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Iceland's Referendum: A Challenge to European Integration?

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Summary

In 2013, Iceland suspended its EU accession negotiations, partly due to disagreements over European rules on fisheries. In August 2026, Icelanders voted against resuming the accession talks in a referendum. What were the main factors behind the result? Why does Iceland, to some extent, follow a similar path to other Nordic countries and territories such as Norway and Greenland, as well as wealthy Switzerland? And why is the outcome uncomfortable for supporters of a more federal European Union? This analysis explores these questions.

Highlights

- Icelanders voted against resuming EU accession talks, mainly due to concerns over national sovereignty and control of fisheries.
- Iceland's approach reflects the experience of Norway, Greenland and Switzerland, where autonomy and control over key policy areas play an important role.
- The result shows that European integration is not a one-way process and that close partnership without full EU membership can offer an alternative form of cooperation.

ANALYSIS

“No” After 17 Years

On 29 August 2026, Iceland held a referendum on whether the country should resume accession negotiations with the European Union. With a solid turnout of 82.52%, voters rejected the proposal by 52.84% to 47.16%. The result brought to an end a period of more than 17 years during which the smallest Nordic country had considered full EU membership. But let us start from the beginning.

In July 2009, the Icelandic government led by the Social Democratic Alliance (Samfylkingin – jafnaðarflokkur Íslands) applied for EU membership. The decision came in response to the severe economic problems Iceland faced as a result of the global financial crisis. In October 2008, Iceland’s three largest banks – Kaupthing, Landsbanki and Glitnir – collapsed. Before the crisis, their combined assets amounted to roughly nine times Iceland’s GDP. The collapse of the banking sector had a major impact on the Icelandic economy. GDP fell by around 6.8% in 2009, public debt rose from 30% of GDP before the crisis to approximately 90–100% around 2011, inflation reached a record 18%, and the Icelandic króna lost 40–50% of its value against the US dollar. Unemployment also rose from around 3% before the crisis to 8% in 2009 and 2010.

In response to this unprecedented economic downturn, Iceland introduced capital controls in 2008 to prevent further outflows of money. These restrictions were not fully lifted until 2017. At the same time, the government sought international assistance. In 2008, Iceland received an IMF rescue package worth approximately USD 2.1 billion. Total international assistance, including support from the Nordic countries, amounted to around USD 4–5 billion. Under these circumstances, EU membership appeared to be the only viable way to prevent similar economic problems in the future.

However, Reykjavík’s accession negotiations with the EU encountered difficulties, particularly over the EU’s Common Fisheries Policy. Put simply, for Icelandic fishermen this would have meant facing significant competition from other EU countries, including the United Kingdom, France and the Nordic countries. With these disagreements unresolved, the Social Democratic government decided to postpone opening further negotiation chapters until after the 2013 election. The Social Democrats, led by Árni Páll Árnason, suffered a heavy defeat, losing 16.94 percentage points and 11 seats. The new centrist government led by the Progressive Party (Framsóknarflokkurinn; FSF) was far more sceptical about EU membership. In May 2013, the government officially suspended the accession talks, stating that “a referendum would be held later on whether Iceland should continue the negotiations” (Milne, 2013).

Iceland’s economic recovery after 2013 appeared to strengthen the position of the sceptics, but the suspended negotiations remained a source of domestic political dispute. The main issue was that the process had been left unfinished, without a clear outcome or approval through a referendum. In 2024, the Social Democratic Alliance formed a government with the People’s Party (Flokkur fólksins) and the Liberal Reform Party (Viðreisn). Their coalition agreement called for a nationwide referendum in 2027 (Stefnuyfirlýsing ríkisstjórnarinnar, 2024: 8). However, geopolitical tensions – particularly the US administration’s efforts to annex Greenland, new tariff disputes and tensions between the United States and Canada (Sheftalovich, 2026) – led the government to bring the referendum forward to 29 August 2026.

Opinion polls conducted from January 2026 onwards showed mixed views among the Icelandic public (see Table 1 below). When asked about EU membership itself, the results were negative, with most respondents favouring staying outside the EU. Questions about holding a referendum or resuming accession negotiations received somewhat more favourable responses, although the relatively high proportion of undecided voters made the outcome uncertain. The government itself was also divided over restarting the negotiations. Only the Social Democrats and the Liberal Reform Party clearly supported the move, while the People's Party openly opposed it, as did the entire parliamentary opposition (Guðmundsson, 2025).

