

Proposal for a parliamentary resolution

on the withdrawal of Iceland's application for accession to the European Union and on the strengthening of cooperation with the European Union and the European states

(Submitted to the 143^d session of Parliament, 2013-2014)

Althingi resolves to entrust the government with withdrawing Iceland's application for membership to the European Union. At the same time, Althingi resolves that a new application for membership to the European Union will not be submitted without a prior referendum on whether the people of Iceland aim at joining the European Union.

Althingi also resolves to entrust the government with strengthening bilateral relations and partnerships with the European Union and the European states.

Comments on the Proposal for a Parliamentary Resolution.

Background

By a parliamentary resolution adopted on 16 July 2009 the government at that time was entrusted with submitting an application for Iceland's accession to the European Union and, upon completion of negotiations with the Union, a referendum was to be held on the forthcoming accession agreement.

The process initiated by that parliamentary resolution has been heavily criticised from the very beginning. The agreement and support generally considered a necessary basis for a process of this kind has been far from available.

The decision to begin accession negotiations was part of a political agreement between the former coalition partners. It has also been long known that the majority of the Icelandic people are opposed to Iceland adhering to the European Union's terms and thus making Iceland an EU member, although there is willingness to explore the possibilities of membership.

The coalition partners at the time were opposed to asking the Icelandic voters whether they wanted to start accession talks with the European Union, as it was likely that the voters' opinion would not be in accord with the governing parties' aforementioned agreement. The wisest course of action would have been to hold a referendum on whether to apply for membership, but a proposal to that effect was repeatedly rejected by Parliament.

The accession negotiations with the European Union have turned out to be considerably more time-consuming and difficult than aimed for by those who moved the motion for membership application and its supporters. During the period preceding the April 2009 Parliamentary election the supporters of membership thought it might be possible to vote on the outcome of the accession negotiations as soon as 2010, very likely in 2011 and definitely by the end of 2012.

In April 2013 the status of the accession negotiations was such that 11 negotiating chapters had been provisionally closed, talks on 16 chapters were on-going and a negotiating position had been submitted for two chapters. However, negotiating positions had not been submitted for those chapters that concerned Iceland's most important interests, i.e. four chapters relating to fisheries and agriculture. It had also been the plan to seek cooperation on currency issues alongside the membership application, but this did not happen, *inter alia* due to a lack of consensus between the political parties.

It is clear that it was impossible to conclude the talks with the European Union in a short period of time; as mentioned above, Iceland's primary interests were yet to be negotiated. Many problems were foreseen in connection with these chapters since nothing solid had been made available as regards Iceland's demands and interests.

The current status

It is the policy of both parties forming the current government that it is in the best interests of Iceland to remain outside the European Union. The coalition agreement of the current government confirms this, as well as stating that the accession negotiations will not be continued without a prior national referendum.

“Accession negotiations with the EU will be put on hold and the status of the negotiations and developments within the EU will be assessed. “ ”The assessment will be submitted to Althingi for debate and presented to the nation. Accession negotiations will not be continued without a prior referendum.”

This policy has been implemented since the current government took power. Negotiations with the European Union have been stopped and the Icelandic negotiating committee and negotiating teams have been dissolved.

In October 2013 the Ministry for Foreign Affairs made an agreement with the University of Iceland's Institute of Economic Studies to carry out an assessment of the status of the accession negotiations and the developments within the Union.

This report has now been concluded and submitted to Althingi and made accessible to the public along with detailed supplementary material.

About the report made by the Institute of Economic Studies

The report by the Institute of Economic Studies shows that hopes within the former coalition partners that accession negotiations would proceed quickly had not been realised. Quite the contrary, since substantive talks with the Union on Iceland's primary interests and

the possible solutions to them had not yet started when the new government took power. This is particularly evident in the areas of fisheries and agriculture. A special guide, issued by the Union's Commissioner for Enlargement, states, and the European Union iterates, that there are no actual negotiations and that it is ill-advised to use that term since it indicates that something is being negotiated. Accession talks with the European Union do not revolve around negotiating, but about how the candidate country intends to adapt to the Union's rules.

“First, it is important to underline that the term “negotiation” can be misleading. Accession negotiations focus on the conditions and timing of the candidate’s adoption, implementation and application of EU rules – some 90,000 pages of them. And these rules (also known as “acquis”, French for “that which has been agreed”) are not negotiable. For candidates it is essentially a matter of agreeing how and when to adopt and implement EU rules and procedures. For the EU it is important to obtain guarantees on the date and effectiveness of each candidate’s implementation of the rules.”

