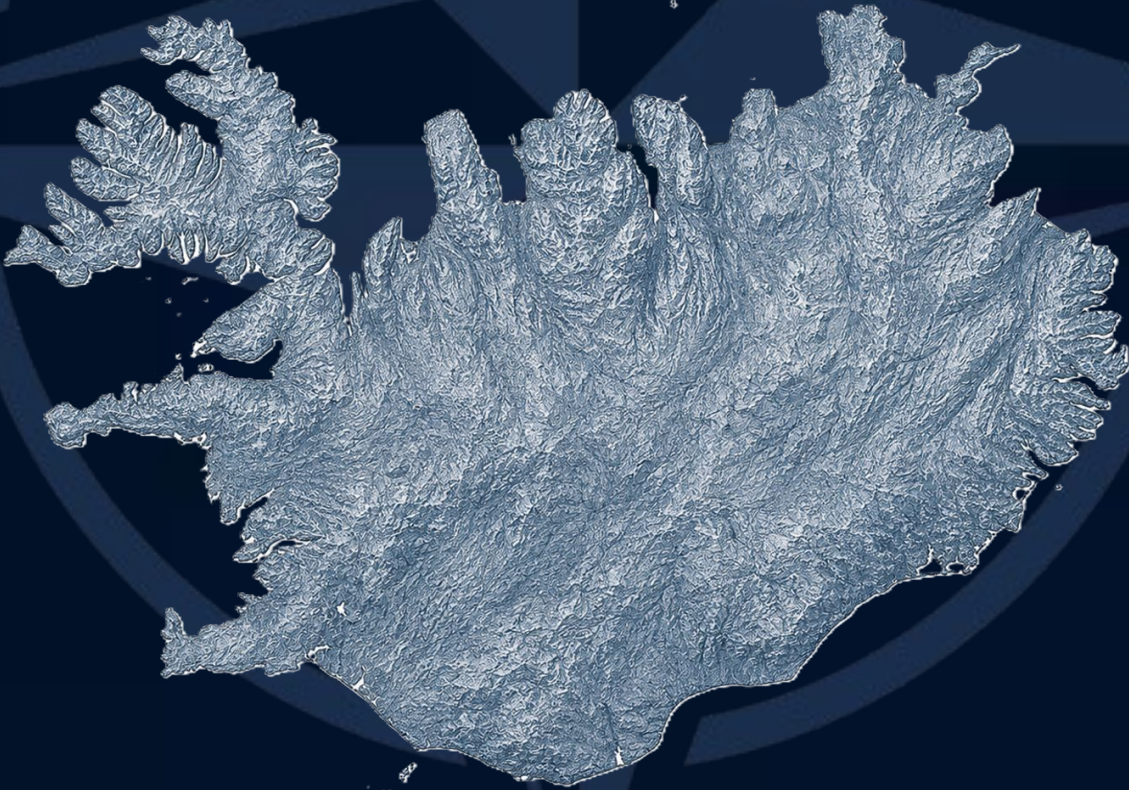




Iceland

NATO Country Assessment — *TIER TWO* —

GIUK GAP LYNCHPIN • NORTH ATLANTIC LAUNCHPAD • SUBVERSION RISK

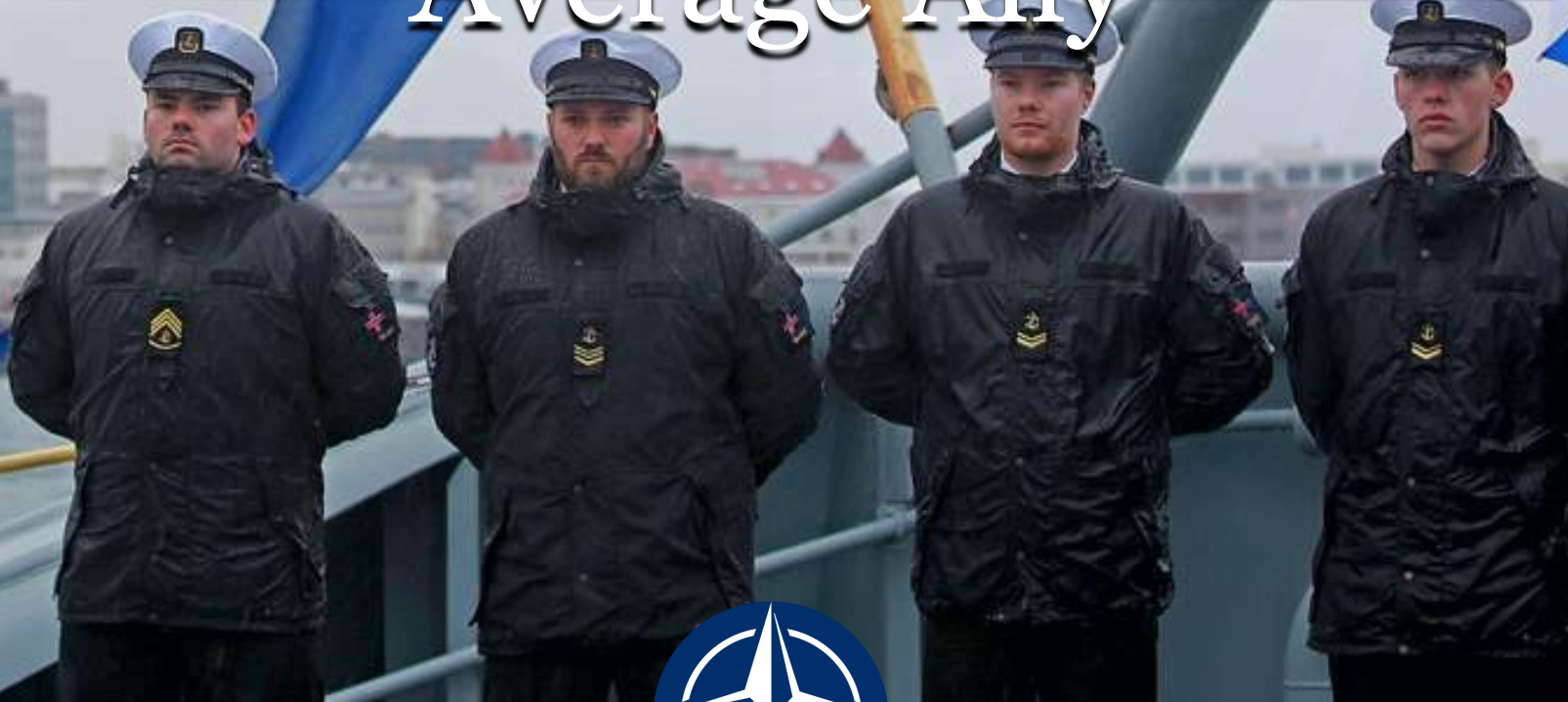


JULY 2026



TIER 2

Average Ally



AT A GLANCE

Toplines

- **NATO Bastion in the North Atlantic:** Keflavík Air Base is NATO's most consequential single installation in the North Atlantic and the primary hub for surveillance, North Atlantic ASW operations, Atlantic logistics, and allied air policing.
- **Securing America's Eastern Shore:** The GIUK Gap is the choke point through which all Russian submarines must transit to reach the Atlantic, and Iceland's Air Defence System and Control and Reporting Center provide continuous radar coverage feeding directly into NATO air and missile defense architecture.
- **Urgent Need to Defend Against Subversion:** Iceland lacks a national security investment screening mechanism to safeguard against vulnerability to Chinese strategic investment in Arctic infrastructure, geothermal resources, ports, and rare earths at precisely the moment allied concern about Chinese dual-use investment is highest.



MILITARY CONTRIBUTIONS

Defense Spending Level

Iceland is NATO's only member with no standing military forces and no Ministry of Defence, making traditional defense-spending metrics inapplicable. This does not mean that Iceland is not important to the alliance. NATO Secretary General Rutte's [November 2025 visit](#) to Iceland underscored the expectation of expanded contribution calling Iceland "the eyes and ears" of the alliance in the Arctic. The Frostadóttir government's November 2025 [first formal defense policy](#) represents a historic doctrinal milestone, beginning to formalize Iceland's defense architecture for the first time.