Table 1: Overview of Opinion Poll Results Ahead of Iceland's 2026 Referendum

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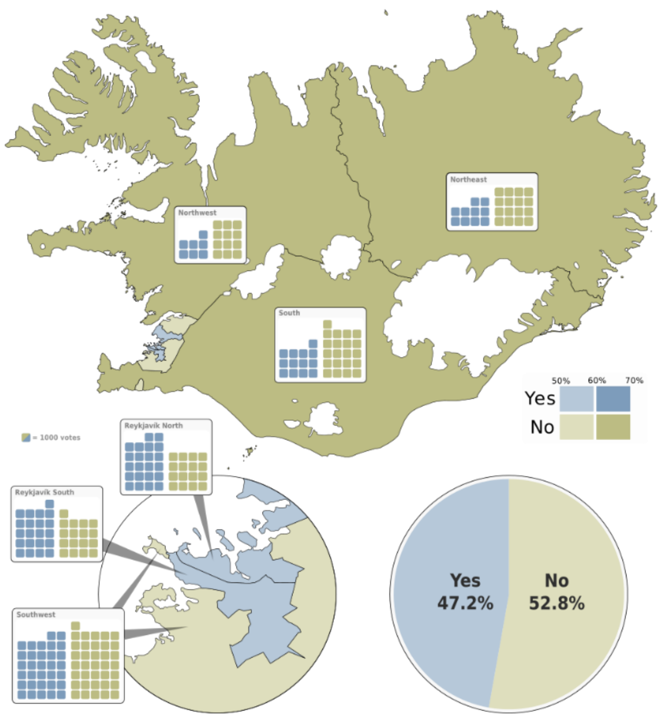
Data collection	Polling agency	Poll question	Yes	No	Don't know
21 Jan – 2 Feb 2026	Gallup Þjóðarpúls	Join the EU	42%	42%	16%
19 Feb – 4 Mar 2026	Gallup Þjóðarpúls	Hold a referendum	57%	30%	12%
19 Feb – 4 Mar 2026	Gallup Þjóðarpúls	Resume negotiations	52%	48%	---
12–19 Mar 2026	Maskína	Join the EU	31%	46%	23%
12–19 Mar 2026	Maskína	Resume negotiations	42%	39%	19%
19–31 Mar 2026	Gallup Þjóðarpúls	Join the EU	40%	47%	13%
June 2026	Gallup Þjóðarpúls	Join the EU	39%	45%	16%
2–11 Aug 2026	Maskína	Resume negotiations	45%	39%	16%
21–25 Aug 2026	Maskína	Resume negotiations	51%	49%	---

The result of the referendum was ultimately not particularly surprising. A total of 105,339 voters (47.16%) supported resuming the talks, while a majority of 118,040 voters (52.84%) opposed the proposal. Reykjavík was the only area where the "Yes" vote prevailed, while opponents clearly dominated in all other regions (see Map 1 below).

In the end, concerns over the loss of sovereignty and threats to Iceland's independence – which the country gained from Denmark only in 1944 – prevailed among voters. Another important factor was the possibility of difficulties in negotiating exemptions with Brussels, particularly in relation to fisheries. As a result, accession talks with the EU were not resumed and will not be reopened.

Figure 1: Results of Iceland's Referendum Held on 29 August 2026



Source: Wikipedia.org [Bjarki S]

Bad News for Brussels

Iceland has thus joined the list of setbacks for European integration. These include referendums that rejected EU membership or triggered processes that kept a country outside the EU or led it to leave the European project altogether. Although such cases are relatively rare, they share some striking similarities. Looking back, examples include the Norwegian referendums of 1972 and 1994, the Swiss vote of 1992, the specific case of Greenland's withdrawal, and, of course, the largest and most painful example: Brexit (2016–2020).

History has shown on several occasions that European integration is not simply a one-way process transforming a fragmented Europe into a community of cooperating nations under the common umbrella of the European Union.

