Basic. „A Bridge over Troubled Borders: Europeanising the Balkans“ In *Policy Brief*. European Policy Centre. November 2010. at [http://www.epc.eu/documents/uploads/pub\\_1170\\_a\\_bridge\\_over\\_troubled\\_borders.pdf](http://www.epc.eu/documents/uploads/pub_1170_a_bridge_over_troubled_borders.pdf) (accessed 12.8.2014).

Balkan Monitor Gallup. „Insights and Perceptions: Voices of the Balkans“. Survey data. At <http://www.balkan-monitor.eu/index.php/dashboard> (accessed 22.1.2014).

Baylis, John. „International and Global Security in the Post-Cold War Area“ In *Globalization of Worlds Politics: an Introduction to International Relations*. Baylis, John & Steve Smith, third edition. New York: Oxford University Press, 2008.

Besirevic, Natasa. „Instrument Uvjetovanosti Evropske Unije u Politici Prosirenja Prema Drzavama Istocne i Srednje Evrope te Zapadnog Balkana“ (The Instrument of conditionality in the European Union's enlargement policy towards the Countries of Eastern and Central Europe and the Western Balkans) In *Analiza Hrvatskog politoloskog drustva*, Vol.9, No. 1, *Regionalne Komparativne Studije* (Regional Comparative Studies). Fakultet Politickih Znanosti (Faculty of Political Science). (March 2013): 183-204 At <http://hrcak.srce.hr/99809> (accessed 28.1.2014).

Biscop, Sven. „The EU and the European Security Strategy: Forging a global Europe“ In *The EU and the European Security Strategy: Forging a global Europe*. Sven Biscop and Jan Joel Andersson (eds). New York: Routledge, 2008.

Booth Ken. „Critical Explorations“ In *Critical Security Studies and World Politics*, Ken Booth (ed). London: Lynne Rienner Publishers, 2005. Chapter 1.

Booth, Ken. „Security“ In *Critical Security Studies and World Politics*. Ken Booth (ed). London: Lynne Rienner Publishers, 2005. Chapter 2.

Buzan Barry, *Peoples, States and Fear*, 2nd edition, Colchester: ECPR Press. 2007.

Buzan, Barry. Ole Waever and Jaap De Wilde. *Security: A New Framework for Analysis*. London: Lynne Rienner Publisher, 1998.

Caldarovic, Ognjen. „Some of Characteristics of Social Reality as Potential Obstacles Concerning the Accession of Croatia to the EU“ In *Revija za sociologiju* (Sociological Review). Faculty of philosophy, vol. 36, No. 1-2 Zagreb. (2005): 23-43 at [http://hrcak.srce.hr/index.php?id\\_clanak\\_jezik=20990&show=clanak](http://hrcak.srce.hr/index.php?id_clanak_jezik=20990&show=clanak) (accessed 3.5.2014).

Cambridge Dictionaries Online, *terawatt*, at <http://dictionary.cambridge.org/dictionary/british/terawatt?q=terawatt> (accessed 22.6.2014)



Cela Margrét. „Small but Significant, The Nordic States in Arctic Security Context“ . In *Rannsóknir í Félagsvísindum XII*, ( Research in Social Science). Silja Bára Ómarsdóttir, (ed). Reykjavík: Háskóli Íslands (University of Iceland), 2011. 109-118.

Central Intelligence Agency. “The World Factbook”. Iceland. at <https://www.cia.gov/library/publications/the-world-factbook/geos/ic.html> (accessed 26.3.2014).

Central Intelligence Agency. „The World Factbook.“ Croatia. at <https://www.cia.gov/library/publications/the-world-factbook/geos/hr.html> (accessed 7.8.2014)

Centre for Climate Adaptation. Iceland. “Desertification Iceland”. Centre for Climate Adaptation at <http://www.climateadaptation.eu/iceland/desertification/> (accessed 7.7.2014).

Centre for Climate Adaptation. Iceland. “Fishery”. Centre for Climate Adaptation. At <http://www.climateadaptation.eu/iceland/fishery> (accessed 7.7.2014)

Croatiantimes.com. “Croatia joins two EU battle groups”. 16.11.2010. at <http://www.croatiantimes.com/?id=15189> (accessed 5.2.14)

Hart, Chris. *Doing your Masters Dissertation*. London: SAGE Essential Study Skills, 2009. 392 -332.

Cottey, Andrew. *Security in New Europe*. New York: Palgrave Macmillan, 2007.

Council of the European Union. *A Secure Europe in a Better World - European Security Strategy*. Brussels: Council of the European Union, 12 December 2003. at <http://www.consilium.europa.eu/uedocs/cmsUpload/78367.pdf> (accessed 10.10. 2013).

Council of the European Union. Policies. *The Common Foreign and Security Policy*. At <http://www.consilium.europa.eu/policies/foreign-policy?lang=en> (accessed 21.11.2013).

Council of the European Union. *A Secure Europe in a Better World- European Security Strategy*. (The Updating Report on the European Security Strategy from 2008- The Implementation of the European Security Strategy). Brussels: General Secretariat of the Council, 2009. at [http://www.consilium.europa.eu/uedocs/cms\\_data/librairie/PDF/QC7809568ENC.pdf](http://www.consilium.europa.eu/uedocs/cms_data/librairie/PDF/QC7809568ENC.pdf) (accessed 25.11.2013).

Council of the European Union. *Internal Security Strategy for the European Union: "Towards a European Security Model"*. Brussels: Council of the European Union, 23 February 2010. at <http://register.consilium.europa.eu/pdf/en/10/st05/st05842-re02.en10.pdf> (accessed 26.11.2013).

Council of the European Union. *The Stockholm Programme – An open and secure Europe serving and protecting the citizens*. Brussels: Council of the European Union, 2 December 2009. at <http://register.consilium.europa.eu/pdf/en/09/st17/st17024.en09.pdf> (Accessed 26.11.2013).

Council of the European Union. “The EU Battle Groups and the EU civilian and military cell”. 15.11.2006. at



<http://www.consilium.europa.eu/homepage/showfocus?lang=en&focusID=63092> (accessed 5.2.14)

Creswell, John W. *Research Design: Qualitative, Quantitative and Mixed Methods Approaches*. 2nd edition. London: SAGE Publications, 2003.

Daddow, Oliver. *International Relations Theory: the Essentials*, 2nd edition. London: Sage, 2013.

Dannreuther, Roland. "The European Security Strategy's regional objective: the neighbourhood policy" In *The EU and the European Security Strategy: Forging a global Europe*. Sven Biscop and Jan Joel Andersson (eds). New York: Routledge, 2008. 62-81.

Dinan, Desmond. *Ever Closer Union: An Introduction to European Integration*. third edition. London: Palgrave Macmillan, 2005.

Dune, Tim and Brian C. Schmidt. "Realism" in *Globalization of World Politics: an Introduction to International Relations*, John Baylis, & Steve Smith, third edition, New York: Oxford University Press, 2008.

Dunne, Tim, Milja Kurki and Steve Smith. *International relations Theories, Discipline and Diversity*. Second edition. New York: Oxford, 2007.

Elkem Iceland. Web site. At <http://www.jarnblendi.is/english/> (accessed 20.6.2014).

Emmers, Ralf. "Securitization", In *Contemporary Security Studies*. Alan Collins. New York: Oxford University Press, 2007. 110.

EUFOR Tchad/RCA. "Mission Description". EUFOR. at [http://www.eeas.europa.eu/csdp/missions-and-operations/eufor-tchad-rca/mission-description/index\\_en.htm](http://www.eeas.europa.eu/csdp/missions-and-operations/eufor-tchad-rca/mission-description/index_en.htm) (accessed 4.2.2014).

EUROPA. Summaries of European Legislation. Glossary. *Accession Criteria (Copenhagen Criteria)*. at [http://europa.eu/legislation\\_summaries/glossary/accession\\_criteria\\_copenhagen\\_en.htm](http://europa.eu/legislation_summaries/glossary/accession_criteria_copenhagen_en.htm) (accessed 20.10.2013).

EUROPA. Summaries of EU legislation, *The Stabilisation and Association Process*. [http://europa.eu/legislation\\_summaries/enlargement/western\\_balkans/r18003\\_en.htm](http://europa.eu/legislation_summaries/enlargement/western_balkans/r18003_en.htm) (accessed 2.12.2013).

Energy Charter. Energy Charter Protocol on Energy Efficiency and Related Environmental Aspects. *Regular Review on Energy Efficiency Policies of Croatia*. Energy Charter, 2010. at [http://www.encharter.org/fileadmin/user\\_upload/Publications/Croatia\\_EE\\_rr\\_2010\\_ENG.pdf](http://www.encharter.org/fileadmin/user_upload/Publications/Croatia_EE_rr_2010_ENG.pdf)

European Commission. *Enlargement*. at [http://ec.europa.eu/enlargement/policy/from-6-to-27-members/index\\_en.htm](http://ec.europa.eu/enlargement/policy/from-6-to-27-members/index_en.htm) , (accessed 03.03.2013).

