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COMMITTEE ON THE CIVIL
DIMENSION OF SECURITY (CDS)
Sub-Committee on
Democratic Governance (CDSDG)

DEFENCE AND SECURITY
COMMITTEE (DSC)
Sub-Committee on Transatlantic Defence
and Security Cooperation (DSCTC)

MISSION REPORT*

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I. INTRODUCTION

1. NATO Parliamentary Assembly's (NATO PA) Sub-Committees on Democratic Governance (CDSDG) and on Transatlantic Defence and Security Cooperation (DSCTC) visited Sweden and Iceland on 6-10 May, meeting with government officials, military personnel, and subject matter experts. Attila Mesterhazy (Hungary), Chairperson of the DSCTC, and Vitalino Canas (Portugal), Chairperson of the CDSDG, led the delegation of 25 members of parliament from 13 NATO member states, which included NATO PA President, Madeleine Moon (UK).

SWEDEN

II. OVERVIEW

2. Sweden is working diligently to develop a dynamic new security posture focused on domestic resilience, stronger armed forces, and enhanced security partnerships with partner nations. The Nordic country is in the centre of an increasingly complex new security environment. The most obvious driver of changing perceptions is an increasingly aggressive Russia, which is unsettling the neighbourhood via high-stakes military brinkmanship, disinformation campaigns, and cyber-attacks.

III. SWEDEN'S FOREIGN POLICY PRIORITIES

3. **Ambassador Carl Magnus Nesser**, Head of the Minister's Office, Ministry for Foreign Affairs, noted that Sweden's foreign policy priorities are defined in a document called "Strategy 2022", which identifies ten focus areas. He stressed that Sweden sees the EU as the key vehicle to tackle challenges globally, to play a constructive role in global trade debates and drive development policy. Therefore, Sweden supports a strong and cohesive EU and its Common Foreign and Security Policy. Sweden also supports an orderly Brexit process, retaining close relations with the UK.

4. Sweden is concerned that authoritarian leaders are gaining ground, democratic values are under threat, and freedom of expression and assembly are in decline in an increasing number of countries. Sweden therefore supports a proactive defence of democracy and its principles by, inter alia, building coalitions of democracies, strengthening relevant international bodies, promoting women's rights and supporting civil society organisations and media.

5. Sweden is also concerned about global threats such as greater instability in its neighbourhood, nuclear proliferation, cyber/disinformation challenges as well as climate-related risks. These challenges are to be addressed through cooperation and dialogue, promotion of free, fair and sustainable trade policies, and the expansion of development assistance, Ambassador Nesser said. In general, Sweden is a champion of a strong rules-based multilateral world order.

6. Speaking to the NATO PA delegation, Swedish Defence Minister, **Peter Hultqvist**, was clear about Russia's role in driving Sweden's new defence efforts. According to the minister, "prior to the annexation of Crimea, it was not normal to discuss any sort of Russia challenge in Sweden. Russia's seizure of territory in Ukraine woke people up to the severity of the challenge. Sweden immediately joined international sanctions efforts against Moscow and worked to support NATO's new posture."

7. Sweden became an Enhanced Opportunity Partner with NATO just months after Russia's illegal annexation of Crimea in 2014. Two years later, it signed a memorandum of understanding with the Alliance to agree to provide logistical support to NATO forces during exercises, crises, or operations involving the necessary use of or transit through Swedish territory.

8. That said, Sweden's membership in NATO is currently not on the table. As minister of defence noted, while Russia's behaviour and actions against Ukraine are unacceptable, NATO's enlargement to Sweden (and Finland) at this stage would make the security situation in the region even harsher. He advised continuing the current policy of close military cooperation between Sweden, Finland, and NATO as well as further investments in defence capabilities. He also noted that Sweden does feel any pressure from NATO to formally join the Alliance. Ambassador Nesser stressed, however, that Sweden will not be passive if another EU or Nordic country is attacked.

IV. SWEDEN'S DEFENCE POLICY PRIORITIES

9. Sweden took strategic steps in the years following Russia's intervention in Crimea. In 2015, Sweden made a decision to remilitarise Gotland; a key strategic Swedish island in the Baltic Sea. Sweden then moved to increase its interoperability with regional as well as NATO and EU armed forces via more exercises and strengthened mutual commitments of assurance. The 2017 Aurora military exercise was Sweden's biggest in 20 years; it focused on the defence of Gotland and involved troops from several NATO countries. Sweden's role in the large-scale NATO exercise Trident Juncture in November 2018 is seen as a clear signal of Swedish commitment to the defence of its regional partners and its willingness to cooperate with NATO in the event of a contingency. The minister of defence stressed that these new exercises focus exclusively on defensive scenarios.

