Iceland says NO to the European Union

The gloss wore off

*by Alex Krainer**

Alex Krainer. (Picture ma)

On Saturday, 29 August 2026, Iceland held a referendum on whether to resume EU accession negotiations. The results weren't favourable to the EU: 52.8% of Icelanders voted No and 47.2% voted Yes, with turnout of 82.5%.

The question was not even whether Iceland should join the EU, but whether talks about joining should restart at all. A Yes vote would have authorized negotiations; any eventual accession treaty would have required a second referendum.

Iceland's Prime Minister *Kristrún Frostadóttir* promised the referendum vote and said that the accession talks would not advance under her government, which remains in office until 2028. Furthermore, under her centre-left government, the parliament will consider whether to formally withdraw Iceland's membership application altogether.

Background and the significance of Iceland

Iceland is a tiny island nation: it has some 400,000 inhabitants and is situated far from the European continent. Iceland applied to join the EU in 2009 after the financial crash devastated its economy and its banking system. Negotiations began and 11 chapters were closed, but a eurosceptic coalition under Prime Minister *Sigmundur Davíð Gunnlaugsson* (Independence Party and Progressive Party) suspended the talks and formally halted the accession process in 2015.

The former PM spelled out what was at the table for Iceland. The prize, he said, is a seat at the table. Iceland would get at most six members in a European Parliament of 750 or more.

Iceland has full control over its fisheries, which was one of the main points of contention with the EU. The port of 'Friöarhöfn' on the Westman Islands. (Picture sc)

That parliament cannot even table a bill. It only rubber-stamps what the unelected EU Commission officials send down. Gunnlaugsson asked, "why walk into a process whose price is giving up courts, laws, government and foreign policy, plus every treaty Brussels dislikes – for the hope of a temporary carve-out?"

Iceland already has significant integration with the EU through the European Economic Area (single-market access, along with Norway and Liechtenstein) as well as the Schengen Area allowing free movement of people between Iceland and EU nations. Iceland is also a NATO member nation since 1949. However, it has retained some of the most important aspects of its own sovereignty: it has its own currency, the króna, and with it, its fiscal sovereignty.

The question of fisheries

Iceland also has sovereign control of its fisheries, which has been one of the main issues of contention between Iceland and the EU. In fact, it was the nation's main fishing districts that shut the door to the EU by voting heavily against continuing the accession talks. Their distrust was based on Ireland's experience with the EU and its complex and incoherent regulations.

The recurring complaint from the Irish fishing industry is straightforward: Ireland has about 12% of EU waters, but gets only about 5–6% of the fishing quotas. As a result, other member states' boats take most of the fish from Irish wa-

* *Alex Krainer* is the creator of 'I-System Trend Following' and the editor of the daily 'TrendCompass'. He is a portfolio manager at Altana Wealth S.A.M. in Monaco and the author of numerous books on financial markets and commodities.

ters. Fishermen call themselves “the fish basket of Europe, yet the poor relation,” whose boats sit tied up for months when monthly quotas are exhausted while foreign vessels are somehow allowed to continue fishing the very same grounds. Many regard the arrangement as a betrayal, fuelling calls for Ireland to exit the EU.

No longer a prestigious club

Perhaps the most significant signal from this weekend’s referendum in Iceland is that the EU is no longer viewed as a prestigious club of the world’s wealthiest and most advanced economies but, as Gunnlaugsson called it a Union at the height of its decline. And indeed, the Icelanders got it right: the EU is a project in an accelerating stage of disintegration, crumbling under the weight of its own contradictions. While it is ostensibly committed to the ideal of democracy, it is profoundly undemocratic.

Nations wishing to become members of the club have to give up their sovereignty and implement all the EU Commission’s directives – including all the future ones – while having no say in their formulation. EU’s laws are drafted by generally secret groups of lobbyists and handed to the EU Commission to implement. The EU Parliament occasionally discusses and debates these bills, but the whole body serves two main purposes: to rubber stamp whatever the EU Commission puts in front of them, and to offer the Parliamentarians a venue to record YouTube clips and garnish their own popularity.

My own country, Croatia, has become a full member of this “prestigious” club in 2013 and most people by far are very significantly worse off than they were before 2013. The economy is stagnant, more than 2/3rds of households struggle to make ends meet, inflation is rising and corruption is rampant. Like their Irish colleagues, Croatian fishermen are also in revolt: starting this year, they will be allowed to fish only 27 days in the year for reasons that are completely unclear.

The farming community is also being systematically dismantled with frequent culling of the livestock, now because tests turn up positive for African swine flu, now bird flu, or whatever. In every case, the only remedy is the destruction of entire herds. People have had enough and if a referendum to exit the EU were held in Croatia today, they would almost certainly vote in favour of “Croexit”. I believe the same would happen in most EU nations.

It’s increasingly difficult to see any point of maintaining a union of unwilling members, especially as that union turns increasingly oppressive in their endeavour to hold itself intact. With each passing day, its system of governance is proving more and more similar as that of the USSR, suggesting that its future is equally promising. For investors, that has very significant implications with respect to the EU member nations’ Treasury bonds and for the Union’s currency.

Source: https://trendcompass.substack.com/p/the-gloss-wore-off-iceland-says-no, 31 August 2026.