European Commission. *EU enlargement priorities for 2014*. Press releases database. Brussel: European Commission, 2013. at [http://europa.eu/rapid/press-release\\_IP-13-930\\_en.htm](http://europa.eu/rapid/press-release_IP-13-930_en.htm) (accessed 24.10.2013).

European Commission. „Enlargement Strategy and Main Challenges 2013-2014“ In *Communication from the Commission to the European Parliament and the Council*. Brussels: European Commission, 16.10.2013 at [http://ec.europa.eu/enlargement/pdf/key\\_documents/2013/package/strategy\\_paper\\_2013\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2013/package/strategy_paper_2013_en.pdf) (accessed 24.10.2013).

European Commission. Enlargement. *Detailed country information*. Brussels: 27.06.2013. at [http://ec.europa.eu/enlargement/countries/detailed-country-information/bosnia-herzegovina/index\\_en.htm](http://ec.europa.eu/enlargement/countries/detailed-country-information/bosnia-herzegovina/index_en.htm), (accessed 1.11.2013).

European Commission. *General Guidelines on Operational Priorities for Humanitarian Aid in 2013*. Brussels: European Commission 27.11.2012. at [http://ec.europa.eu/echo/files/policies/strategy/strategy\\_2013\\_en.pdf](http://ec.europa.eu/echo/files/policies/strategy/strategy_2013_en.pdf) (accessed 26.11.2013).

European Commission. Humanitarian Aid and Civil Protection. *Annual Report on the European Union's Humanitarian Aid and Civil Protection Policies and their Implementation in 2012*. Brussels: European Commission ,25.9.2013. at [http://ec.europa.eu/echo/files/media/publications/annual\\_report/2012/COM\\_2013\\_658\\_en.pdf](http://ec.europa.eu/echo/files/media/publications/annual_report/2012/COM_2013_658_en.pdf) (accessed 26.11.2013).

European Commission. Home Affairs. *Schengen, Borders and Visas, Border Crossing*. Brussels: European Commission, 2013. at [http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/borders-and-visas/border-crossing/index\\_en.htm](http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/borders-and-visas/border-crossing/index_en.htm) (accessed 28.11.2013).

European Commission. *The Schengen Area*. Brussels: European Commission, Home Affairs, 19.12.2011. [http://ec.europa.eu/dgs/home-affairs/pdf/flipbook/files/dr3111126enc\\_002.pdf](http://ec.europa.eu/dgs/home-affairs/pdf/flipbook/files/dr3111126enc_002.pdf) (1.12.2013).

European Commission. “Public Opinion in the European Union”. Standard Eurobarometer 80. (December 2013). At [http://ec.europa.eu/public\\_opinion/archives/eb/eb80/eb80\\_first\\_en.pdf](http://ec.europa.eu/public_opinion/archives/eb/eb80/eb80_first_en.pdf) (accessed 4.2.2014)

European Commission. Fisheries. *Landmark agreement on Common Fishery Policy*. Brussels: European Commission, 30.5.2013. at [http://ec.europa.eu/information\\_society/newsroom/cf/mare/itemdetail.cfm?item\\_id=10888&subweb=343&lang=en](http://ec.europa.eu/information_society/newsroom/cf/mare/itemdetail.cfm?item_id=10888&subweb=343&lang=en) (accessed 18.3.2014).

European Commission. *Iceland 2012 Progress Report*. Commission Staff Working Document. Brussels: European Commission, 16.10.2013. at [http://ec.europa.eu/enlargement/pdf/key\\_documents/2012/package/is\\_rapport\\_2012\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2012/package/is_rapport_2012_en.pdf) (accessed 18.3.2014).

European Commission. *Iceland 2013 Report*, Commission staff working document, Brussels: European Commission, 16.10.2013. at [http://ec.europa.eu/enlargement/pdf/key\\_documents/2013/package/brochures/iceland\\_2013.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2013/package/brochures/iceland_2013.pdf) (accessed 18.3.2014).

European Commission. Economic and Financial Affairs. „Economic Accession Criteria“. at [http://ec.europa.eu/economy\\_finance/international/enlargement/criteria/index\\_en.htm](http://ec.europa.eu/economy_finance/international/enlargement/criteria/index_en.htm) (accessed 2.4.2014).

European Commission. Economic and Financial Affairs. „Pre-accession Economic Programmes (PEP)“. At [http://ec.europa.eu/economy\\_finance/international/enlargement/pre-accession\\_prog/index\\_en.htm](http://ec.europa.eu/economy_finance/international/enlargement/pre-accession_prog/index_en.htm) (accessed 3.5.2014).

European Commission, Economic and Financial Affairs. „The Euro“. European Commission. at [http://ec.europa.eu/economy\\_finance/euro/adoption/who\\_can\\_join/index\\_en.htm](http://ec.europa.eu/economy_finance/euro/adoption/who_can_join/index_en.htm) (accessed 5.5.2014).

European Commission. The EU Single Market. „General policy framework“. European Commission. at [http://ec.europa.eu/internal\\_market/top\\_layer/index\\_en.htm](http://ec.europa.eu/internal_market/top_layer/index_en.htm) (accessed 10.5.2014).

European Commission. „Europe 2020 Targets in Croatia“. Progress Towards 2020 Targets. Brussels: European Commission, 6.11.2013. at [http://ec.europa.eu/europe2020/europe-2020-in-your-country/hrvatska/progress-towards-2020-targets/index\\_en.htm](http://ec.europa.eu/europe2020/europe-2020-in-your-country/hrvatska/progress-towards-2020-targets/index_en.htm) (accessed 19.5.2014).

European Commission. Europe 2020. Europe 2020 in Croatia. *National Reform Programme*. Zagreb: April 2014. at [http://ec.europa.eu/europe2020/pdf/csr2014/nrp2014\\_croatia\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2014/nrp2014_croatia_en.pdf) (accessed 20.05.2014).

European Commission. Press releases database “Energy security: Commission puts forward comprehensive strategy to strengthen security of supply“ IP/14/406. Brussels: European Commission, 28.5.2014. at [http://europa.eu/rapid/press-release\\_IP-14-606\\_en.htm](http://europa.eu/rapid/press-release_IP-14-606_en.htm) (accessed 8.6.2014).

European Commission. Press releases database. “Renewable Energy Targets: Commission Calls on Member States to boost cooperation“, IP/11/113. Brussels: European Commission, 31.1.2011. at [http://europa.eu/rapid/press-release\\_IP-11-113\\_en.htm?locale=en](http://europa.eu/rapid/press-release_IP-11-113_en.htm?locale=en) (accessed 8.6.2014)

European Commission. *Commission Communication to the European Parliament, the Council, The European Economic and Social Committee and the Committee of the Regions- Commission Work Programme 2014*. Brussels: European Commission, 22.10.2013. at [http://ec.europa.eu/atwork/pdf/cwp\\_2014\\_hr.pdf](http://ec.europa.eu/atwork/pdf/cwp_2014_hr.pdf) (accessed 8.6.2014)

European Commission. Summaries of EU legislation. Energy. Internal Energy Market. “Trans European energy networks” Decision 1364/2006/EC. Brussels: European Commission, 12.10.2006. at [http://europa.eu/legislation\\_summaries/energy/internal\\_energy\\_market/127066\\_en.htm](http://europa.eu/legislation_summaries/energy/internal_energy_market/127066_en.htm) (accessed 10.6.2014).

European Commission. *Renewable Energy Progress Report*. Report from the Commission to the European Parliament, the Council, The European Economic and Social Committee and the Committee of the Regions. Brussels: European Commission, 7.3.2013. at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52013DC0175&from=EN> (accessed 10.6.2014).

European Commission. Enlargement. Iceland. *Screening Report- Chapter 15 Energy*, (Brussels: European Commission, 25.10.2011. at [http://ec.europa.eu/enlargement/pdf/iceland/keydocuments/screening\\_report\\_15\\_is\\_internet\\_en.pdf](http://ec.europa.eu/enlargement/pdf/iceland/keydocuments/screening_report_15_is_internet_en.pdf) (accessed 30.6.2014).

