



The Case for Northern Enlargement: Iceland Paving the Way?



by Luca Cinciripini

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- Despite growing strategic incentives for closer integration, EU membership remains politically divisive in both Iceland and Norway, where sovereignty, fisheries and regulatory autonomy remain highly sensitive issues.
- Northern enlargement could strengthen the EU strategically and revitalise enlargement policy, but it also risks fuelling tensions over differentiated accession paths and internal EU reform.



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Luca Cinciripini is a Research Fellow in the “EU, politics and institutions” and the “Energy, climate and resources” programmes at IAI.

✉ l.cinciripini@iai.it

This commentary was produced by the Istituto Affari Internazionali as part of the InCLUDE project, supported by Open Society Foundations Western Balkans. Its contents are the sole responsibility of the author and do not necessarily reflect the views of Open Society Foundations Western Balkans.



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The Icelandic case reflects a broader shift in how EU membership is understood

The **29 August referendum** on reopening accession talks between Iceland and the EU is not just a domestic political event confined to a small North Atlantic island but could reverberate far beyond. The Icelandic case reflects a broader shift in how EU membership is understood. While economic considerations played a central role in earlier rounds of enlargement, Russia's full-scale war against Ukraine, growing doubts about the US security guarantee, and renewed tensions around Greenland have strengthened the idea of the EU as a **political and security community**. In this context, even wealthy and highly integrated countries may increasingly see EU membership in strategic terms, despite uncertain public opinion.

Against this backdrop, the Icelandic referendum could become an important test case for the future direction and attractiveness of the European project. A positive result in Iceland could also reopen discussion about northern enlargement, including Norway's possible accession. More broadly, it could help give new momentum and credibility to the enlargement process by showing that EU membership remains politically attractive and practically viable even for wealthy and consolidated democracies. This could indirectly strengthen the wider enlargement agenda, from the Western Balkans to Moldova and Ukraine. At the same time, a rejection in the referendum could reinforce doubts about the political appeal of the European project and strengthen Eurosceptic narratives portraying deeper European integration as incompatible with national sovereignty.

Iceland and Norway: Domestic politics under pressure

In Iceland, the 29 August referendum is a major political test. More than a technical step, it could mark a strategic repositioning that would have been difficult to imagine only a few years ago. Iceland's EU trajectory is not new. **Accession talks** were launched in 2009, in the aftermath of the global financial crisis, when the collapse of Iceland's banking sector and the sharp depreciation of the krona pushed Reykjavik to seek closer integration with the EU as a pathway to economic stabilisation. Yet by 2013, as economic conditions rapidly improved and Eurosceptic forces gained ground, the process was suspended. The existing framework of the European Economic Area (EEA), which gives Iceland, together with Norway and Liechtenstein, access to the EU single market without full membership, was once again deemed sufficient.

Today, however, the strategic context has changed significantly. Russia's invasion of Ukraine, growing tensions in the Arctic, and uncertainty surrounding the US security commitment, compounded by Donald Trump's territorial claims regarding Greenland, have strengthened the perception in Iceland that closer integration with the EU could also serve broader political and security interests. At the same time, the costs of remaining outside the Union's decision-making structures while still being deeply integrated economically have become more visible. For Iceland and Norway, access to the single market increasingly means being rule-takers rather than rule-makers.

With **11 out of 35 negotiation chapters** already closed before talks were suspended, a positive vote in Iceland could allow the process to resume from a relatively advanced stage. Domestic dynamics, however, remain complex. Polls suggest a slight majority in favour of EU membership, but margins are narrow and public opinion remains volatile. At the same time, key economic sectors, notably **fisheries**,



remain strongly opposed, fearing the impact of EU regulations on an industry that is not only economically significant but also central to national identity.

A similar, though less advanced, dynamic is emerging in Norway. Euroscepticism remains the dominant position, reinforced by the negative outcome of the referendum on EU accession in 1994. Yet signs of change are becoming visible. Recently, the leader of the country's largest opposition party publicly argued that Norway should move towards a **new referendum** and reconsider its relationship with the EU. Although the current government opposes any major shift in the country's EU posture, these developments point to the potential reopening of a broader debate driven by factors similar to those emerging in Iceland.

Norway already represents a **key partner** in areas such as defence and energy. Oslo contributes to several **EU defence and security initiatives**, including the European Defence Fund and the European Peace Facility, while a Security and Defence Partnership Agreement was signed in 2024. Norway has also become an increasingly important energy partner for Europe following Russia's invasion of Ukraine. Yet **energy relations** with the EU remain politically sensitive, as illustrated by recent disputes over the incorporation of EU energy legislation into Norwegian law under the EEA framework.