10. The regional cooperation in the framework of the Nordic Defence Cooperation (NORDDEFECO) as well as the Nordic-Baltic Eight (NB8) has been intensive in recent years. Sweden deploys about 250 personnel in the UN Multidimensional Integrated Stabilization Mission in Mali (MINUSMA) and supports multi-national missions in Iraq and Afghanistan.

11. The minister of defence praised the utility of NATO's enhanced Forward Presence initiative for regional security. He also welcomed the EU's defence and security initiatives (Sweden participates in 4 EU Permanent Structured Cooperation – PESCO – projects), but noted that NATO should continue to serve as the key military protector of Europe, while the EU can add value in defence against cyber and hybrid threats.

12. Further, Sweden has sought to increase the capabilities of its national armed forces. Sweden is committed to buying the Patriot surface-to-air missile system, it has procured two new submarines for its navy, and it is investing in new Gripen fighter jets for its air force. Perhaps the clearest signal of the change in Sweden's national defence posture, Defence Minister Hultqvist noted, "is our decision to reactivate national conscription, which is now occurring at the rate of 4,000 annually." The number is projected to increase to 5,000 in the near future.

13. All mainstream political parties in the 2018 elections campaigned for a strong national defence posture. Swedish MPs **Karin Engström**, Head of the Swedish Delegation to the NATO Parliamentary Assembly, **Kenneth G. Forslund**, Chair of the Foreign Affairs Committee, and **Beatrice Ask**, Chair of the parliamentary Defence Committee noted the alignment of parliamentary views on the need for increased Swedish defence efforts. "There

is a clear understanding in Sweden today of the need to reinvest in our domestic defence capabilities, from our armed forces to increased civilian resilience, as well as to find the means to strengthen cooperation with our partners,” Ms Engström said. She continued by underscoring the role interparliamentary cooperation can play in this effort: “Closer cooperation with our peers in the NATO Parliamentary Assembly provides an important venue for the exchange of best practices and ideas: Many of our nations face similar challenges today.

14. The Assembly delegation visited a **naval base** of the Swedish Royal Navy located at Berga, Haninge. Commanding officers informed the delegation that Swedish Naval philosophy consists of the following elements: focus on small, multifunctional ships, multiple duties for each crew member, stealth capabilities, avoiding micromanaging, close cooperation with the Marines and the importance of interoperability. Delegates were also briefed on the activities of Sweden’s 4th Naval Warfare Flotilla, whose mission includes surveillance and reconnaissance operations; protection of shipping operations; and coastal defence operations. Specific challenges facing the Swedish navy include a long coastline, multiple islands, ice and darkness in the winter period, and occasional storms. There is also a significant amount of traffic in the Baltic sea – 80-90% of Swedish trade is shipped; there were 98,000 calls to Swedish ports in 2017 and 170 million tonnes of cargo loaded.

15. Swedish marines’ mandate includes warfighting, participation in international operations, contribution to amphibious forces (a growing priority) and supporting civilian authorities. Swedish marines participated in peace support missions in Kosovo, Tchad, Afghanistan, the Gulf of Aden, the Central African Republic and Mali. They work closely with international partners, particularly with Finland.

16. The NATO PA delegation also visited the Swedish Armed Forces International Centre (**SWEDINT**) and Nordic Centre for Gender in Military Operations (**NCGM**). SWEDINT provides education and individual training to military, police and civilian personnel with a focus on the operational level. Since 1999, SWEDINT trained more than 17, 000 students from 152 different countries, preparing them for operations in crisis and conflict areas. NCGM is a hub of knowledge on gender in military operations. The establishment of NCGM in 2012 was the result of increased efforts by the Nordic countries in implementing UN Security Council Resolution 1325 and related resolutions on Women, Peace and Security into military peace support operations. NCGM assists the military in integrating gender perspectives into the planning, execution and evaluation phases of operations through education and training, integrating gender into military exercises, cooperation through a network of key experts and institutions and by providing advice to policy and process development. NCGM collaborates closely with the Nordic countries, NATO, the United Nations, the European Union, other organisations, and military training centres all around the world. Inter alia, NCGM translates NATO’s operational requirements into NATO’s education and training programme, supports NATO nations and partners with a pool of experts at education and training events, including exercises. Additionally, NCGM conducts its own accredited courses and seminars, both in-house and as Mobile Educations and Training Teams. Asked by NATO PA delegates about how to overcome the differences of strength requirements for women and men, NCGM representatives noted that one has to move beyond having blanket fitness standards (which can unnecessarily exclude women from jobs in the defence sector) and introduce standards linked to job requirements.