MILITARY CONTRIBUTIONS

Equipment Share

This criterion is not applicable to Iceland in the conventional sense. Iceland's [250 coast guard personnel](#) operate two offshore patrol vessels and three helicopters. The October 2025 [Germany-Iceland defense cooperation agreement](#) enabling German frigates, submarines, and maritime patrol aircraft to operate from Icelandic ports adds allied equipment to Icelandic basing rather than adding Icelandic equipment to the alliance inventory. Iceland's "equipment share" is the infrastructure it maintains and hosts for allied use, not national weapons procurement.



MILITARY CONTRIBUTIONS

Manpower & Recruitment

Iceland is the only NATO member with no standing army, navy, or air force, relying instead on the [Icelandic Coast Guard](#) (Landhelgisgæslan) for territorial defense and maritime patrol. Total uniformed personnel number only in the low hundreds, dwarfed by every other ally even on a per-capita basis, and there is no conscription, recruitment pipeline, or reserve force of the kind found elsewhere in the alliance. Because Iceland has no military to recruit for, its defense “manpower” [debate centers](#) almost entirely on Coast Guard staffing levels, civil preparedness, and whether to expand the small Crisis Response Unit, rather than on conscription or force generation in the conventional NATO sense.



MILITARY CONTRIBUTIONS

Capability Modernization

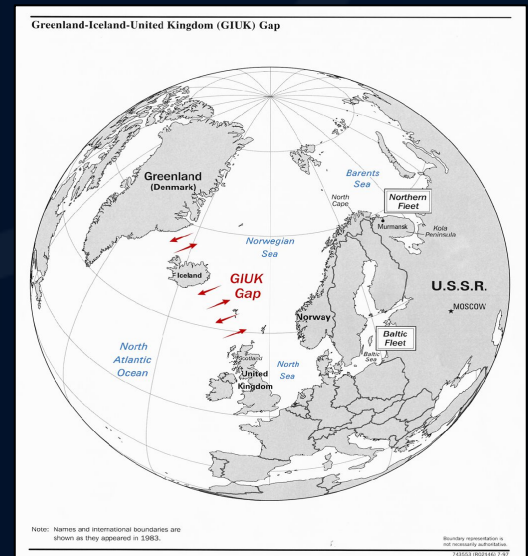
Iceland has no defense procurement program in the conventional sense. Its modernization story is entirely about infrastructure hosting and surveillance system upgrades. [Keflavík's rebuilding](#) after the 2006 US withdrawal corrected a serious capability gap that Russia exploited through increased submarine activity in the North Atlantic. Iceland's [Air Defence System and Control and Reporting Center](#) provide continuous radar coverage. These are infrastructure investments that enable allied capability and extend operational capacity.



MILITARY CONTRIBUTIONS

Force Posture

Iceland's force posture is entirely defined by what it hosts and enables rather than what it deploys. [Keflavík Air Base](#) is NATO's most significant installation in the North Atlantic and a primary hub for allied air policing, US Navy P-8 maritime patrol, transatlantic logistics, and North Atlantic surveillance. The IADS provides continuous radar coverage of the [GIUK Gap](#) and feeds into NATO air and missile defense architecture. The Coast Guard provides maritime surveillance, search-and-rescue, and undersea-infrastructure awareness across an enormous maritime area. Iceland contributes to NATO [Forward Land Forces Finland](#) and to [NATO Multinational Brigade Latvia](#)—contributions that are staff and personnel based rather than combat formations. Iceland contributes personnel to NSATU in Wiesbaden. The [1951 US-Iceland Defence Agreement](#) provides the foundational bilateral framework for US defense of Iceland and allied access. Iceland hosts NATO Dynamic Mongoose, one of the alliance's premier anti-submarine warfare exercises. The operational reality is that Iceland is more strategically important than its force posture in conventional terms would suggest, because the GIUK Gap is the choke point through which all Russian submarines must transit to reach the Atlantic.