European Commission. Environment. „Environment Action Programme to 2020“. European Commission. 3.6.2014. at <http://ec.europa.eu/environment/newprg/index.htm> (accessed 1.7.2014)

European Commission. “Overview of CAP Reform 2014-2020” in Agricultural Policy Perspectives Brief, No.5 (2013). 1-10 at [http://ec.europa.eu/agriculture/policy-perspectives/policy-briefs/05\\_en.pdf](http://ec.europa.eu/agriculture/policy-perspectives/policy-briefs/05_en.pdf) (accessed 3.7.2014)

European Commission. Maritime Affairs. “Marine Knowledge 2020”. European Commission, at [http://ec.europa.eu/maritimeaffairs/policy/marine\\_knowledge\\_2020/index\\_en.htm](http://ec.europa.eu/maritimeaffairs/policy/marine_knowledge_2020/index_en.htm) (accessed 4.7.2014)

European Commission, Commission Staff Working Document. *Marine Knowledge 2020: roadmap- Innovation in the Blue Economy realising the potential of our seas and oceans for jobs and growth*. Brussels: European Commission, 8.5.2014. at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52014SC0149&from=EN> (accessed 4.7.2014).

European Commission, Environment. „Soil“. European Commission. 16.7.2014. at [http://ec.europa.eu/environment/soil/index\\_en.htm](http://ec.europa.eu/environment/soil/index_en.htm) (accessed 4.7.2014).

European Commission. Enlargement. *Screening report Iceland Chapter 27 – Environment*. Brussels: European Commission, 25.10.2011. At [http://ec.europa.eu/enlargement/pdf/iceland/key-documents/screening\\_report\\_27\\_is\\_internet\\_en.pdf](http://ec.europa.eu/enlargement/pdf/iceland/key-documents/screening_report_27_is_internet_en.pdf) (accessed 28.7.2014).

European Commission. *Assessment of the 2014 national reform programme and convergence programme for Croatia*. Commission Staff Working Document. Brussels: European Commission, 2.6.2014. at [http://ec.europa.eu/europe2020/pdf/csr2014/swd2014\\_croatia\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2014/swd2014_croatia_en.pdf) (accessed 10.8.2014)

European Commission. Humanitarian Aid and Civil Protection. *About ECHO*. European Commission: 12.5.2014. at <http://ec.europa.eu/echo/en/who/about-echo> (accessed 17.8.2014).

European Environmental Agency. “Electricity Consumption (in kWh/cap) per Capita”. European Environmental Agency. at <http://www.eea.europa.eu/data-and-maps/figures/electricity-consumption-per-capita-in-1> (accessed 24.6.2014).

European External Action Service. *About CSDP - European Security Strategy*. At [http://www.eeas.europa.eu/csdp/about-csdp/security\\_strategy\\_for\\_europe/index\\_en.htm](http://www.eeas.europa.eu/csdp/about-csdp/security_strategy_for_europe/index_en.htm) (accessed 24.10.2013).

European External Action Service, “The EU’s many international roles“. At [http://www.eeas.europa.eu/what\\_we\\_do/index\\_en.htm](http://www.eeas.europa.eu/what_we_do/index_en.htm) (accessed 21.11.2013)

European External Action Service. Security and Defence. *About CSDP*. At [http://eeas.europa.eu/csdp/about-csdp/index\\_en.htm](http://eeas.europa.eu/csdp/about-csdp/index_en.htm) (accessed 25.11.2013).

European External Action Service. *Security and Defence. Ongoing Missions and Operations*. [http://eeas.europa.eu/csdp/missions-and-operations/index\\_en.htm](http://eeas.europa.eu/csdp/missions-and-operations/index_en.htm) (accessed 25.11.2013)

European External Action Service. „Northern Dimension“. At [http://eeas.europa.eu/north\\_dim/index\\_en.htm](http://eeas.europa.eu/north_dim/index_en.htm) (accessed 2.4.2014).

European External Action Service. „EU Arctic Policy“. At [http://www.eeas.europa.eu/arctic\\_region/index\\_en.htm](http://www.eeas.europa.eu/arctic_region/index_en.htm) (accessed 28.8.2014).

European Union. *Consolidated Version of the Treaty on European Union and of the Treaty Establishing the European Community*. Title V, Article 17.2. Official Journal of the European Union, 29.12.2006. <https://www.ecb.europa.eu/ecb/legal/pdf/ce32120061229en00010331.pdf> (accessed 10.10.2013)

European Union. Member Countries. Croatia. at [http://europa.eu/about-eu/countries/member-countries/croatia/index\\_en.htm](http://europa.eu/about-eu/countries/member-countries/croatia/index_en.htm) (accessed 27.1.14).

European Union. EU by Topic. “Energy”. February 2013. At [http://europa.eu/pol/ener/index\\_en.htm](http://europa.eu/pol/ener/index_en.htm) (accessed 11.6.2014).

Fierke, K, M., „Constructivism“, In *International Relations Theories, Discipline and Diversity*, Tim Dunne, Milja Kurki and Steve Smith, (eds.) second edition. New York: Oxford Univeristy Press, 2010. 177-195.

Franic, Ramona, Ornella Mikus and Ante Andabak. *Optimisticki pogled na ulazak u EU: poljoprivrednicima moze biti bolje*, (Optimisitic view on the entrance to the EU: things could be better for farmers). Izvorni znanstveni rad (The Scientific Work Paper). Zagreb: Sveuciliste u Zagrebu (The University in Zagreb), Agronomski fakultet (The Faculty of Agriculture), 2011. at [http://sa.agr.hr/pdf/2011/sa2011\\_p0001.pdf](http://sa.agr.hr/pdf/2011/sa2011_p0001.pdf) (accessed 28.5.2014).

Folker, Jennifer Sterling. „Neoliberalism“. In *International Relations Theories, Discipline and Diversity*, Tim Dunne, Milja Kurki and Steve Smith, (eds.) second edition, New York: Oxford Univeristy Press, 2010. 115-123.

Folker, Jennifer Sterling „Liberalism“, In *Making Sense of International Relations Theory*, Jennifer Sterling-Folker (ed). London: Lynne Rienner Publishers, 2006. 55-62.

Gas Infrastructure Europe-GIE. “Missions and Objectives”. Gas Infrastructure Europe. at <http://www.gie.eu.com/index.php/about-us/mission> (accessed 13.6.2014).

Graham, Avery, Alyson JK Bailes and Baldur Þórhallsson. „Iceland’s Application for European Union Membership“ In *Studia Diplomatica*, LXIV-1, (2011) 93-119. at <http://uni.hi.is/baldurt/files/2012/08/Iceland-EU-Baldur-Alyson-Graham.pdf> (accessed 12.2.2014).

Graeger, Nina. "Environmental Security" In *Journal of Peace Research*, Vol.33, No.1, International Peace Research Institute. Oslo. (1996): 109-116 at <http://www.jstor.org/discover/10.2307/425137?uid=3738288&uid=2&uid=4&sid=21104400173993> (accessed 1.7.2014).

Grevi, Giovanni, Damien Helly and Daniel Keohane. *European Security and Defence Policy the First Ten Years (1999-2009)*. Paris: Institute for Security Studies, 2009.

Grdic, Dragan. „Nuklearka jamči energetske neovisnost“ (The nuclear plants guarantee energy independence). *Poslovni dnevnik* (Business Journal). 20.4.2010. at <http://www.poslovni.hr/domace-kompanije/nuklearka-jamci-energetske-neovisnost-145482> (accessed 5.8.2014)

Handel, Michael. „Weak States in the International System“ In *Small States in International Relations*. Christine Ingebritsen, Iver Neumann, Sieglinde Gstöhl and Jessica Beyer (eds). Seattle: University of Washington Press, 2006.

Hungary-Croatia Cross-border Cooperation Programme. Project Database. "Croatian Hungarian renewable energy network". Hungary-Croatia Cross-border Cooperation Programme. at <http://www.hu-hr-ipa.com/en/funded-project/163> (accessed 7.6.2014)

Hrvatski Sabor (*The Parliament of Croatia*). *Strategija održivog razvitka Republike Hrvatske* (The Strategy of the sustainable development of the Republic of Croatia). Zagreb: Hrvatski Sabor, 20.02.2009. at [http://narodne-novine.nn.hr/clanci/sluzbeni/2009\\_03\\_30\\_658.html](http://narodne-novine.nn.hr/clanci/sluzbeni/2009_03_30_658.html) (accessed 30.7.2014)

Hrvatski Sabor (*The Parliament of Croatia*). *Nacionalna Strategija Zastite Okolisa* (National Environmental Strategy). Zagreb: Hrvatski Sabor, 25.01.2002. at <http://narodne-novine.nn.hr/clanci/sluzbeni/308683.html> (accessed 3.8.2014)

Hrvatski Sabor (*The Parliament of Croatia*). "Waste". In *Nacionalna Strategija Zastite Okolisa* (The National Environmental Strategy). Zagreb: Hrvatski Sabor, 25.01.2002. at <http://narodne-novine.nn.hr/clanci/sluzbeni/308683.html> (accessed 3.8.2014)