V. HYBRID THREATS AND SOCIETAL RESILIENCE

17. Several Swedish interlocutors noted that many contemporary security threats stem from the grey zone between war and peace. Countries such as Russia and China thrive in these grey zones, employing a broad range of tools – from intelligence activities to cyber and the manipulation of civil society – to fuel a continuous conflict, without formally declaring war.

18. Swedish expert on hybrid threats **Henrik Sundbom** noted that, overall, the Swedish population and political elites are resilient to Russian “Trojan horses”, cognisant of the difference between Swedish value systems and those promoted by the Kremlin. Moscow seeks to influence Swedish politics, particularly through the use of organised crime, increased intelligence and disinformation, the expert said. He noted that alternative news media online, especially on the far right, constantly channels the Russian narrative on Sweden, namely that of a “lost paradise”, a nation that used to be successful in its neutrality and the mixture of socialist and capitalist systems. Allegedly, this has changed after Sweden’s accession to the EU, when the country “lost” its traditional Christian values and the line between men and women has virtually disappeared. At the same time, Sweden was “forced” to accept numerous immigrants who allegedly brought with them higher crime rates, jihadism and terrorism. Putin’s Russia appeals both to the conservative Swedes (as protector of “traditional values”) and to the leftists who consider Russia as a counterweight to the US.

19. **Fredrik Konnander**, Head of Counter Influence Branch, Swedish Civil Contingencies Agency, noted that the Kremlin’s attempts to influence 2018 elections in Sweden have been limited, not least due to the state-led counter-influence campaign. This campaign focused on training civil servants, the Election Administration, media, politicians and private sectors individuals. Swedish authorities also reached out to the media and worked with social media companies in an effort to increase the population’s awareness. These efforts were based on lessons learned from other countries that have experienced foreign interference.

20. A representative of the **Swedish Security Service** noted that to counter hybrid threats, a small nation such as Sweden needs buy-in from all sectors of government and society as well as the private sector to keep Sweden safe. Sweden’s response to this threat is defined by the notions of “total defence” and “societal resilience”.

21. Last fall, the Swedish government distributed a pamphlet to all households across the nation in an attempt to encourage people to think about their preparedness in the event of a crisis or war. The pamphlet posits scenarios from natural disasters to terrorism to even armed invasion, outlining the steps necessary for people to take to ensure their survival in the event that state assistance is temporarily unavailable. The pamphlet is in line with concerted new efforts to build societal resilience in Sweden today. Christina Andersson, Project Manager, Risk Communication, Swedish Civil Contingencies Agency, noted that, according to a survey, 91% of Swedish households noticed the pamphlet, and 63% said they started to reflect more on how they would handle a crisis situation. The future priorities for this initiative include a greater focus on the young generation as well as sending monthly reminders to households.

22. As **Bjorn von Sydow**, Chair of the Defence Commission, told the delegation: “We are working across all sectors of society today to coordinate a plan for total defence in Sweden – it will be a whole-of-society approach to guarantee societal readiness for any type of contingency.” Von Sydow said there had been a post-Cold War gap in funding for civilian defence efforts. However, funding returned to civilian defence planning significantly in 2018. Sweden recognises that the unpredictability of today’s security environment necessitates such

steps – the nation must be prepared to stand up together and defend itself against whatever challenges it may face.

VI. SWEDEN AND THE HIGH NORTH

23. **Ekaterina Klimenko**, researcher at the Stockholm International Peace Research Institute (SIPRI), discussed Russia's role in the High North. She noted that President Putin views the Arctic as central for the future of Russia – both in terms of military security and economic security. Russia's increased interest in the Arctic is reflected in two adopted strategies for the Arctic – 2009 and 2014; a third one is currently being prepared. By 2050, about 30% of Russia's hydrocarbons will be produced in the Arctic. Russia lacks the technology to drill offshore and international sanctions are having a tangible effect in this regard. Currently, Russia operates only one offshore drilling site in the Arctic.