The report gives a good description of how the process now in place during accession negotiations with new candidate countries no longer has the political and open-minded flavour it had earlier, e.g. during the negotiations with the former EFTA states at the beginning of the nineties, let alone when the vision of a united Europe was a driving force in the talks with the newly free Eastern European states. On the contrary, this process is now primarily driven by officials whose main purpose is to verify implementation of EU rules. If such a thing is not agreed to, pressure is applied in the form of conditions for the opening or closing of chapters, thus hindering the progress of the negotiations. In this context it does not matter if the country in question already fulfils all the conditions for membership, has already adapted to the basic values of the European Union and implemented a large part of its *acquis*: the same treatment is given to all. Thus it looks as if the process is for the most part relatively rigid with little consideration for special circumstances.

In addition there is good reason to keep in mind that some of the EU's Member States have, at one time or another, used Iceland's accession process to push forward their own specific interests rather than considering that the EU as a whole might have bigger and wider interests in acquiring more member states from this part of the continent. It is sufficient to mention how the Icesave dispute was regularly linked to the process, as well as the fact that several Member States, along with the EU Commission, seem to have pushed for setting opening benchmarks for the most important chapter of the agreement, the one on fisheries, seemingly, *inter alia*, due to the unresolved dispute over how to divide the mackerel stock. As a result no discussions were held for four years on that chapter with the EU beyond the screening process of the applicable rules, on the one hand within the EU and on the other hand in Iceland. Due to the aforementioned reluctance it was, however, not even possible to submit the screening reports before the talks were suspended.

All of the above shows that the EU enlargement process, and how individual Member States choose to use it to further their own particular interests, is not compatible with Iceland's position, e.g. as a member of the EU's internal market for 20 years and as part of the Schengen cooperation, to name examples. It is also unacceptable to be part of a unilateral integration process where it may also be expected that the same process will be used to apply coercion to Iceland with regard to other unrelated issues. This does not serve Iceland's essential interests.

The way ahead

There is no doubt that when the previous government initiated this comprehensive process it neither had solid backing nor real willingness to see the process through by acceding to the European Union.

The European Union is an alliance of 28 states that naturally expect a candidate country to be serious about becoming a member. To apply for membership only to find out what may possibly be offered is a conduct that is inconsistent with the European Union's interpretation of the meaning of a membership application, since there are no negotiations involved.

Although Iceland has put accession negotiations on hold, dissolved its negotiating committee and negotiating teams, withdrawn its participation in the IPA, etc., Iceland still formally has candidate status. This indicates, to a certain degree, that Iceland is still undergoing the accession process, which is not the case.

In light of all of the above, the government considers it necessary that there should be no doubt as to the status of the membership application and the status of Iceland in that respect and thinks it best, considering the governing parties' policy and with regard to the Institute of Economic Studies' report, to withdraw the membership application.

Strengthened bilateral relations and partnership with the European Union and individual European states

On 26 February 2013 Althingi adopted a proposal for a parliamentary resolution on Iceland's increased influence on decision-making in the area of European cooperation. That proposal is an important signpost for the strengthening of the guarding of Iceland's interests in the area of European partnership.

Iceland's primary partners in many areas are, and will continue to be, European and therefore it is important to strengthen those connections even further, notwithstanding the withdrawal of the application for accession to the European Union. Iceland's connections with individual European states and the European Union as a whole need to continue to be strengthened.

In this context the Agreement on the European Economic Area (hereafter "the EEA Agreement") is the basis of Iceland's partnership and communications with the European Union and its Member States.

It has been claimed that Iceland has limited influence under the current partnership arrangements on the basis of the EEA Agreement and must accept being on the receiving end of European Union directives and decisions without much input.

Much work had been done over many years before the advent of the membership application, including in a number of committees, to find ways for Iceland to increase its influence on the formation and making of decisions that relate to the EEA Agreement.

The observations of these groups show, *inter alia*, that by the increased participation of

politicians and officials in the defence of interests in relation to the European partnerships, Iceland's influence on the formation and making of decisions in this field may be increased.