Hrvatski Sabor (*The Parliament of Croatia*). "Water Management and Protection" In *Nacionalna Strategija Zastite Okolisa* (The National Environmental Strategy). Zagreb: Hrvatski Sabor, 25.01.2002. at <http://narodne-novine.nn.hr/clanci/sluzbeni/308683.html> (accessed 3.8.2014)

Hrvatski Sabor (*The Parliament of Croatia*). *Strategija gospodarenja otpadom Republike Hrvatske* (The Strategy of Waste Management of the Republic of Croatia). Zagreb: Hrvatski Sabor, 14.10.2005. at <http://narodne-novine.nn.hr/clanci/sluzbeni/289920.html> (accessed 5.8.2014)

Hrvatski Sabor (*The Parliament of Croatia*). *Strategija Nacionalne sigurnosti Republike Hrvatske* (The National Security Strategy). Zagreb: Hrvatski Sabor, 19.3.2002. at [https://www.soa.hr/UserFiles/File/Strategija\\_nacionalne\\_sigurnosti\\_RH.pdf](https://www.soa.hr/UserFiles/File/Strategija_nacionalne_sigurnosti_RH.pdf)

Hrvatske vode (Croatian waters). *Strategija upravljanja vodama* (The Water Management Strategy). Zagreb: Hrvatske Vode, March 2009. at



[file:///C:/Users/Cile%20i%20Dada/Downloads/STRATEGIJA\\_UPRAVLJANJA\\_VODAMA.pdf](file:///C:/Users/Cile%20i%20Dada/Downloads/STRATEGIJA_UPRAVLJANJA_VODAMA.pdf) (accessed 16.8.2014).

Iceland Review online. „IBM pulls out of Data Center Project“ 8.9.2010. at <http://icelandreview.com/news/2010/09/08/ibm-pulls-out-data-center-project> (accessed 28.7.2014)

Ingimundarson, Valur. *Í Eldinu Kalda Stríðsins: Samskipti Íslands og Bandaríkjanna 1945-1960*. Reykjavík: Vaka Helgafell, 1996.

Ingimundarson, Valur. *Uppbrot Hugmyndakerfis Endurmótun íslenskar utanríkisstefnu 1991-2007*. Reykjavík: Hið íslenska bókmenntafélag, 2008.

Institut za turizam (The Institute for tourism). “Hrvatski turizam u brojkama” (Croatian Tourism in Numbers). Vol. 7, issue 4, (2013). at <http://www.iztg.hr/UserFiles/file/institut/Hrvatski-turizam-u-brojkama-2013-Broj-04.pdf> (accessed 7.8.2014)

International Criminal Tribunal for the former Yugoslavia. Press Release. “Appeals Chamber Acquits and Orders Release of Ante Gotovina and Mladen Markač”. The Hague. 16.11.2012. at <http://www.icty.org/sid/11145> (accessed 27.1.2014)

International Council for the Exploration of the Sea (ICES). Official Web Site: <http://www.ices.dk/publications/Pages/default.aspx> (accessed 15.7.2014).

International Council for the Exploration of the Sea (ICES). „Mackerel in the Northeast Atlantic (combined Southern, Western, and North Sea spawning components)” In *ICES Advice*, Book 9, (2014): 6. at [http://ices.dk/sites/pub/Publication%20Reports/Advice/2014/2014/mac-nea\\_update\\_2014.pdf](http://ices.dk/sites/pub/Publication%20Reports/Advice/2014/2014/mac-nea_update_2014.pdf) (accessed 25.7.2014)

International Global Corruption Barometer. “Croatia” 2013. at <http://www.transparency.org/gcb2013/country/?country=croatia> (accessed 22.1.2014)

Jovic, Dejan. „Hrvatska vanjska politika pred izazovima clanstva u Europskoj Uniji“ (Croatian Foreign Policy: The Challenges of EU Accession). In *Politička misao*, (Political Thought). Fakultet politickih znanosti. Zagreb. Vol. 48, No. 2, (2011): 7-36. At [http://hrcak.srce.hr/index.php?show=clanak&id\\_clanak\\_jezik=107251](http://hrcak.srce.hr/index.php?show=clanak&id_clanak_jezik=107251) (accessed 8.8.2014).

Karns, Margaret P. and Karen A. Mingst. *International Organizations: The Politics and Processes of Global Governance*. London: Lynne Rienner Publishers Inc., 2010.

Katzenstein, J. Peter. „Small States in the World Market“ In *Small States in International Relations*, Christine Ingebritsen, Iver Neumann, Sieglinde Gstöhl and Jessica Beyer (eds). Seattle: University of Washington Press, 2006. 193-217.

Katzenstein, J. Peter. „The Smaller European States, Germany and Europe“ In *Tamed Power Germany in Europe*, Peter J. Katzenstein (ed). London: Cornell University Press, 1997. 251-304.

Keohane O. Robert. *After Hegemony, Cooperation and Discord in the World Political Economy*. New Jersey: Princeton University Press, 2005.

Keohane O. Robert. "Theory of World Politics: Structural Realism and Beyond". In *Neorealism and its Critics*. Robert O. Keohane (ed). New York: Columbia University Press, 1986. 159-204.

Keohane, Robert O., "Lilliputians' Dilemmas: Small States in International Politics", *International Organization*, Vol. 23, No. 2, (1969): 291-310.

Keohane, O. Robert. „Lilliputian's Dilemmas“, in *Small States in International Relations*, Christine Ingebritsen, Iver Neumann, Sieglinde Gstöhl and Jessica Beyer (eds). Seattle: University of Washington Press, 2006. 55-57.

Krastev, Ivan. „The new normal in the Balkans“. In *Insights and Perceptions: Voices of the Balkans*. Gallup Balkan Monitor, Summary Findings, (2010). at [http://www.balkan-monitor.eu/files/BalkanMonitor-2010\\_Summary\\_of\\_Findings.pdf](http://www.balkan-monitor.eu/files/BalkanMonitor-2010_Summary_of_Findings.pdf) (accessed 22.1.2014).

Kuzmanovic, Jasmina. "Croatia Hungary Discuss Cooperation in Energy, LNG Krk Terminal" *Bloomberg*. 25.5.2012. at <http://www.bloomberg.com/news/2012-05-25/croatia-hungary-discuss-cooperation-in-energy-lng-krk-terminal.html> (accessed 10.6.2014).

Lamy Steven L., "Contemporary mainstream approaches: neorealism and neoliberalism", in *Globalization of Worlds Politics: an Introduction to International Relations*, John Baylis & Steve Smith, (eds.) third edition. New York: Oxford University Press, 2008. 208-213.

Landsnet. "About Landsnet". at <http://landsnet.is/english/aboutlandsnet/> (accessed 20.6.2014).

Landsnet. *Ársskýrsla 2013* (The Annual Report 2013). Reykjavík: Landsnet, 2013. at [http://landsnet.is/library/Skrar/Landsnet/Upplýsingatorg/Skyrslur/arsskyrslur/arsskyrsla\\_landnets\\_2013\\_lowres.pdf](http://landsnet.is/library/Skrar/Landsnet/Upplýsingatorg/Skyrslur/arsskyrslur/arsskyrsla_landnets_2013_lowres.pdf) (accessed 21.6.2014)

Landsnet. *Kerfisáætlun 2014-2023* (System Plan 2014-2023). Drög. Reykjavík: Landsnet, May 2014. at [http://landsnet.is/library/Skrar/Landsnet/Upplýsingatorg/Skyrslur/Kerfisaaetlanir/2014/Kerfis%C3%A1%C3%A6tlun%202014-2023%20sk%C3%BDrsla%20-%20Copy%20\(1\).pdf](http://landsnet.is/library/Skrar/Landsnet/Upplýsingatorg/Skyrslur/Kerfisaaetlanir/2014/Kerfis%C3%A1%C3%A6tlun%202014-2023%20sk%C3%BDrsla%20-%20Copy%20(1).pdf) (accessed 21.6.2014).

Landsvirkjun (National Power Company of Iceland). "Rannsóknir og Þróun" (Research and Development). In *Ársskýrsla 2013* (The Annual Report 2013). Reykjavík: Landsvirkjun, 2013. at <http://arsskyrsla2013.landsvirkjun.is/rannsoknir-umhverfi-og-samfelag/rannsoknir-og-thrun#TengingraforkukerfisinsvidEvropu> (accessed 18.6.2014)

Landsvirkjun (National Power Company of Iceland). "Hluti af evrópskum raforkumarkaði" (The part of the European energy market). In *Ársskýrsla 2013* (The Annual Report 2013), (Reykjavík: Landsvirkjun, 2013). at <http://arsskyrsla2013.landsvirkjun.is/rannsoknir-umhverfi-og-samfelag/rannsoknir-og-thrun#TengingraforkukerfisinsvidEvropu> (accessed 18.6.2014)



Landsvirkjun (National Power Company of Iceland). “Orka á Alþjóðavettvangi” (Energy Internationally). In *Ársskýrsla 2013* (The Annual Report 2013). Reykjavík: Landsvirkjun, 2013. at <http://arsskyrsla2013.landsvirkjun.is/orkuvinnsla-og-vidskiptataekifri/orka-a-althjodavettvangi> (accessed 20.6.2014).