24. The development of the Northern Sea Route (NSR) and relevant infrastructure is critical to the implementation of Russia's ambitious plans in the Arctic. Russia plans to move about 80 million tonnes of cargo on the NSR by 2025, which does not seem realistic, since currently it is only about 20 million. By 2035, Russia expects to operate at least 13 heavy-duty linear ice breakers, including 9 nuclear ones.

25. Russia's vision of national security in the Arctic is inherited from the Cold War era when the Arctic was the central arena for defence and deterrence efforts. Hence the Russian Northern Fleet is based in the Arctic. Military activities of NATO and the US in the High North are considered the clearest threat to Russian interests. The Arctic also gives Russia access to the Atlantic. Russia has spent a decade increasing its Arctic presence, modernising its Northern Fleet, developing Anti-Access and Area Denial (A2/AD) bubbles, and revamping legacy infrastructure in the region. This military presence is not only about protecting the region, but the Arctic is also the area from which Russia can project power elsewhere for its global strategy. China's interest in the Arctic has been viewed by Russia with suspicion in the past, but this is changing now, especially in the context of Western sanctions, the speaker argued.

26. Ms Klimenko noted that a territorial dispute in the region is unlikely and the United Nations Convention for the Law of the Sea (UNCLOS) seems to be respected. Also, for the past 20 years, solid mechanisms for collaboration have been developed – the Arctic Council is effective, albeit it does not deal with security issues.

VII. OTHER ISSUES

27. Several Swedish academics and representatives of the Security Service presented Sweden's approach to fighting violent extremism and terrorism. State structures constantly monitor and analyse potential threats stemming from three main sources: the violent left, white supremacists, and violent jihadists. In order to provide a comprehensive assessment of the terrorist threat, Swedish experts closely follow climate debates, debates over the meat industry, the situation in the Middle East, movements of so-called 'foreign fighters' as well as those released from prison for terrorism-related crimes. The threat is currently considered to be relatively low – a potential terrorist attack would likely be committed by a 'lone wolf'. Nevertheless, since extremists offer simple solutions to complex problems, the long-term damage of their ideology on Swedish society is considered a serious challenge.

28. **Magnus Ranstorp**, Associate Professor at the Swedish Defence University, said that about 300 individuals from Sweden left for the Middle East to join the conflict, some 24% are women (more than the European average), 70% were residents of segregated areas, 75% were Swedish citizens, but only 34% born in Sweden (comparing to Norway's 18%, for instance). He recommended improving monitoring of extremists seeking to penetrate sectors such as schools and social welfare.

29. **Anna Lekvall**, Deputy Director at the Swedish Center for Preventing Violent Extremism, noted that, in 2014, Sweden created a framework for preventing violent extremism. A framework overseen by a National Coordinator for Protecting Democracy against Violent Extremism involved 11 government agencies and 290 municipalities – each with a designated coordinator and their own status reports and action plans. This local level-focused approach successfully contributed to building society's resilience to violent extremism, raising awareness and providing a comprehensive knowledge base and training materials. However, challenges were also identified, including the fact that there are no 'proven' and simple solutions and that each case of radicalisation is context-specific.

30. While at SIPRI, a leading international authority on security-related information, Director **Dan Smith**, told the delegation that global defence spending is currently highest since the end of the Cold war, reaching USD 1.3 trillion. SIPRI expert **Dr Ian Anthony** discussed how the trend toward strategic competition globally is changing the dynamic of arms control efforts. Russia, China and several new actors are pushing for change in different ways – Russia, in particular, is clearly prepared to go very far with the use of military force to achieve its political objectives. He warned that the global arms control framework is collapsing. The INF treaty will almost certainly disappear by August. The new START treaty has been fully implemented, but it is questionable whether it will be extended in 2021. The upcoming Nuclear Non-Proliferation Treaty (NPT) conference is expected to be a failure. The chemical weapons convention was a success story in the past, but recently chemical weapons were used in Syria and in Salisbury, UK, and there is no consensus on how to address this type of threats. There are no new initiatives in the conventional arms control and the CFE Treaty is dead. Furthermore, several nations, including the US, Russia and Ukraine, are developing semi-strategic, non-nuclear mid-range ballistic and/or cruise missiles, Dr Anthony said. The entrance of new stakeholders and the erosion of the distinction between strategic and non-strategic capabilities poses serious challenges for negotiation in future arms control talks. All these factors are raising a question of how NATO would adapt its defence and deterrence posture.