MILITARY CONTRIBUTIONS

Industrial Base

Iceland has no defense industry. There is no relevant industrial base assessment beyond noting that Iceland's technology sector contributes to NATO [cyber cooperation frameworks](#). The complete absence of a defense industrial base is not a policy failure for Iceland—it is a structural reality of having a small population and no armed forces.



STRATEGIC ALIGNMENT

Declared Posture

Iceland's declared posture is strongly aligned with NATO's threat assessment despite having no military to operationalize it. The [2023 Parliamentary Resolution on National Security Policy](#) identifies Russia's aggression, Arctic security, critical infrastructure, and the rules-based international order as central concerns. The November [2025 first formal defense policy](#) is a historic milestone—the first time Iceland has presented a defense policy to parliament—it formalizes Iceland's need to strengthen civil preparedness, host-nation support, air surveillance, cyber resilience, and NATO cooperation. Foreign Minister [Gylfadóttir explicitly framed](#) Russia's invasion as a fundamental threat to the international legal system underpinning Icelandic security. Iceland was the first NATO member to suspend embassy operations in Russia, effective August 1, 2023. On China, the 2023 policy and subsequent debate treat Arctic security, Chinese polar shipping interest, and strategic investment as concerns, but [Iceland's 2013 China FTA](#)—the first China signed with any European country—remains a structural trade-exposure caveat. Iran is peripheral. The Frostadóttir government's pro-NATO, pro-Ukraine posture and May 2026 parliamentary vote on an EU accession referendum reinforce the alignment trajectory.