Landsvirkjun (National Power Company of Iceland). “Þjónusta við núverandi viðskiptavini” (Services to the existing costumers). In *Ársskýrsla 2013* (The Annual Report 2013). Reykjavík: Landsvirkjun, 2013. at <http://arsskyrsla2013.landsvirkjun.is/orkuvinnsla-og-vidskiptataekifri/orka-a-althjodavettvangi> (accessed 20.6.2014).

Lawson, Stephanie, *International Relations*. Cambridge: Polity Press, 2003. 41-54 78-89.

Lejour, Arjan Marcel, Mervar Andrea and Verweij Gerard. „The Economic Effects of Croatia’s Accession to the EU“ In *Economics Discussion Paper*. Institut fur Weltwirtschaft, No 6, (2008): 5 at <http://www.econstor.eu/handle/10419/17978> (accessed 19.05.2014).

Lög nr.50/1998, um virðisaukaskatt, með síðari breytingum 28. Desember 2010 (Law No. 50/1998 on VAT with subsequent amendments). Þingskjal 659 (Parliamentary Document) 659. Löggjafarþing (The Congress) 208. Lög (The Law) nr. 163. 28.12.2010. Vefútgáfa (Published on Web). at <http://www.althingi.is/altext/stjt/2010.163.html> (accessed 28.7.2014).

Mason, Michael and Mark Zeitoun „Questioning environmental security“ in *The Geographical Journal*, Vol. 179, No.4, London, (2013), 294-297. at <http://onlinelibrary.wiley.com/doi/10.1111/geoj.12030/pdf> (accessed 1.7.2014).

Metanbill.is at [http://metanbill.is/index.php?option=com\\_n-frettir&do=view&id=34&Itemid=30](http://metanbill.is/index.php?option=com_n-frettir&do=view&id=34&Itemid=30) (accessed 7.7.2014)

Miller, Lynn H. „The Ideas and the Reality of Collective Security“ in *The Politics of Global Governance*, Paul F. Diehl (ed). London: Lynne Rienner Publisher, 2005.

Mingst, Karen A. “Constructivism“. In *Essentials of International Relations*. Fourth edition. New York: Norton & Company, 2008.

Mingst, Karen A., *Essentials of International Relations*. New York: W.W. Norton & Company Inc., 2004. 50-60, 65-74 and 100-104.

Mingst, Karen A. and Jack L. Snyder. *Essentials Readings in World Politics*, 3rd edition New York: Norton & Company Inc., 2004. 132-135.

Ministry for Foreign Affairs. Issues. “Defence and Security Affairs”. Ministry for Foreign Affairs at <http://www.mfa.is/foreign-policy/security/> (accessed 12.02.2014).

Ministry for Foreign Affairs and Icelandic International Development Agency, *Iceland’s International Development Cooperation*, Icelandic Intrnational Development Agency, 2011, at [http://www.mfa.is/media/throunarsamvinna/Icelands\\_International\\_Development\\_Cooperation\\_MFA-ICEIDA.pdf](http://www.mfa.is/media/throunarsamvinna/Icelands_International_Development_Cooperation_MFA-ICEIDA.pdf) (accessed 28.8.2014).

Ministarstvo gospodarstva rada i poduzetništva (Ministry of Economy Labour and Entrepreneurship). *Energija u Hrvatskoj Godisnji Energetski Pregled* (Annual Energy Report Energy in Croatia). Zagreb: Ministarstvo gospodarstva rada i poduzetništva, 2010. at [http://www.eihp.hr/hrvatski/projekti/EUH\\_od\\_45/Energija2010.pdf](http://www.eihp.hr/hrvatski/projekti/EUH_od_45/Energija2010.pdf) (accessed 5.6.2014)

Ministarstvo gospodarstva rada i poduzetništva (Ministry of Economy Labour and Entrepreneurship). *Strategija Energetskog razvoja Republike Hrvatske* (Energy Strategy of the Republic of Croatia). Zagreb: Ministarstvo gospodarstva rada i poduzetništva, June 2009. at <http://www.mingo.hr/userdocsimages/White%20Paper%20Energy%20Staregy%20of%20the%20Republic%20of%20Croatia.pdf> (accessed 6.6.2014)

Ministry of Industry and Innovation. Publication. „The EU, the Faroe Islands and Norway take full responsibility of overfishing. The Minister's response to the tripartite agreement on the mackerel issue“. Press release from the Icelandic Minister of Fisheries and Agriculture, 13.3.2014. At <http://eng.atvinnuvegaraduneyti.is/publications/news/nr/8094> (accessed 20.8.2014).

Ministarstvo vanjskih i Europskih poslova (Ministry of Foreign and European Affairs). *Ugovor o pristupanju Republike Hrvatske Europskoj Uniji* (The Treaty Concerning the Accession of the Republic of Croatia to the European Union). Zagreb: Ministarstvo vanjskih i Europskih poslova, 1.7.2013. at [http://www.mvep.hr/custompages/static/hrv/files/120522\\_Ugovor\\_o\\_pristupanju.pdf](http://www.mvep.hr/custompages/static/hrv/files/120522_Ugovor_o_pristupanju.pdf) (accessed 29.7.2014)

Ministarstvo zaštite okoliša i prirode (The Ministry of Environment and Nature Protection). *Screening Report Croatia-Chapter 27 Environment*. Zagreb: Ministarstvo zaštite okoliša i prirode, 1.2.2007. at [http://www.mzoip.hr/doc/EI/Screening\\_report\\_2007.pdf](http://www.mzoip.hr/doc/EI/Screening_report_2007.pdf) (accessed 3.8.2014).

Ministarstvo zaštite okoliša i prirode (The Ministry of Environment and Nature Protection). *Strateski plan ministarstva okoliša i prirode za razdoblje 2013-2015* (The strategic plan of the Ministry of Environment and Nature for the period 2013-2015). Zagreb: Ministarstvo zaštite okoliša i prirode, May 2012. at [www.mzoip.hr/doc/Ustrojstvo/Strateski\\_plan\\_2013-2015.pdf](http://www.mzoip.hr/doc/Ustrojstvo/Strateski_plan_2013-2015.pdf) (accessed 6.8.2014)

Mix, Derek E. *The European Union: Foreign and Security Policy*. Congressional Research Service. (April 2013): 5. At <http://www.fas.org/sgp/crs/row/R41959.pdf> (Accessed 21.11.2013).

Morgan, Patrick. “Security in International Politics: Traditional Approaches”. In *Contemporary Security Studies*, Alan Collins (ed). New York, Oxford University Press, 2007.

Morgenthau, J. Hans, *Politics Among Nations*, Fourth printing, New York: Alfred A. Knopf, 1968. 25-33 36-41 161-171 397-407

Morgunbladið (Icelandic Newspaper). „Seinagangur fællir fjárfesta frá“. (Slowness repels investments). 8.9.2010. at

[http://www.mbl.is/frettir/taekni/2010/09/08/seinagangur\\_faelir\\_fjarfesta\\_fra/](http://www.mbl.is/frettir/taekni/2010/09/08/seinagangur_faelir_fjarfesta_fra/) (accessed 28.7.2014).

Mutimer David, "Critical Security Studies: A Schismatic History", in *Contemporary Security Studies*, Alan Collins. New York: Oxford University Press, 2007.

Narodne Novine (Official Journal). *Ustav Republike Hrvatske* (The Constitution of the Republic of Croatia). Zagreb: Narodne Novine, 25.4.2001. at <http://narodne-novine.nn.hr/clanci/sluzbeni/232289.html> (accessed 6.8.2014)

Natural Gas Transmission. "Transmission has started on Hungarian-Croatian Interconnector Pipeline". 8.8.2011. at <http://fgsz.hu/en/news/transmission-has-started-hungarian-croatian-interconnector-pipeline-0> (accessed 10.6.2014)

Navari, Cornelia. „Liberalism“ In *Security Studies: an Introduction*. Paul D.Wiliams (ed.) 2nd edition. New York: Routledge, 2012.