31. In terms of ways forward, Dr Anthony suggested reducing the central role of nuclear weapons by strengthening conventional deterrence and developing European non-nuclear deterrence capabilities. Secondly, he urged specialists to come up with a meaningful way of differentiating between dual-capable intermediate-range missile forces. Finally, having stringent verification mechanisms is key to success in arms control.

32. Another SIPRI expert, **Dr Malin Mobjörk** addressed the link between climate change and security. She mentioned a study conducted by SIPRI on East Africa, which showed how the changing climate is worsening living conditions and increasing migration, while armed groups are adapting their tactics and exploiting local grievances. Thus, climate change affects both the causes and the dynamic of ongoing conflicts. The speaker suggested creating an international working group tasked with informing the UN Security Council on climate-related security risks. Climate change requires new policy responses, she argued, including investing in conflict analysis and risk assessments; conflict prevention measurements; and policy coordination.

33. **Petronella Norell**, Programme Manager, Operations Section, Swedish Civil Contingencies Agency, discussed Sweden's experience with massive forest fires in 2018 – the worst fire season in Sweden's modern history. The crisis involved up to a hundred simultaneous fires and about 25,000 hectares were burned. Swedish authorities responded by launching a coordinated national action. Sweden also requested and received EU support. It was the EU's largest civil operation since the creation of the EU common civil contingencies system in 2001. On a national level, Sweden is developing a standing Swedish firefighting force and is currently focusing on aerial firefighting capabilities. She noted that Sweden is now better prepared for such contingencies and has a greater ability to assist other countries to tackle similar situations.

ICELAND

VIII. OVERVIEW

34. As the delegation learned in Reykjavik – Iceland faces a security dilemma: how to keep the High North an area of low tensions as Russia continues to build up its regional military presence and China's Arctic ambitions grow. Ice's current strategy relies on a dual-track approach combining realistic awareness of the threat, while seeking to maintain the Arctic Council as the main forum for regional dialogue.

35. As **Guðlaugur Þór Þórðarson**, Iceland's Foreign Affairs Minister noted the country's geography no longer shields it from global great power competition – it is in fact in the thick of it when it comes to the strategic relevance of the North Atlantic and the opening Arctic. As a result, Icelandic officials told the delegation, Reykjavik is steadily increasing its contributions to NATO's common defence: welcoming recent renewed attention by the Alliance to the rapidly evolving North Atlantic security.

36. Moscow views access to the North Atlantic as a vital interest and, as briefers noted, Russia has dramatically increased its presence in the North Atlantic in recent years to resource its military efforts abroad. New Russian submarines are seen as a growing threat to Allies' vital sea lanes of communication and undersea fibre optic cables linking North America and Europe. Iceland serves as a key strategic outpost for the Alliance's efforts, therefore, to track and surveil non-Allied friendly presence in the North Atlantic – particularly in the depths of the Greenland-Iceland-United Kingdom (GIUK) gap. As a result, the Alliance is surging resources to its maritime surveillance capabilities and infrastructure – including a return of US forces to Iceland, after their departure in 2006.

37. Despite having no military forces or even a defence ministry, Iceland is doing its part as well. Reykjavik is increasingly investing in new defence and security capabilities and sending more personnel to NATO structures and missions. In addition to its growing presence in the GIUK gap and Arctic, Russia's aggression against Ukraine and intervention in Syria have heightened the Icelandic society's sense of alertness and appreciation of the relevance for Icelandic security of the Article 5 collective defence clause in the North Atlantic Treaty.

38. At the same time, however, several Icelandic interlocutors also appealed to the big Arctic stakeholders, particularly the United States and Russia, to refrain from escalatory activities in the High North. As one expert put it: "If you want to flex your muscles, please take it outside". In fact, a consensus remains in Iceland that the Arctic Council should remain the main pillar of regional cooperation and confidence-building in the Arctic.

39. Icelandic interlocutors also noted that China's interest in the Arctic is becoming increasingly assertive as the effects of climate change open the Northern Sea Route to seaborne trade routes and resource exploration. Icelandic interlocutors told the delegation that China is even seeking to expand its presence in the remote northeastern region of Iceland, where it already operates a scientific laboratory. Icelandic interlocutors urged NATO officials not to focus on Russia's Arctic activities to the exclusion of China's growing efforts in the region.