For example, it would have unquestionable value for Iceland to increase the importance of our partnership with the European Union on the basis of the EEA Agreement. This can be done without European Union membership. Unfortunately these proposals could not be implemented due to a lack of funds following the economic collapse. However, it is urgent, following the withdrawal of Iceland's application for accession to the European Union, to make work in this field a priority and to utilise the preparatory work from the past for the purpose described above.

For more information, see attached documents I and II.

On the proposed article

The proposed article submits that Iceland's application for membership of the European Union shall be withdrawn and that a new application shall not be submitted without first asking the nation's opinion on whether to aim for membership of the European Union. This is in keeping with the government's policy that it is in the best interests of Iceland to remain outside the European Union and is based on the experience of how inadvisable it is to make such an important decision on the future of the nation without first ensuring the best possible solidarity before turning to the European Union.

The second paragraph of the proposal iterates the resolution by Althingi from 26 February 2013 which both aims for good partnership with the European Union and an active guarding of Iceland's interests, on the basis of the EEA Agreement and other agreements between Iceland and the Union.

Finally, it is appropriate to iterate that this proposal for a parliamentary resolution is based on an evaluation of the interests of the Icelandic nation and how they can best be guarded. The adoption of the proposal is therefore in no way any kind of evaluation of the value of the European Union or the merit of the partnership of its Member States.

Attached document I

Findings and proposals of the Committee on Europe

The committee considers that the Agreement on the European Economic Area (the EEA Agreement) has stood the test of time and that it should be developed further as the basis for Iceland's relations with the European Union (EU). Changes within the EU, including the increased role of the European Parliament and an increased number of Member States, have not affected the EEA Agreement. The government of Iceland – the Althingi and the cabinet – have put the decisions following from membership into practice systematically, and the institutions designed to monitor the implementation of the agreement – the EFTA Surveillance authority (ESA) and the EFTA Court – have been active participants in monitoring compliance on Iceland's part.

Collaboration under the Schengen Agreement is assuming ever larger proportions. Within the EU, attempts are being made to transfer collaboration between the states in the field of home and justice out of the sphere of international conventions, as is the case at present, and under the EU's "first pillar"; i.e. under majority decisions. Application of the Schengen Agreement rests, substantively, with the Ministry of Justice and Ecclesiastical Affairs and its agencies. It is necessary to keep abreast of legal and institutional developments in this field within the EU.

The committee is of the view that the application of the EEA and Schengen Agreements has generally gone well. Disputes have been resolved within the framework of the agreements; this cannot be done without effective follow-up measures. All in all, the committee is of the opinion that the Althingi and the executive have done good work in advancing matters on the basis of the EEA and Schengen Agreements and success has been achieved in defending Icelandic interests in terms of participation in committees, adaptation and the expansion of the EEA in 2004. The government ministries and Iceland's embassy in Brussels play a key role in defending these interests; the embassy is staffed not only by officials from the Ministry for Foreign Affairs but also from other ministries. As regards the application of the Schengen Agreement, most of the responsibilities are handled by the Ministry of Justice and Ecclesiastical Affairs and its staff. The committee regards it as important to ensure effective functioning of the ministries and the embassy in Brussels, and also to cultivate close co-operation with the staff of EFTA, who have extensive knowledge in all areas of doubt and interpretation regarding the implementation of the EEA Agreement. The committee's proposals should not in any way be seen as a criticism of all the good work in this area in the past years; on the contrary, they should be seen as pointing out how to make the guarding of Iceland's interests still more effective.

The committee is in agreement on the desirability of enhancing contact between Iceland and the EU in various fields, and the report contains many proposals in this area. For example, Iceland already participates in nearly 200 of the European Commission's committees and expert groups, but there are good reasons for increasing participation of this type, so making

still further use of the opportunities available to exert an influence on EU policy. The committee also regards it as important to keep a close eye on the development of collaboration between the EU States in the field of foreign and security policy. In short, the committee considers it vital that Iceland should make a priority of greater involvement by its politicians and officials in the defence of the country's interests in the field of European co-operation, with the aim of increasing Iceland's influence on decision-making in this field. For this purpose, the committee sees it as particularly important to give attention to the following points.