In 1972, Norway negotiated accession to the then European Communities, but the accession treaty was subject to domestic approval. In a referendum held on 25 September 1972, 53.5% of voters rejected membership. The main reasons were strikingly similar to those seen in Iceland: concerns over the loss of sovereignty, the protection of agriculture and fisheries, strong opposition in peripheral and rural regions, distrust of centralised European integration, and a distinct Norwegian political culture that emphasised national control over natural resources (Statistik sentralbyrå, 1999). As a result, Norway did not take part in the first enlargement of the European Communities in 1973, while Denmark, Ireland and the United Kingdom joined.

Greenland joined the European Communities together with Denmark in 1973, but decided to leave after gaining home rule. In a 1982 referendum, a narrow majority of 53% voted in favour of withdrawal. The main reason was the desire to regain control over fisheries and natural resources. Greenland formally left the European Communities on 1 February 1985, but remained associated with them, and later with the EU, as an overseas territory. It was the first territory to withdraw from the European integration process (Harhoff, 1983: 13–33).

The Swiss case of 1992 was somewhat different. The referendum held on 6 December was not directly about EU membership, but about joining the European Economic Area. Nevertheless, the vote was significant because Switzerland had shortly before applied for membership of the European Communities/EU, and joining the EEA was therefore seen as an important step towards closer European integration. After 50.3% of voters rejected the proposal, the Swiss government effectively halted its efforts to pursue membership (Kuenzi, 2017).

Norway's second referendum took place on 27–28 November 1994. This time, the question concerned membership of the European Union, which had been established following the Maastricht Treaty. Once again, the result was negative, with 52.2% of voters rejecting membership (Statistik sentralbyrå, 1999). The referendum took place in the context of the EU's fourth enlargement, when Austria, Finland and Sweden were also seeking membership. Following successful referendums, these countries joined the EU on 1 January 1995, while Norway remained outside after its voters rejected membership. The arguments of opponents were similar to those heard in 1972: protecting national sovereignty, maintaining control over fisheries and energy resources, opposition in rural and northern regions, concerns about weakening the Norwegian social model, and the belief that membership was not economically necessary because Norway already had access to the single market through the EEA.

The most significant rejection of European integration came with Brexit, the United Kingdom's withdrawal from the European Union. The British referendum was held on 23 June 2016 and resulted in victory for the Leave campaign, which received 51.9% of the vote, compared with 48.1% for Remain. The United Kingdom subsequently triggered Article 50 of the Treaty on European Union and, after complex negotiations, formally left the EU on 31 January 2020. When the transition period ended on 31 December 2020, the country also left the single market and customs union.

Brexit was particularly painful for the European Union for three main reasons. First, this was not a candidate country rejecting membership, but one of the EU's largest, wealthiest and most influential member states deciding to leave. The United Kingdom was a nuclear power, a permanent member of the UN Security Council, a major economy and financial centre, and one of the most important actors in European security policy. Its departure was therefore not merely a symbolic setback, but also a genuine weakening of the Union's political, economic and geopolitical weight.

Second, Brexit fundamentally challenged the idea that European integration was an irreversible process. Until then, there had been referendums rejecting aspects of integration, disputes over treaties – such as Ireland's rejection of the Treaty of Nice – opt-outs from certain policies, and reluctance to join the EU in countries such as Norway and Switzerland. Yet the EU project was still largely seen as one that would continue to expand and deepen. The British referendum demonstrated that EU membership did not have to be permanent and that dissatisfaction with integration could ultimately lead a country to leave the Union. This raised the question of whether the EU is necessarily the political destination of European development or simply one of several possible forms of international cooperation.

Third, Brexit exposed deeper tensions within the European integration model. The British debate was not limited to the economic costs and benefits of membership. National sovereignty, border control, migration, the powers of European institutions, the democratic deficit and opposition to the idea of an "ever closer union" all featured prominently. The Leave campaign's slogan, "take back control", captured the mood of a section of society that saw the EU not as a tool for cooperation, but as a structure limiting the ability of the nation state to decide its own laws, borders and economic rules.

From the perspective of supporters of a more federal European Union, Brexit posed a particularly serious challenge. The federalist approach assumes that deeper political integration is the answer to the pressures of globalisation, security threats and Europe's economic interdependence. Brexit, however, showed that some citizens – or even a majority – may respond to the same challenges in the opposite way, by demanding that powers be returned to the national level. The British decision was therefore not simply a vote against specific European policies, but also a rejection of the direction in which the EU had been developing.

