

Fractured or Broken: Iceland's Defense Agreements

Summary of a roundtable discussion held on January 28, 2026.

On 28 January, Varða, in collaboration with Dagur B. Eggertsson MP, Chair of the Icelandic Delegation to the NATO Parliamentary Assembly, convened a roundtable on defence agreements and defence cooperation. The discussion took place against the backdrop of recent Davos speeches, tensions stemming from threats by the US administration towards Greenland and Denmark, and proposed tariff increases affecting eight allies. The central question was: What conclusions can be drawn at this juncture about the resilience of the main pillars of Iceland's security and defense? The discussion was held under the Chatham House Rule.

The Pillars: One, two, or more?

The discussion opened with the point that treating NATO membership and the Defence Agreement with the United States as two separate pillars is counterproductive. It is difficult to decouple them, since the credibility of both ultimately depends on the interests and political will in Washington at any given time. The current reality is that Iceland cannot rely on the United States to the same degree as before, and continued dependence on political shifts in Washington has become a strategic vulnerability.

If it is more accurate to treat the US Defence Agreement and NATO membership as a single pillar, it was noted that new pillars are taking shape as defence cooperation increasingly regionalizes. Participants discussed whether frameworks such as NORDEFCO and the JEF, alongside security and defence cooperation with EU institutions, could form a second pillar.

There was broad consensus that uncertainty over the reliability of US defence guarantees to Europe has intensified, though participants differed on how far these fractures extend in the Icelandic context. Two main approaches emerged in the discussion.

One perspective held that while fractures certainly exist, “the chair is not broken.” There remains substantial support across the US administration and political system for transatlantic cooperation, even if the President's closest circle appears less committed. In this view, US defence guarantees to Iceland would hold as long as Washington continues to see them as serving US interests. Iceland's geography and strategic position sustain that interest, and the country is not in the same position as states on NATO's eastern flank, where the threat is more immediate, readiness is costlier, and shifting attitudes in Washington have sharpened doubts about how the United States defines its interests vis-à-vis Europe and Russia.

The opposing perspective maintained that a rupture in relations with the United States has already occurred. If fractures appear in the alliance, they inevitably extend to Iceland. In this

view, the more consequential question is whether authorities in Moscow and Beijing still believe US defence guarantees are intact. If those guarantees are seen as unreliable on NATO's eastern flank, there is little reason to assume they would be regarded as reliable in Iceland.

Similarly, there was general agreement that civil protection (almannavarnir) should be regarded as a foundational pillar of Iceland's security and defence. The primary threats facing Iceland are not direct military operations, but multifaceted hybrid threats and sabotage. Domestic capabilities and resources are expanding and will be critical if such threats materialise; if needed, civil protection mechanisms can mobilise the population. International cooperation in this area, and preparedness more broadly, relies heavily on collaboration with civilian institutions and the EU, rather than NATO alone, although NATO remains important.

Security considerations beyond traditional defense

There was considerable agreement on the importance of looking beyond purely military-technical threats. Icelanders must better recognise the channels through which pressure could be applied to the country, and how best to prepare. It was noted that economic security is increasingly intertwined with traditional security.

An unexpected contingency would likely not be military in nature, but rather an act of economic coercion, grey-zone interference in domestic affairs, or other forms of political pressure. Another concern raised related to the Annex to the Defence Agreement, which contains provisions authorising US authorities to assume control of Icelandic airspace under defined circumstances. However, it is difficult to assess how such authority would be exercised in practice, or potentially abused.

Furthermore, given the apparent alignment between recent actions of the US administration and the country's newly published national security strategy, participants considered whether propaganda or coercive measures related to domestic affairs could be anticipated, for instance in relation to elections or issues such as whaling, gender equality, and reproductive rights. The question was also raised whether attempts might be made to purchase influence, similar to efforts observed in Greenland.

The Tension: Upholding values or maintaining a low profile

When the discussion turned to how Icelandic authorities should navigate the current turbulence, a tension emerged over whether it is more prudent to keep a low profile to avoid escalating tensions in an unstable international system, or to stand more firmly on the values underpinning Iceland's foreign policy and the NATO founding treaty.

In this context, it was noted that no European state frames its policy in terms of "keeping a low profile" anymore. At the same time, it was emphasised that Iceland's position is distinct: Iceland

is closer to the United States, and more dependent on military cooperation with it, which calls for a more cautious approach. Although this tension exists, the two approaches are not necessarily mutually exclusive. It is possible to keep a low operational profile while preparing to respond firmly when required.

There was strong consensus that the key is to focus on variables within Iceland's control, rather than expend excessive energy trying to decipher President Trump. The dialogue should centre on domestic imperatives: what is lacking, what the objectives are, and how the government communicates with the public about the challenges ahead.

There was also fairly strong agreement that Icelandic officials should push back more firmly than has been customary in their interactions with counterparts in Washington.

Public trust generates institutional confidence

There was broad consensus that the government could place greater trust in the public on security and defence matters. It was noted that the culture of secrecy surrounding the Annex to the US Defence Agreement has, among other things, left Icelanders unaccustomed to engaging in this debate.

Related to this, there was consensus that the Icelandic government should publish the threat assessment that forms the basis of the new security and defence policy. It was noted that such an assessment should have been in the public domain before the policy was introduced, so that its premises were transparent. There was also consensus that the government should make a policy-based action plan accessible to the public. Finally, the discussion turned to reforms in Iceland's security and defence institutional architecture, including the need for a robust debate on the institutional framework now under development.