1. Contact at the political level

A. The government

1. It is necessary to integrate initiative, the guarding of national interests and the monitoring of the application of the EEA Agreement in an effective way within the government ministries. An overview of the development of contacts with the EU, and co-ordinated collaboration with individual ministries on the handling of particular matters, must be established in a single locality serving all the ministries.
2. The government should provide Althingi with an annual report on developments in EEA and Schengen affairs, and also on principal government policies on relations with the EU.
3. The government should report at the first opportunity to the Althingi on proposals by the European Commission on new acts, principal amendments proposed by the Council of the European Union and the European Parliament, approved acts, EU strategies, green papers, white papers and other policy-related documents.
4. Particular emphasis should be placed on keeping abreast of the priorities followed by the Member State holding the presidency of the EU at any given time and talking to its ministers or officials if these priorities include questions that have a special bearing on Iceland's interests.
5. Ministers and their ministries should maintain close contact with the person in charge of their fields of interest at the European Commission, and with his or her office.

B. Althingi

1. A committee on Europe should be elected by Althingi in order to monitor Iceland's relations with the European Union, and in particular the application of the EEA Agreement, and also legal developments under the Schengen co-operation.

2. Althingi should have a representative in Iceland's embassy in Brussels to monitor developments in relations between the European Parliament and the European Commission, and report back to Althingi's committee on Europe and other standing committees.
3. Althingi's standing committees should have the opportunity to monitor the development of particular EEA acts in their respective areas.
4. Althingi's committee on Europe and the standing committees should receive regular lists of proposals by the European Commission which may later be incorporated into Icelandic law, either as statutes or as regulations.
5. Parliamentary groups in Althingi should be enabled to develop contact with their counterparts in the European Parliament.

2. Contact at the official level

1. The fullest possible use should be made of the right to attend meetings of committees and working parties of the European Commission in order to defend Icelandic interests.
2. A travel fund should be established within the government ministries to make it easier for individual ministries to send representatives to Brussels on the basis of applications backed by adequate reasons.
3. Also, flexibility should be established to ensure adequate funding to meet costs if individual matters require particular attention.
4. Staff of the ministries and public bodies should be given greater opportunities of working temporarily at EFTA, the ESA and the EFTA Court in order to broaden their experience and expand their knowledge of the EU and co-operation under the EEA.
5. Staff of the ministries and public bodies should be given the opportunity of serving, at the expense of the Icelandic State, as experts with the European Commission if the Commission is interested in such an arrangement.
6. Active participation by officials and experts in committees dealing with co-operation under the Schengen Scheme must be ensured.

3. Co-operation within EFTA

The committee regards it as highly important to cultivate co-operation with the EFTA states on the application of the EEA Agreement. Work is done within EFTA on gathering information and making it available to those concerned, in addition to which EFTA staff attend large numbers of meetings with representatives of the EU and observe developments within the EU closely. The committee considers that active participation by Iceland in all of EFTA's activities is vital in order to cultivate and maintain effective contact with the EU.

Important institutions operate within EFTA in order to monitor the application of the EEA Agreement; these are the EFTA Surveillance Authority (ESA) and the EFTA Court. Icelanders play a leading role in both these institutions and have, in the opinion of the

committee, succeeded in ensuring the respect due to these institutions and their effectiveness as provided for under the EEA Agreement.

4. Increased disclosure of information

1. A database should be set up for information from the ministries and EFTA on Iceland's participation in EU committees and expert groups.
2. An electronic list should be published covering the EU committees and expert groups in which Iceland participates, and other EU committees and expert groups to which Iceland /the EEA/the EFTA states have access.
3. Annual statistics should be published on Iceland's participation in the EU's collaborative programmes, with details of participation fees and grants.
4. A list of the laws and regulations approved or issued on the basis of membership of the EEA and Schengen Agreements should be published each year.
5. A list should be published each year showing the number of Acts incorporated in the EEA Agreement during the year, their type (directives, regulation, etc.) and origin (i.e. whether they originated in the Commission, the Council or the Council and the European Parliament).

5. Co-operation between interest groups

Extensive co-operation has developed between various interest groups throughout Europe. The committee is of the opinion that co-operation of this type is likely to strengthen bonds with the EU and encourage broader discussion than would otherwise take place of matters concerning Iceland, and in particular those that have a European dimension.

6. Publicity

The committee considers it important that the public should have the opportunity to follow Iceland's involvement in European co-operation, and that it should be decided and specified clearly who in the government ministries is responsible for ensuring public access to such information.