Brexit also served as a reminder that economic considerations alone do not necessarily determine referendum outcomes. Supporters of remaining in the EU highlighted the risks to trade, investment, the financial sector and Britain's international position. Nevertheless, political and identity-related arguments concerning sovereignty, control and distrust of supranational decision-making ultimately prevailed. This is also important for understanding the Icelandic referendum. As in the British case, the debate was not solely about calculating economic benefits, but also about who should have the final say in key areas of public policy.

In this respect, Brexit forms part of a broader series of cases illustrating the limits of European integration. Norway rejected membership twice, Greenland left the European Communities over control of fisheries, Switzerland rejected membership of the European Economic Area, and the United Kingdom became the first member state to leave the EU itself. The Icelandic referendum of 2026 is, of course, different from Brexit, but the two cases share a fundamental concern: reluctance to transfer control over key areas of national policy to supranational institutions.

Brexit therefore remains the greatest political shock in the history of European integration. While the Norwegian, Swiss, Greenlandic and Icelandic referendums show that some European countries do not wish to join the EU or move closer to it, Brexit demonstrated that it is also possible to leave. This dealt a serious blow to the European project: it weakened its prestige, challenged the idea that integration was irreversible, and gave opponents of deeper integration a powerful argument that an alternative to EU membership exists not only in theory, but also in practice.

In the short term, Brexit did lead to some degree of renewed unity around the EU in several member states, as the chaotic process of Britain's withdrawal served as a cautionary example. In the long term, however, it remains evidence that European integration is neither inevitable nor a one-way process. It depends on public support, perceptions of the legitimacy of European institutions, and the Union's ability to convince both member and non-member states that sharing sovereignty brings more benefits than costs. It is precisely in this respect that Brexit remains a particularly uncomfortable precedent for Brussels.

Conclusion

The referendum held on 29 August 2026 confirmed that Iceland's debate over its relationship with the European Union was not simply a technical question of whether to resume accession negotiations. It was part of a broader debate about Icelandic sovereignty, control over strategic resources, the relationship between a small island nation and European institutions, and whether the benefits of full EU membership outweigh its political and economic costs.

The main reasons for rejecting the proposal included concerns about losing control over fisheries, distrust of centralised decision-making in Brussels, a strong emphasis on national sovereignty, and the belief among some voters that Iceland already enjoys sufficient benefits through the EEA and Schengen without having to assume all the obligations of full membership. Iceland's economic recovery after the 2008–2011 crisis also played an important role. It weakened the argument that EU membership was necessary for economic stability. Iceland recovered from the banking collapse outside the EU, giving opponents of membership a strong political argument for remaining outside the Union.

In this respect, Iceland largely follows the experience of Norway, Greenland and Switzerland. In all these cases, a combination of economic self-sufficiency, small political communities, a strong sense of identity, an emphasis on direct or close democratic control, and concerns about losing control over key sectors played an important role. For Norway and Greenland, the main issues were fisheries and natural resources, while in Switzerland the focus was on institutional autonomy, neutrality and direct democracy. Iceland fits this pattern as well: for small, wealthy and self-confident states, EU membership may not automatically be the most attractive option.

For the European Union, and particularly for supporters of a more federal EU, the result is uncomfortable precisely because it does not come from a country on Europe's periphery in cultural or economic terms. It comes from a country that is already closely integrated with the EU and could, in terms of its values, institutions and standard of living, be considered an almost ideal candidate. Iceland's "No" therefore serves as a reminder that European integration does not have unlimited appeal and that deeper integration is not necessarily the preferred destination even for countries closely connected to the European political and economic space.

The referendum result does not mean the end of Iceland's cooperation with the European Union. Reykjavík will remain closely connected to Europe through existing agreements and will continue to cooperate closely with the EU. It does, however, mark the end of one stage in the debate over full membership. Icelandic voters made clear their preference for a model of selective integration: cooperating where it is beneficial while retaining control over key political and economic decisions.

The Icelandic referendum is therefore more than a local event in a small Nordic country. It provides further evidence that European integration is not a linear process inevitably leading towards deeper political unity. Alongside full EU membership, there is also the option of close partnership without joining the Union. For some European countries, this model may appear more attractive, more stable and more politically acceptable than full participation in the European integration project.

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