Neumann, B. Iver and Sieglinde Gstöhl. "Lilliputians in Guliver's World" In *Small States in International Relations*, Christine Ingebritsen, Iver Neumann, Sieglinde Gstöhl and Jessica Beyer (eds). Seattle: Univeristy of Washington Press, 2006.

Newnham, G., and J. Evans. *Dictionary of International Relations*. London: Penguin Books. 39. at [http://www.himalayancrossings.com/pdf/course/resource/penguin\\_dictionary.pdf](http://www.himalayancrossings.com/pdf/course/resource/penguin_dictionary.pdf). (accessed 3. 3.2013).

North Atlantic Treaty Organisation. Newsroom. Speeches. Mr. Gordan Jandroković, Minister of Foreign Affairs and European Integration of the Republic of Croatia at the signature of the Protocols of Accession of Albania and Croatia. (9. July 2008). at [http://www.nato.int/cps/en/natolive/opinions\\_7887.htm?selectedLocale=en](http://www.nato.int/cps/en/natolive/opinions_7887.htm?selectedLocale=en) (accessed 13.2.2014)

Novicic, Zaklina. „Neorealizam and neoliberalizam u savremenoj teoriji medjunarodnih odnosa“, (Neorealism and neoliberalism in the contemporary theory of international relations), in *Rasprave i Clanci, Izvorni Naucni Rad* (Original Scientific Paper), Vol. LIX, br. 2-3, Beograd, (2007): 211-242. At <http://scindeks-clanci.ceon.rs/data/pdf/0025-8555/2007/0025-85550703211N.pdf> (Accessed 25.06.2013).

Nuklearna Elektrana Krsko-NEK (Nuclear Power Plant Krsko).” Electricity”. Nuklearna Elektrana Krsko at <http://www.nek.si/en/electricity/> (accessed 9.6.2014).

Olafsson, Björn G. *Small States in the Global System. Analysis and illustrations from the case of Iceland*. Vermont: Ashgate Publishing, 1998).

Official Journal of the European Union. *Consolidated Version of The Treaty on European Union*. Brussels: EUR-lex, 26.October 2012. At <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2012:326:0013:0046:EN:PDF> (accessed 21.11.2013).

Official Journal of the European Union. *General Union Environmental Action Programme to 2020- Living well, within the limits of our planet*. Decision, No 1386/2013/EU of the European Parliament and of the Council. Brussels: Official Journal of the European Union, 20.11.2013. at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013D1386&from=EN> (accessed 1.7.2014).

Oil & Gas Journal. "Italian flow starts from Annamaria gas field". 4.7.2010. at <http://www.ogj.com/articles/2010/04/italian-flow-starts.html> (accessed 10.6.2014)

Orkustofnun (National Energy Authority). *Orkutölur 2012* (Energy Figures). Reykjavík: Orkustofnun, 2012. at [http://www.os.is/gogn/os-onnur-rit/orkutolur\\_2012-islenska.pdf](http://www.os.is/gogn/os-onnur-rit/orkutolur_2012-islenska.pdf) (accessed 19.6.2014).

Orkustofnun (National Energy Authority). *Raforkuspá 2013-2050* (Electricity 2013-2050). Orkuspárnefnd (Energy Forecast Committee). Reykjavík: Orkustofnun, February 2013. at <http://os.is/gogn/Skyrslur/OS-2013/OS-2013-02.pdf> (accessed 19.6.2014).

Orkustofnun (National Energy Authority). "Olíuleit" (Fuel Research). Orkustofnun at <http://www.orkustofnun.is/oliuleit/svaedi-og-gogn/nr/59> (accessed 19.6.2014).

Orkustofnun (National Energy Authority). *Ársskýrsla Orkustofnunar 2013* (*The Annual Report 2013*). Reykjavík: Orkustofnun, 2013. at <http://os.is/gogn/OS-arsskyrslur/OS-arsskyrsla-2013.pdf> (accessed 20.6.2014)

Orkustofnun (National Energy Authority). Fuels. "Alternative Fuels". Orkustofnun. at <http://www.nea.is/fuel/alternative-fuels/> (accessed 24.6.2014).

Orkustofnun (National Energy Authority). "Notkun olíu" (The fuel use). Orkustofnun at <http://www.orkustofnun.is/eldsneyti/eldsneytisspa/aaetlud-eldsneytisnotkun/notkun-oliu/> (accessed 27.6.2014)

Oxford Dictionaries. At <http://www.oxforddictionaries.com/definition/english/cogeneration?q=cogeneration> (accessed 18.8.2014).

Perica Josko. "Politicki Aspekti Prosirenja Evropske Unije"( Political Aspects of the EU Enlargement) In *Pravnik (Jurist)*. No. 40, (2006): 163-185. At <http://hrcak.srce.hr/8562> (accessed 25.9.2013).

Pétursson, Heimir Már. „Brýnt að marka stefnu varðandi fjölda ferðamanna“ (Urgent to establish a policy on the number of tourists). *Vísir* (Icelandic newspaper). 14.7.2014. at <http://www.visir.is/brynt-ad-marka-stefnu-vardandi-fjolda-ferdamanna/article/2014140719539> (accessed 10.8.2014).

Prasad, Naren. „Small but Smart: Small States in the Global System“ In Shaw *The Diplomacies of Small States Between Vulnerability and Resilience*, Andrew F. Cooper and Timothy M. Shaw (eds). New York: Palgrave Macmillan, 2009.

Pollack, Mark A. „International Relations Theory and European Integration“ In *Journal of Common Market Studies*, volume 39, (2001):221-244. At <http://onlinelibrary.wiley.com/doi/10.1111/1468-5965.00286/pdf> (accessed 4.8.2013).

Portal Croenergo EU. “Koliko Hrvatska godisnje kupuje elektricne energije” (How much electricity buys Croatia annually) at <http://www.croenergo.eu/koliko-hrvatska-godisnje-kupuje-elektricne-energije-1219.aspx> (accessed 10.6.2014).

Redzepagic, Denis and Vladimir Cvijanovic. „Croatia and the European Union:It’s Complicated“ In *Croatian Membership in the EU from work to housework*. Heinrich Böll Stiftung-Croatia. (14.6.2013): 3, at <http://www.hr.boell.org/web/40-733.html> (accessed 15.8.2014).

Republic of Croatia. Ministry of Foreign Affairs. “Hrvatska u mirovnim misijama I operacijama u ZSOP-a” (Croatia in Peace Missions and Operations). Ministry of Foreign Affairs. at <http://www.mvep.hr/hr/vanjska-politika/multilateralni-odnosi0/mir-i-sigurnost/mirovne-misije/hrvatska-u-mirovnim-misijama-i-operacijama/hrvatska-u-mirovnim-misijama-i-operacijama-zsop-a/> (accessed 5.2.2014).

Rice, E. Susan and Stewart Patrick. “Index of State Weakness in the Developing World“ 2008. at [http://www.brookings.edu/~media/Research/Files/Reports/2008/2/weak%20states%20index/02\\_weak\\_states\\_index\\_basket\\_scores\\_pullout.PDF](http://www.brookings.edu/~media/Research/Files/Reports/2008/2/weak%20states%20index/02_weak_states_index_basket_scores_pullout.PDF) (accessed 23.1.2014).

Riffat S. B.\* C. F. Afonso, A. C. Oliveirat and D. A. Reay. “Natural Refrigerants For Refrigeration and Air-Conditioning Systems” In *Applied Thermal Engineering*. Institute of Building Technology. Department of Architecture and Building Technology. Nottingham: Elsevier, January 1997. at <http://www.sciencedirect.com/science/article/pii/S1359431196000300> (accessed 8.7.2014)

Rio Tinto Alcan. Web site. At <http://www.riotintoalcan.is/?PageID=1> (accessed 20.6.2014).

RUV (Icelandic Newspaper), Innlent (*national*) “27 Króatar úr landi á morgun” (27 Croats will be deported tomorrow), 27.5.2013. at <http://www.ruv.is/frett/27-kroatar-ur-landi-a-morgun> (accessed 2.2.2014)

RUV (Icelandic national Television and Radio). „Heræfing NATO á Íslandi“ (NATO military exercises in Iceland). 1.2.2014. at <http://www.ruv.is/frett/heraefing-nato-a-islandi> (accessed 5.4.2014)

Samardzija, Visnja and Senada Selo-Sabic. „Security Challenges in the Western Balkans: Building *Soft Security* after Conflict“ In *Small States and International Security: Europe and beyond*. Clive Archer, Alyson JK Bailes and Anders Wivel (eds.) London: Routledge, 2014.