40. Icelandic interlocutors also expressed great concern about the long-term effects of climate change on the region, particularly vis-à-vis rising acidity of the North Atlantic and stability of the Gulf Stream. Iceland relies almost exclusively on renewable sources – hydro and geothermal – to produce electricity and heating. To set the example, however, it has even more ambitious goals for the future: Iceland plans to be carbon-neutral by 2040 and switch to 100% electric transport as early as 2030.

IX. IMPORTANCE OF THE GIUK GAP: EVOLVING SECURITY IN THE NORTH ATLANTIC AND ARCTIC

41. The GIUK Gap is the geographic maritime chokepoint dividing Russia's Northern Fleet and any strategic Russian interests further south. It is also a complex and deep ocean space which Russian submarines could exploit to disrupt Allied assets and sea lanes of communication in the North Atlantic. Iceland is located in its strategic centre.

42. During the Cold War, Soviet forces needed to breach the GIUK gap to disrupt US and Canadian sea lanes of communication with Europe or to launch a submarine strike mission, making control of the area vital to European security. To counter this threat, Allies invested in significant surface, subsurface, and land assets in the GIUK Gap; from maritime patrol aircraft to submarines and underwater sonar installations – all of which was constantly re-evaluated via a series of anti-submarine warfare (ASW) exercises designed to identify capacity shortfalls in equipment or personnel practice or understanding. Iceland was a key recipient of these resources and remained the location of a vital US military presence on the island from

43. Allies withdrew or decommissioned most of their assets from the area in the decades after the Cold War. In parallel to Allies' downsizing their maritime investments, particularly their attention to ASW, Russia spent the last decade investing considerable resources into its State Armaments Programme (SAP) designed to modernise its armed forces. A key SAP focus has been the Russian Navy.

44. Russia's new submarines are faster, stealthier, and can deliver powerful payloads more accurately than their predecessors. As briefers at Keflavik Air Base told the delegation, Russia managed to slip a Yasen class submarine into the North Atlantic in 2018 that was able to evade all efforts to track it for weeks. In fact, NATO briefers told the delegation that Russian submarine and patrol aircraft activity in the North Atlantic is at its highest levels since the Cold War.

45. As briefers in Keflavik stressed to the delegation, the challenge is greater than just submarines; Russia has also added modern patrol boats, frigates, and destroyers. The new *Kalibr* missile system – which can attack both surface ships and land targets – gives these vessels an excellent modern precision-strike capability at distance. The *Kalibr* is both a land and sea-based missile system, Russia is deploying it across its eastern flank with NATO, particularly in the north, and on its vessels at sea to create formidable A2AD bubbles.

46. Briefers also told the delegation that Russia is developing novel stealth capabilities for miniature submarine deployment, exercising cutting-edge electronic warfare techniques, and exploring the location and vulnerabilities of the underwater communications cables linking the continents.

47. Due to its geographic location, Iceland has long been considered a valued strategic asset to North Atlantic security. As the delegation learned on its visit to Reykjavik, Iceland's role in NATO is undergoing a new transition period in response to the changing security environment in the North Atlantic.

X. EVOLUTION OF ICELAND IN NATO: GROWING ROLE TODAY

48. After Germany's early occupation of Denmark in WWII, the United States moved to occupy Iceland in 1941, stationing over 60,000 soldiers on the island, to thwart any German attempt to control the North Atlantic. In 1949 Iceland joined NATO as a founding member. The United States maintained a permanent military presence on the island from 1951-2006.

49. The United States decided to withdraw its forces from Iceland in 2006 as a part of its broader realignment of forces in its global command structures. As briefers in Reykjavik noted, the government had failed to plan sufficiently for the US departure, which meant there was a general shock when the departure came and then a rush to take the necessary steps to guarantee Iceland's sovereign security. Iceland's strategic security calculus changed quickly when, less than a decade later, Russia annexed Crimea, which briefers noted changed Icelanders' and the Alliance's perceptions of the strategic environment of the North Atlantic. Iceland's immediate response was to increase its defence budget, as well as its contributions to NATO.

50. Lacking its own military forces, Iceland is dependant on Allies to provide some of the essential services to guarantee the peace and security of the island nation. As such, NATO Allies provide Iceland with air policing services – currently these duties are rotated, with a degree of consistency of those Allies providing their air assets: At the time of the visit, the US, UK, France, Portugal, and Canada.