7. Teaching on European issues

Discussions with representatives of universities in Iceland have revealed that there is a great deal of interest in European issues in the third-level educational sector, and that it is growing. A large number of courses on European issues are on offer in the universities, and

constantly growing numbers of students attend them. The committee welcomes this trend, and considers these activities are necessary in order to increase knowledge of Iceland's participation in European co-operation. The committee considers it would be prudent for the ministries to enable students to acquaint themselves with their functions in European co-operation, e.g. in the form of vocational training or participation in meetings in Brussels and the study of particular issues related to European co-operation.

8. Co-operation under the Schengen Scheme

The committee regards it as a very important part of its work to have acquainted itself in depth with the development of the Schengen Scheme and the institutions that have been established in connection with it. The committee calls for active participation by Iceland in this scheme, which is becoming increasingly focussed on security and measures to combat international crime.

For more information see: <http://www.forsaetisraduneyti.is/frettir/nr/2557>

Attached document II

From the Foreign Affairs Committee's report on the procedure for parliamentary handling of subjects concerning the EEA

1. Preface

By a letter, dated 13 February 2008, the speaker of Althingi requested that the Foreign Affairs Committee form proposals on the procedure for handling EEA-related subjects in Althingi. The letter was sent following a meeting of the chairman of the Foreign Affairs Committee and the chairman of the Icelandic delegation to the EFTA parliamentary committee with the special Committee on the Standing Orders of Althingi on 16 November 2007. The Foreign Affairs Committee considers it very important to revise the structure and parliamentary handling of EEA-related subjects in Althingi. There has been too little consultation with Althingi on the handling of EEA-related subjects in this country and therefore the participation of the Parliament in the decision-making process within the EEA has not been sufficiently vigorous. In a nutshell, the following flaws have characterised the approach of Althingi to EEA-related subjects in recent years: The existing rules on the parliamentary procedure for EEA-related subjects have not been followed in recent years. For many years there has hardly been any disclosure of information on cases at the proposal and formation stages. Numerous EU legal acts, directives and regulations, have been introduced into the EEA Agreement without any assurance that Althingi had been informed of their existence a priori by the European Commission or that there were plans to introduce them into the EEA Agreement.

The role of Althingi in the implementation of the EEA Agreement has dwindled over the years and in certain instances the handling of EEA matters in Althingi has become a formality.

This report presents some viable ways to rectify this situation. The report is divided into three main chapters: The first one traces the development and discussions on the parliamentary handling of EEA-related subjects in this country, followed by an overview of the procedure for such subjects in Norway, and followed by the comments and proposals of the Foreign Affairs Committee. The closing section is a summary of the committee's proposals. After a thorough scrutiny, the Foreign Affairs Committee considers it necessary to change the rules on the parliamentary handling of EEA-related subjects, and also to take action to increase Parliament's ability to address European matters. The committee's proposals in their entirety can be found on pages 23-24 of this report, but the primary emphases are as follows:

The disclosure of information to Althingi and the authorities' consultation with the Foreign Affairs Committee on EEA matters in the proposal and formation stages should be increased and formalised.

The disclosure of information to Althingi and the authorities' regular consultations with the Foreign Affairs Committee before the meetings of the Joint EEA Committee, which decides which EU legal acts shall be introduced into the EEA Agreement, should be made conditional.

The minister for foreign affairs or, as the case may be, other departmental ministers, should attend the meetings of the foreign affairs committee when EEA-related subjects in the proposal and formation stages are being discussed.

The minister for foreign affairs or, as the case may be, other departmental ministers, should attend the meetings of the Foreign Affairs Committee before the meetings of the Joint EEA Committee, during which the foreign affairs committee should give the minister recommended guidance on the handling of cases within the Joint EEA Committee.

Increased emphasis should be placed on earlier evaluation of what the effects of an EEA legal act might be on Icelandic laws and interests.

Clear and harmonised rules should be set on how EEA-related subjects are formally presented to Althingi, including that constitutional provisos to the decisions of the Joint EEA Committee can only be lifted by parliamentary resolution.

A special on-line information website should be set up by Althingi or the Ministry for Foreign Affairs to give an overview of subjects under discussion by the Joint EEA Committee.

These emphases partially echo the proposals in the report of the Foreign Affairs Committee from March 2007. The Foreign Affairs Committee is aware of the increased work commitment its proposals will entail. The committee will have to hold more frequent meetings, since the meetings on EEA-related subjects will be added to the schedule. It is also clear that the committee's working conditions and support by the Althingi office need to be improved. The committee and its individual members must also be given leeway to follow up on matters of political interest with direct communication with the European Parliament.