Samstarfshópur um aðgerðaáætlun í loftslagsmálum (Collaborative group action plan on climate change). *Aðgerðir í Loftslagsmálum - Skýrsla samstarfshóps til umhverfis og auðlindaráðherra* (Actions on the Climate Issue – Working Group Report to the Ministry for the Environment and Natural Resources). Reykjavík: Samstarfshópur um aðgerðaáætlun í loftslagsmálum, May 2013. at <http://rafhladan.is/bitstream/handle/10802/2973/Skyrsla-2013-adgerdaaetlun-loftslagsmal.pdf?sequence=1> (accessed 27.6.2014)

Samtök Atvinnulífsins (Business Iceland). At <http://www.sa.is/sa-business-iceland> (accessed 18.8.2014).

Seðlabanki Íslands (Icelandic Central Bank). “Verðlagsþróun”, (Inflation). At <http://www.sedlabanki.is/Peningastefna/verdlagsthroun/> (accessed 4.4.2014).

Skok, Dobriva. “NATO, redefinition of security and Croatia” In *Adrias*. No.14. Zagreb: Croatian Academy of Sciences and Arts, April 2008. At [http://hrcak.srce.hr/index.php?show=clanak&id\\_clanak\\_jezik=56284](http://hrcak.srce.hr/index.php?show=clanak&id_clanak_jezik=56284) (accessed 14.8.2014)

Sköns, Elisabeth. „Analysing risks to human lives“ In *Stockholm International Peace Research Institute Yearbook 2007*, (2007): 243-266. at

<http://www.sipri.org/yearbook/2007/files/SIPRIYB0707.pdf> (accessed 10.02.2013).

State Institute for Nature Protection, Protected Areas. “Protected Areas in Croatia - national categories”. State Institute for Nature Protection. at <http://www.dzrp.hr/eng/protected-areas/protected-areas-in-croatia/protected-areas-in-croatia-%E2%80%93-national-categories-1137.html> (accessed 6.8.2014).

Statistics Iceland. “Key Figures”. at <http://www.statice.is/Pages/1390> (accessed 26.3.2014).

Statistics Iceland. “Energy”. at

<http://www.statice.is/?PageID=1230&src=https://rannsokn.hagstofa.is/pxen/Dialog/varval.asp?ma=IDN02101%26ti=Installed+capacity+and+generation+in+public+power+plants+1976-2012+%26path=../Database/idnadur/orkumal/%26lang=1%26units=Megawatt/Gigawatt%20hour%20percent> (accessed 24.6.2014).

Stratulat, Corina. „For better for worse, the European Union takes Croatia as its 28th Member“. Commentary. European Policy Centre-EPC, 12.6.2013. at

[http://www.epc.eu/documents/uploads/pub\\_3579\\_the\\_european\\_union\\_takes\\_croatia\\_as\\_its\\_28th\\_member.pdf](http://www.epc.eu/documents/uploads/pub_3579_the_european_union_takes_croatia_as_its_28th_member.pdf) (accessed 14.05.2014)

Stockholm International Peace Research Institute (SIPRI). “Military Expenditure Database” at [http://www.sipri.org/research/armaments/milex/milex\\_database](http://www.sipri.org/research/armaments/milex/milex_database) (accessed 22.1.2014).

Sveinsson, Gunnar Bragi. „Iceland’s Role in the Arctic-The Future of Arctic Cooperation“ Speech at the Arctic Circle Assembly, October 2013.

at <http://www.mfa.is/media/nordurslodir/Arctic-Circle-speech-October-14-2013.pdf> (accessed 10.4.2014).

Sven Biscop, “The ESS in context a comprehensive trend“, in *The EU and the European Security Strategy: Forging a global Europe*, Sven Biscop and Jan Joel Andersson (eds). New York: Routledge, 2008. 5-21.

The Slovenia Times. “Slovenia, Italy and Croatia to cooperate in energy projects”. Politics 13.9.2013. at <http://www.sloveniatimes.com/slovenia-italy-and-croatia-to-cooperate-in-energy-projects> (accessed 10.6.2014)

Thorhallsson, Baldur. „Can Small States Choose Their Own Size? The Case of a Nordic State- Iceland“ In *The Diplomacies of Small States Between Vulnerability and Resilience*,



Andrew F. Cooper and Timothy M. Shaw (eds.) New York: Palgrave Macmillan, 2009. 119-143.

Thorhallsson, Baldur. „The Skeptical Political Elite Versus the pro-European Public-The Case of Iceland“ In *Scandinavian Studies- Scandinavian Way to Europe*. Managing editor Steven P. Soundrup and guest editor Christine Ingebritsen, Vol.74.,No .3, (2002): 349-376. at [http://uni.hi.is/baldurt/files/2012/11/scandinavian\\_studies.pdf](http://uni.hi.is/baldurt/files/2012/11/scandinavian_studies.pdf) (accessed 12.3.2014).

Thorhallsson, Baldur. *Iceland's contested European Policy: The Footprint of the Past-A Small and Insular Society*. Jean Monet Occasional Paper 02/2013. Malta: Institute for European Studies, 2013. at <http://uni.hi.is/baldurt/files/2013/03/Foreign-policy-Iceland-smallness-insular-by-Baldur-Thorhallsson.pdf> (accessed 18.3.2014).

Thorhallsson, Baldur. „The Icelandic Crash and its Consequences“ in *Small States in Europe Challenges and Opportunities*, Robert Steinmetz and Anders Wivel (eds.). Ashgate, 2010. 198-214. At [http://uni.hi.is/baldurt/files/2012/08/The\\_Icelandic\\_Crash\\_and\\_its\\_Consequences\\_Thorhallsson.pdf](http://uni.hi.is/baldurt/files/2012/08/The_Icelandic_Crash_and_its_Consequences_Thorhallsson.pdf) (accessed 4.4.2014).

Thorhallsson, Baldur. „The Role of Small States in European Union“ In *Small States in International Relations*. Christine Ingebritsen,Iver Neumann,Sieglinde Gstöhl and Jessica Beyer (eds). Seattle: University of Washington Press, 2006. 218-226.

Tisma,Sanja, Visnja Samardzija and Kresimir Jurlin. *Hrvatska i Europska Unija Prednosti i izazovi clanstva* (Croatia and the European Union- Benefits and challenges of the membership). Zagreb: Institut za medjunarodne odnose u suradnji s Delegacijom Europske unije u Republici Hrvatskoj, (The Institute for International Relations in cooperation with the Delegation of the EU in Republic of Croatia), 2012. at [http://ec.europa.eu/croatia/services/publications/2012/2012\\_croatia-eu\\_challenges\\_hr.pdf](http://ec.europa.eu/croatia/services/publications/2012/2012_croatia-eu_challenges_hr.pdf) (accessed 28.01.2014).

Trading Economics. „Croatia GDP Annual Growth Rate“ at <http://www.tradingeconomics.com/croatia/gdp-growth-annual> (accessed 5.5.2014).

Trading Economics. “Electric power consumption (kWh per capita) in Iceland”. at <http://www.tradingeconomics.com/iceland/electric-power-consumption-kwh-per-capita-wb-data.html> (accessed 22.6.2014).

Transparency International. “Global Corruption Barometer 2010/11 national results, Iceland”. at <http://www.transparency.org/gcb201011/results>, (accessed 22.1.2014).

Transparency International. „Corruption Perceptions Index/ In Detail“. Transparency International. at [http://www.transparency.org/cpi2011/in\\_detail](http://www.transparency.org/cpi2011/in_detail) (accessed 2.5.2014).

United Nations. *Kyoto Protocol to the United Nations Framework Convention on Climate Change- Doha Amendment to the Kyoto Protocol*. Doha: United Nations, 8. 12. 2012. at <https://treaties.un.org/doc/Treaties/2012/12/20121217%2011-40%20AM/CN.718.2012.pdf> (accessed 4.7.2014.)

United Nations Development Programme (UNDP). *Progress towards the Achievement of the Millennium Development Goals in the Republic of Croatia*. ed, Helena Gorancic-Lazetic. Zagreb: The United Nations Development Programme (UNDP), 2006. at [http://planipolis.iiep.unesco.org/upload/Croatia/Croatia\\_MDG\\_Progress-Report\\_2006.pdf](http://planipolis.iiep.unesco.org/upload/Croatia/Croatia_MDG_Progress-Report_2006.pdf) (accessed 8.8.2014)

United Nations High Commissioner for Refugees, Policy Development and Evaluation Service. *Should I stay or should I go? A review of UNHCR's response to the protracted refugee situation in Serbia and Croatia*. Richard Allen, independent consultant Angela Li Rosi, PDES Maria Skeie (eds.) Operational Solutions and Transition Section. December 2010. at <http://www.unhcr.org/4d08e19a9.html> (accessed 2.2.2014)

United Nations University. "Geothermal Training Programme". at <http://www.unugtp.is/> (accessed 19.6.2014).