51. Iceland is a part of NATO's air and missile defence system. The island hosts four radar systems controlled by Keflavik Air Base, which is then patched into the broader CAOC in Germany. As briefers noted, the United States has resumed irregular rotational Cold War-style maritime and anti-submarine patrols from Iceland as part of the 1951 Defence Agreement. In 2014, the US military spent 20 days operating out of Keflavik to hunt for submarines; in 2017, this jumped to 153: Briefers noted the number of operating days continues to rise. In 2016, both countries signed a deal which allowed the US military and NATO to upgrade and access the former Keflavik navy base. The base renovations allow for the accommodation of the submarine-hunting P-8A Poseidon aircraft, which will be based there. Briefers did not indicate any permanent return of US troops but noted there is a current consensus between the government in Iceland and US military authorities to continue close cooperation with a rotational troop presence. Iceland can serve as a strategic staging ground for US assets in a potential deterrence-type situation.

52. As the delegation also learned, Iceland has been open to allowing for its territory to be included in larger-scale, transatlantic military operations. This was evidenced by Iceland's key role in *Trident Juncture 2018*. Iceland also committed to providing a military liaison to support the new Joint Force Command for the Atlantic in Norfolk, Virginia.

XI. ICELAND'S CURRENT CAPABILITIES: SEARCH AND RESCUE

53. Iceland passed its first Defence Act in parliament in 2008. The Ministry of Foreign Affairs and Defence Department provided policy guidance and funding not only for the broader Icelandic participation in NATO-related initiatives and activities, but also to make the Icelandic Coast Guard more robust. As briefers told the delegation, Iceland's Coast Guard has a vast area of responsibility in the North Atlantic. Iceland's Coast Guard is a very active participant in NATO exercises, recent examples being Trident Juncture, Northern Challenge, Dynamic Mongoose, Northern Viking, and Cold Response. As briefers also told the delegation, climate change is also having a significant impact on the size and scope of the demand upon Iceland's Coast Guard.

54. Iceland also has over 100 search and rescue teams (ICE-SAR), which are almost totally comprised of volunteers. Over 4,000 personnel comprise the ICE-SAR teams. Iceland, Canada, Denmark, Finland, Norway, Russia, Sweden and the United States, under the auspices of the Arctic Council, signed the Arctic Search and Rescue Agreement, which coordinates SAR in the Arctic via the allotment of AORs to specific states parties. The exchange of information, briefers noted, is perhaps the most important outcome of the efforts to coordinate SAR cooperation. This includes not only information on the status of SAR missions and fatalities, but also available airfields and ports for resupply of fuel, equipment, and even level of medical facilities available. The agreement, Icelandic interlocutors told the delegation, can serve as a basis for broadening cooperation among Arctic states.

XII. CLIMATE CHANGE: FROM A NEW STRATEGIC ENVIRONMENT TO ENERGY EFFORTS

55. As many briefers told the delegation, Iceland is already feeling the impact of climate change and is focused on mitigating its impact on Iceland's economy, society, and delicate ecosystem. One of the key impacts of climate change that is readily apparent, Icelandic briefers noted, is the opening up of the Arctic. As an Arctic state, Iceland is a very small country caught in what is a growing great power competition to secure the Arctic's vast potential resources and sea lanes of communication for economic exchanges.

56. Arctic Interests: there are eight Arctic states officially, the United States, Canada, Russia, Finland, Sweden, Denmark (by virtue of Greenland), Norway, and Iceland. Many other non-Arctic states are also seeing potential interest in a future Arctic presence, the most visible being China. The Arctic Council is currently the only body governing international cooperation in the region, but, though a forum for cooperation and consensus building on Arctic presence, interests, or initiatives, the Council lacks a security dimension. Icelandic briefers repeatedly told the delegation they believed strongly in the maintenance of a strong Arctic Council as a forum for finding compromise and cooperation on all issues related to the Arctic – even sensitive issues such as access to resources or nations seeking to exploit the opening sea lanes of communication across the ocean's surface.