As a matter of fact, EU membership remains a divisive issue in Norway. **Concerns** over sovereignty and national identity continue to play an important role, particularly on the political right, while on the left resistance often focuses on protecting Norway's labour model, as well as domestic **agriculture and fisheries**, sectors that are not only economically important but also deeply embedded in national political and cultural narratives. In this context, Iceland may act more as a catalyst than as a model, but the differences between the two countries

(both politically and economically) suggest that any comparable shift in the Norwegian debate remains far from automatic. The outcome of the referendum and any subsequent reopening of negotiations with Brussels will be nevertheless closely watched in Oslo, potentially helping to legitimise a debate that has long remained politically marginal.

Bringing Iceland and Norway into the Union would strengthen its presence in the North Atlantic and the Arctic

However, the willingness to accept the compromises required by EU membership cannot be taken for granted. **Recent statements** by EU officials nonetheless suggest growing awareness of these domestic sensitivities, potentially paving the way for more flexible, though still politically delicate, negotiations.

Looking ahead: Opportunities and risks

The potential accession of Iceland and Norway differs significantly from other enlargement cases. Both are wealthy democracies with highly developed institutional frameworks and a high degree of regulatory alignment with the EU through the EEA. As was the case for Austria, Finland and Sweden, which joined the EU in the mid-1990s after participating in the EEA, accession could proceed more quickly than in many other countries.

For the EU, northern enlargement presents a clear strategic opportunity. Bringing Iceland and Norway into the Union would strengthen its presence in the North Atlantic and the Arctic, with tangible benefits in terms of security, energy and geopolitical reach. As NATO members with highly developed economies, both countries could reinforce the EU's capacity to act in an increasingly competitive international environment. Unlike many current candidate countries, Iceland and Norway would also



likely become net contributors to the EU budget, potentially easing some of the financial concerns often associated with enlargement.

In this context, Iceland could catch up with Montenegro, for which the EU has recently established an ad hoc working group tasked with drafting the accession treaty, a highly symbolic step that signals growing confidence in Podgorica's accession trajectory and in the broader credibility of enlargement policy. Albania, meanwhile, is targeting to close accession negotiations by the end of 2027. The accession of wealthy and highly developed Nordic democracies could also facilitate future treaty ratifications by making enlargement politically easier to defend in parts of the EU where public scepticism and sovereigntist narratives have increasingly constrained support for further integration.

Northern enlargement could also contribute to a broader strategic rebalancing within the EU. Since Russia's invasion of Ukraine, the Union's geopolitical centre of gravity has progressively shifted eastward. Integrating Iceland and Norway would **reinforce the Arctic and North Atlantic dimensions** of the EU's strategic posture, helping Brussels avoid an excessive concentration on its eastern flank while consolidating its presence in another increasingly contested geopolitical space.

EU accession would also represent a major strategic opportunity for Iceland and Norway themselves. Deeper political integration would allow both countries to gain greater bargaining power by participating directly in shaping rules that already affect them through the EEA framework, while also reducing some of the limitations associated with remaining outside the customs union. In an increasingly transactional and conflict-driven international environment, remaining outside major political and economic blocs may leave small and medium-sized states more exposed to economic and security vulnerabilities.

At the same time, however, this potential "fast track" for Iceland and Norway raises significant challenges. A quicker accession process for Nordic countries would stand in stark contrast to the protracted and uncertain paths faced by countries in the Western Balkans, Moldova and Ukraine. This divergence risks generating resentment among **long-standing candidates**, fuelling the perception that geopolitical considerations increasingly shape the pace of enlargement alongside formal criteria. In turn, this could weaken reform incentives and contribute to renewed stagnation across other enlargement fronts. More broadly, the emergence of differentiated accession dynamics raises the prospect of a multi-speed enlargement process, one driven as much by geopolitical considerations as by formal criteria.

Managing these tensions would require careful political balancing from Brussels. Linking northern enlargement to progress by current enlargement frontrunners such as Montenegro and Albania could help avoid perceptions of strategic imbalance. At the same time, a positive referendum outcome in Iceland could place pressure on the EU to move relatively quickly on accession talks at a politically sensitive moment for the enlargement process. Conversely, a rejection of EU membership via popular referendum could reinforce doubts about the attractiveness of the EU itself.

A strategic opportunity and a political test

Ultimately, northern enlargement represents both a strategic opportunity and a political test for the EU. While it could enhance the EU's ability to operate in an increasingly competitive geopolitical environment, it also raises fundamental questions about the coherence and credibility of its enlargement policy and, more broadly, of the attractiveness of its governance model. The Icelandic case, therefore, goes well beyond the future of a single country. It reflects a broader transformation in which enlargement is increasingly conceived



as a tool of geopolitical stabilisation and risk management. The challenge for Brussels will be to reconcile this growing strategic urgency with the need to preserve a credible, consistent and sustainable enlargement process across all its fronts, from the North Atlantic to Eastern and Southeastern Europe.

8 June 2026

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Via dei Montecatini, 17
I-00186 Rome, Italy
T +39 06 6976831
www.iai.it



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ISSN 2532-6570 | DOI 10.82088/IAIcom2624

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