United Nations University. Land Restoration Training Programme. "Background". United Nations University. at <http://www.unlurt.is/en/about-unu-lrt/background-unu-lrt> (accessed 7.7.2014).

UNCCD at <http://www.unccd.int/en/about-the-convention/Pages/About-the-Convention.aspx>

Utanríkisráðuneytið (The Ministry of Foreign Affairs). Málefni (Issues). Öryggis og varnamál (Defence and Security Affairs). "Norraent samstarf í varnamálum" (Nordic Cooperation in Defence). At <http://www.utanrikisraduneyti.is/verkefni/althjoda-og-oryggissvid/varnar-og-oryggismal/norraent-samstarf-i-varnarmalum/> (accessed 12.02.2014).

Utanríkisráðuneytið (Ministry for Foreign Affairs). Málefni (Issues). "Iceland and NATO". Ministry for Foreign Affairs. at <http://www.mfa.is/foreign-policy/security/> (accessed 12.02.2014).

Utanríkisráðuneytið (The Ministry of Foreign Affairs). Thorvald Stoltenberg „Norraen samvinna á sviði útanríkis og öryggismála“ (Nordic Cooperation in Foreign Affairs and Defence). Reykjavík: Utanríkisráðuneytið, 9.2.2009. at [http://www.utanrikisraduneyti.is/media/Frettatilkynning/Stoltenberg\\_netutg\\_leidrett.pdf](http://www.utanrikisraduneyti.is/media/Frettatilkynning/Stoltenberg_netutg_leidrett.pdf) (accessed 12.2.2014)

Utanríkisráðuneytið (The Ministry of Foreign Affairs). *Áhættuskýrsla fyrir Ísland: Hnatrænarir, samfélagslegir og hernaðarlegir þættir*, (Risk Assessment for Iceland: Global, societal and military aspects). Reykjavík: Utanríkisráðuneytið, March 2009. at [http://www.utanrikisraduneyti.is/media/Skyrslur/Skyrsla\\_um\\_ahattumat\\_fyrir\\_Island\\_a.pdf](http://www.utanrikisraduneyti.is/media/Skyrslur/Skyrsla_um_ahattumat_fyrir_Island_a.pdf) (accessed 25.2.2014)

Utanríkisráðuneytið (Ministry of Foreign Affairs). "Geothermal Training Programme". Utanríkisráðuneytið. At <http://www.utanrikisraduneyti.is/verkefni/throunarsvid/haskolar-sth/jardhitaskoli-sth/> (accessed 19.6.2014).

Utanríkisráðuneytið (Ministry for Foreign Affairs). *Ísland á norðurslóðum* (Iceland in Arctic). Reykjavík: Utanríkisráðuneytið, April 2009. at [http://formennska2009.forsaetisraduneyti.is/media/Formennska2009/Skyrslan\\_Island\\_a\\_nord\\_urslodum.pdf](http://formennska2009.forsaetisraduneyti.is/media/Formennska2009/Skyrslan_Island_a_nord_urslodum.pdf) (accessed 4.7.2014)



Utanríkisráðuneytið (The Ministry of Foreign Affairs). *A Parliamentary Resolution on Iceland's Arctic Policy*. Reykjavík: Icelandic Parliament 139<sup>th</sup> legislative session, 28.3.2011. at <http://www.mfa.is/media/nordurlandaskrifstofa/A-Parliamentary-Resolution-on-ICE-Arctic-Policy-approved-by-Althingi.pdf> (accessed 10.8.2014)

Utanríkisráðuneytið (The Ministry of Foreign Affairs). Málefni (Issues). Þróunarsamvinna (Development Cooperation). Íslenska friðargæslan (Icelandic Peace Missions). "Peace and Security Development". at <http://www.utanrikisraduneyti.is/verkefni/throunarsvid/fridargaesla/> (accessed 10.8.2014)

Utanríkisráðuneytið (The Ministry for Foreign Affairs), *The Icelandic Foreign Minister's 2011 Annual Report on Foreign Affairs to the Icelandic Parliament*, Utanríkisráðuneytið, 2011 at [http://eng.utanrikisraduneyti.is/media/MFA\\_pdf/Introduction-and-executive-summary.pdf](http://eng.utanrikisraduneyti.is/media/MFA_pdf/Introduction-and-executive-summary.pdf) (accessed 28.8.2014).

Umhverfissráðuneytið (Ministry for the Environment and Natural Resources). *Iceland's Climate Change Strategy*. Reykjavík: Umhverfissráðuneytið, 2007. at [http://eng.umhverfisraduneyti.is/media/PDF\\_skrar/Stefnumorkun\\_i\\_loftslagsmalum\\_enlokagerd.pdf](http://eng.umhverfisraduneyti.is/media/PDF_skrar/Stefnumorkun_i_loftslagsmalum_enlokagerd.pdf) (accessed 1.7.2014).

Umhverfissráðuneytið (Ministry for the Environment and Natural Resources). *Aðgerðaáætlun í loftslagsmálum* (Actions on climate change). Reykjavík: Umhverfissráðuneytið. October 2010. at [http://www.umhverfisraduneyti.is/media/PDF\\_skrar/Adgerdaaaetlun-i-loftslagsmalum.pdf](http://www.umhverfisraduneyti.is/media/PDF_skrar/Adgerdaaaetlun-i-loftslagsmalum.pdf) (accessed 7.7.2014).

Umhverfissráðuneytið (Ministry for the Environment and Natural Resources). *Stefnumörkun í loftslagsmálum* (Strategic Targets on Climate Change). Reykjavík: Umhverfissráðuneytið, February 2007. at [http://www.umhverfisraduneyti.is/media/PDF\\_skrar/Stefnumorkun\\_i\\_loftslagsmalum.pdf](http://www.umhverfisraduneyti.is/media/PDF_skrar/Stefnumorkun_i_loftslagsmalum.pdf) (accessed 7.7.2014)

Umhverfissráðuneytið (Ministry for the Environment and Natural Resources). *Hafið* (Ocean). Reykjavík: Stefnumótun Íslenskra Stjórnvalda (Icelandic Government Policy), 2004. [http://www.umhverfisraduneyti.is/media/PDF\\_skrar/Hafid\\_LOW1.pdf](http://www.umhverfisraduneyti.is/media/PDF_skrar/Hafid_LOW1.pdf) (accessed 18.8.2014).

Umhverfisstofnun (The Environment Agency of Iceland). *Haf og Vatn* (The Ocean and The Water). „Mengun Hafs og Stranda“ (Pollution of the Sea). Umhverfisstofnun. at <http://ust.is/?PageId=c6244e4b-fb11-43af-a209-93f2b343245d> (accessed 8.7.2014).

U.S. Energy Information Administration. *Annual Energy Outlook 2014 with projections to 2040*. Washington: U.S. Energy Information Administration, April 2014. at [http://www.eia.gov/forecasts/aeo/pdf/0383\(2014\).pdf](http://www.eia.gov/forecasts/aeo/pdf/0383(2014).pdf) (accessed 27.6.2014).

Walt, Stephen M. „The Renaissance of Security Studies“ In *International Studies Quarterly*, vol.35, no.2, JSTOR. London: Blackwell Publishing (1991): 211-239.

Waltz, N.Kenneth, „Anarchic Orders and Balances of Power“. In *Neorealism and Its Critics*, Robert Keohane, (ed). New York: Columbia University Press, 1986. 99-130.

Website of the anti-EU movement, Heimssýn, available at <http://heimssyn.is> (last access: 1 December 2010), cited in Avery Graham, Alyson JK Bailes and Baldur Þórhallsson,

„Iceland’s Application for European Union Membership“ in *Studia Diplomatica*, LXIV-1, (2011): 99. at <http://uni.hi.is/baldurt/files/2012/08/Iceland-EU-Baldur-Alyson-Graham.pdf> (accessed 31.3.2014).

Web site of the pro-EU movement, petition. At <http://thjod.is/> (accessed 13.8.2014).

Wivel, Anders. „The Security Challenge of Small EU Member States: Interests, Identity and the Development of the EU as a Security Actor“. *Journal of Common Market Studies*, vol.43, (2005): 394-396, <http://onlinelibrary.wiley.com/doi/10.1111/j.0021-9886.2005.00561.x/abstract> (accessed 22.11.2012).

World Economic Forum. “The Global Competitiveness Report 2013-2014”. at [http://www3.weforum.org/docs/GCR2013-14/GCR\\_Rankings\\_2013-14.pdf](http://www3.weforum.org/docs/GCR2013-14/GCR_Rankings_2013-14.pdf) (accessed 18.6.2014).

Woods, Ngaire. „The Uses of Theory in the Study of International Relations“ In *Explaining International Relations Since 1945*. Ngaire Woods. Oxford: Oxford University Press, 1996. 10-32.