57. Russian interest in the Arctic, experts told the delegation, should come as no surprise. Russia's Arctic coastline represents about 60 percent of the total Arctic coastline. The opening of the Northern Sea Route (NSR) will have a big impact on the Russian economy as its coastal waters will be transited by ships for the majority of the journey. As a result, Russia is revamping a number of coast guard and military bases along its Arctic shoreline. Depending on the outcome of the UNCLOS process of delineating countries' economic exclusivity zones off their coasts, Russia would be considered to be in possession of a significant amount of the potential oil, gas, and other mineral resources believed to be lying under the Arctic seabed.

58. Experts told the delegation that Chinese interests in the Arctic revolved mostly around unfettered access to the NSR as means of reducing its global shipping distances. China has already gained observer status at the Arctic Council in 2013; by 2018 Chinese shipping vessels had made 8 runs along the NSR. In addition to its commercial interests in the NSR, the Chinese navy has also been making forays into the region, as it has increased its bi-lateral exercising with the Russian navy in the region. Further, there have been a string of efforts by Chinese government-owned entities to acquire Arctic territory. A member of the Icelandic delegation noted a recent effort by a Chinese company to acquire a vast swathe of territory in northern Iceland. The bid was blocked by a combined effort of both local and national government.

59. When questioned about China's respect of UNCLOS vis-à-vis the Arctic, a professor at the University of Iceland told the delegation that China was in a bit of a tight spot with regards to the application of UNCLOS; Beijing was seeking to have it delineate holdings in the South China Sea, so could it try to block efforts to have the same law apply to the Arctic? But, as the International Court for Arbitration ruled against China's claims in the South China Sea, China also demonstrated a clear willingness to ignore international law when it did not suit its interests. As a result, the precedent is set for the same scenario to be repeated in the Arctic. A key variable, she concluded, will be whether or not the Arctic Ocean is considered a unique ocean, apart from the others regulated by UNCLOS, which would open the region to broader international competition.

60. As a result of the already significant and growing interest in the Arctic by both Russia and China, many local experts and government officials told the delegation that NATO Allies must have an Alliance-wide discussion about the role NATO will have in the region going forward. Experts reminded the delegation that a majority of the Arctic states are, after all, NATO members.

61. **Toward a Green Economy:** Iceland's economy contracted severely after the 2008 financial crisis, demonstrating its acute vulnerability to the volatility of global credit markets. The island's three major banks failed with combined debt greater than 11 times the country's GDP and Iceland became the first western European country in 25 years to ask the IMF for a bailout. Briefers noted that Iceland had reformed its financial sector and experienced robust export-driven growth. Natural resource extraction constitutes approximately 70 percent of Iceland's total exports, notably aluminium and seafood. Tourism also contributes. There has been a focused effort to transition Iceland's economy away from natural resources to allow for a broader role for intellectual property and technology.

XIII. THE ROLE OF ENERGY IN ICELAND'S ECONOMY

62. Discussions about the local, regional, and global impacts of climate change played a significant role in the briefings. As the delegation learned, climate change is already having a significant impact on the Arctic. As the ocean ice in the earth's polar regions continues to melt, the earth will start to warm far more quickly. The changing temperature of the water in the Arctic is impacting the vital jet stream current. In addition, the oceans are becoming increasingly acidic from manmade pollution as well as the melting ice's trapped carbon. The growing acidity and warmer waters are having a significant impact on the fishing industry.

63. Briefers noted that due to the current and over-the-horizon impacts of climate change, the country has almost totally moved its energy system away from imported fossil fuels. Today, almost 100% of the electricity consumed domestically comes from renewable energy. As

multiple briefers noted, Iceland plans for 100% of its cars to be electric by 2030 and to be totally carbon neutral by 2040.

64. Iceland has successfully used its location between the North American and Eurasian tectonic plates and its abundant rivers and lakes as a source of geothermal energy and hydropower. These considerable resources have brought significant economic benefits. Members were able to see a geothermal plant on the island in action when they visited the Nesjavellir Geothermal Power Station. Iceland's balance of energy production breaks down to about 70% hydroelectric and 30 percent geothermal. Approximately 90 percent of all of the island's heating comes from geothermal sources via an intricate system of insulated pipelines to pump the heated water around the island.

65. Given that Iceland has more electricity than needed domestically, it was able to attract new industries, particularly aluminium smelters, with the prospect of cheap electricity. Current efforts to find a more efficient way to extract geothermal energy could further reinforce the island's energy potential. Experts also noted that ever more efficient systems for carbon capture captivated their minds, as they see this as the only way for the world to survive into the future.
