



Iceland slows down enlargement talks

Negotiations with [Iceland](#), which started in 2010, are advancing well, with talks launched on six new chapters in December 2012. Of 33 chapters for negotiations, 27 have been opened, of which 11 have already been provisionally closed. The parties in Iceland's coalition recently announced they would not prioritise negotiations in the run-up to the April 2013 general election.

Progress report

On 10 October, the European Commission adopted the [2012 Iceland progress report](#).

Concerning the **political criteria**, the Commission praised Icelandic democracy and the judiciary. It noted improvements in anti-corruption legislation, with a code of conduct for the central government recently established. Iceland has safeguards for the respect of fundamental rights, but should still ratify some specific UN Conventions.

On the **economic criteria**, removing capital restrictions remains an important challenge, together with tackling financial sector weaknesses, such as the inflation rate and exchange rate stability. However, the Icelandic economy is generally recovering and grew in 2011 and 2012. Its functioning market economy still needs measures to cope with competitive pressures and market forces within the EU.

No doubts exist over Iceland's ability to comply with EU legislation, as the country is already participating in the European Economic Area and in the Schengen area. Only a few shortcomings exist.

In December 2012, the Council [welcomed](#) the progress made and stated that negotiations would soon enter a decisive phase, as chapters on agriculture and fisheries lie ahead.

Reactions from main stakeholders

The Icelandic Ministry of Foreign Affairs [welcomed](#) the positive conclusions, and Minister for Foreign Affairs Óssur Skarphéðinsson [emphasised Iceland's commitment](#) to the accession process.

EU Commissioner Stefan Füle [commended](#) Reykjavik on its economic recovery and stressed the need to inform citizens of the pros and cons of EU membership. He also reiterated the commitment of the EU and [announced](#) the start of a bilateral dialogue on Arctic policy.

A motion for a resolution from the EP's Foreign Affairs Committee [calls](#) for the completion of talks as soon as both sides are ready.

Challenges ahead

Support from **public opinion** is indeed declining. According to a Gallup [poll](#) conducted in March 2013, 58.5% of Icelanders oppose the bid to join the EU. A further 25.1% have a positive attitude towards accession, with the rest being undecided.

Frictions with the UK and Netherlands still exist over the **Icesave dispute**. The European Free Trade Association Court recently decided that [Iceland had not contravened](#) the deposit guarantee scheme directive on the reimbursement for the collapse of Icelandic bank Landsbanki. Iceland welcomed the ruling, while the EU affirmed that this decision is [not binding](#) on the European Court of Justice.

Mackerel talks represent another point of contention. Reykjavik [cut its fishing quota](#) by 15% to preserve the North Atlantic stock, but the EU regretted that Iceland still fixes its own fishing quotas and flagged this amount as still [excessive](#) because it reaches almost one quarter of the total amount that can be scientifically justified for this species. Opposing views also exist on [whale hunting](#).

Negotiations are expected to slow down as the coalition parties recently signed a **memorandum** and [decided not to adopt](#) Iceland's negotiating position on chapters yet to be completed ahead of the general election planned for 27 April 2013. Iceland's Ambassador to the EU, Þórir Ibsen, [said](#) that slowing down talks does not mean stopping them. Cooperation will continue in policy areas in which the chapters are already open.