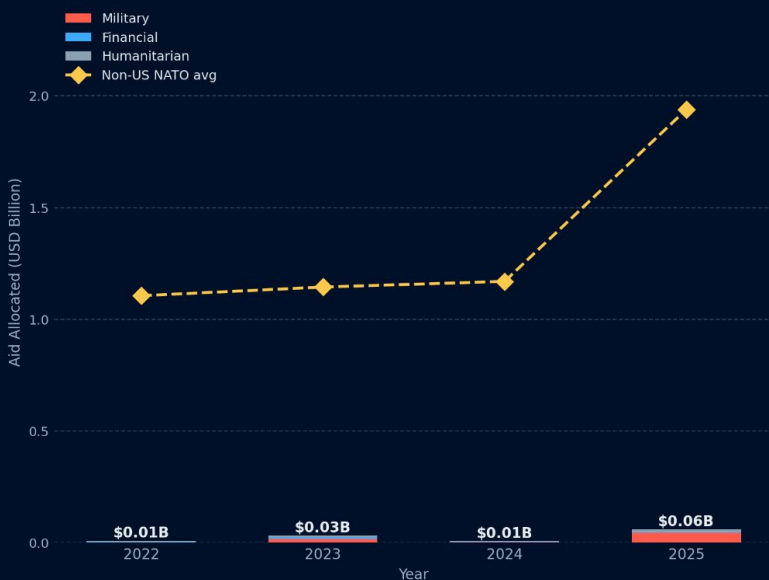
STRATEGIC ALIGNMENT

Ukraine Support

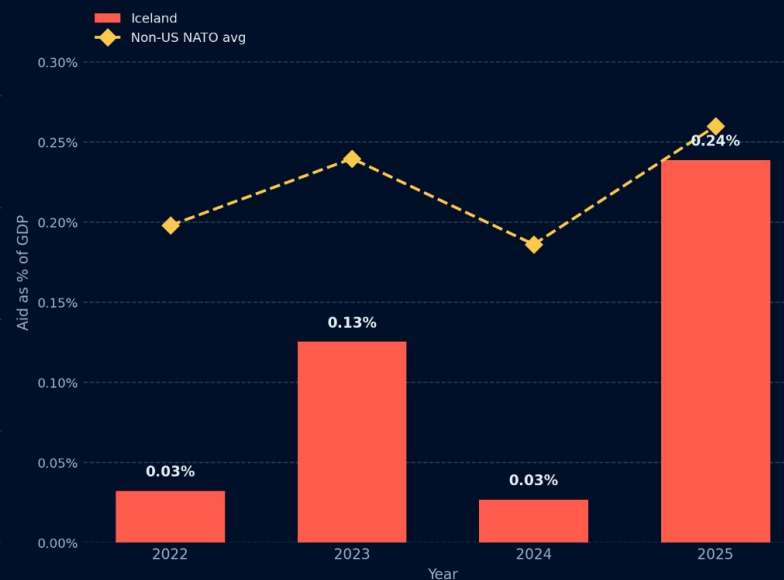
Iceland is a disproportionately consistent Ukraine supporter for a country with no military. [Kiel figures show](#) €0.098B allocated and €0.102B committed (approximately 0.45–0.47% of GDP) above the NATO median by proportional measure for a country that cannot transfer weapons from national inventories because it has none. The Althingi adopted a long-term [Ukraine support program](#) for 2024–2028, locking in a multi-year framework. Iceland contributes more than [€8M to PURL](#), supports the Czech Ammunition Initiative and Danish defense-industry model, has pledged a mobile field hospital, and provides prosthetics funding for wounded Ukrainians. For a country of 390,000 people with no military, participating in these coalitions is a genuine contribution.

Iceland — Ukraine Aid, 2022-2025

Iceland: Aid to Ukraine by Type



Iceland: Aid to Ukraine as % of GDP



STRATEGIC ALIGNMENT

Russian Decoupling

Iceland's Russian energy decoupling is structurally complete and has been for decades. Iceland's electricity generation is overwhelmingly domestic hydroelectric and geothermal with no Russian energy dependence of any kind.



STRATEGIC ALIGNMENT

Public Support & Political Resilience

Iceland recorded 76% for staying in [NATO in 2024](#), though only 42% agreed Iceland should defend another NATO ally if attacked, reflecting the unique position of an ally with no standing military. Seventy-one percent agreed NATO membership makes a foreign attack less likely, and 73% considered NATO important for their country's future security, suggesting the public understands the deterrence value of membership. Defense spending appetite was the lowest in the survey at 19% favoring an increase, consistent with Iceland having no defense budget in the conventional sense. The governing coalition is formally pro-NATO and there is no significant political force calling for withdrawal, with policy debate centering on civilian and infrastructure contributions rather than military spending.



STRATEGIC ALIGNMENT

Hedging Behavior

Iceland's hedging behavior record is clean across all major dimensions with one structural China caveat. There is no BRI participation, no high-level Moscow, Beijing, or Tehran engagement during the war period, and no obstruction of any NATO or EU consensus position. Iceland moved against Moscow by suspending embassy operations. The [2013 China FTA](#) is the main concern: signed before the current NATO de-risking environment, it remains in force and reflects a more permissive China trade posture than most NATO peers are moving toward. Chinese investor interest in Icelandic Arctic infrastructure, geothermal resources, ports, rare earths, and dual-use connectivity is a recurring concern, and Iceland lacks an automatic national-security investment-screening mechanism comparable to CFIUS, creating genuine vulnerability to strategic investment risk. Iceland has restricted Chinese telecom participation in line with broader NATO concerns. The investment-screening gap and China FTA are meaningful concerns, but are not indicative of active hedging against the United States and NATO.



STRATEGIC ALIGNMENT

Operational Cooperation

Iceland's operational cooperation contribution is unique in NATO and cannot be evaluated against conventional metrics. Keflavík Air Base is NATO's primary North Atlantic air operations hub—the most geographically critical basing asset for GIUK Gap surveillance, North Atlantic ASW operations, transatlantic logistics, and allied air policing across the High North. The July 2025 US nuclear submarine docking at Keflavík was a deliberate deterrence signal to Russia. The October 2025 [Germany-Iceland defense cooperation agreement](#) adds German naval and maritime patrol access to Icelandic ports, expanding the basing architecture beyond the bilateral US framework. NATO's [Helguvík fuel facility investment](#), targeted for 2029 completion, converts Keflavík from a rotational support hub into a sustained operational base. The [IADS and NATO Control and Reporting Center](#) provide continuous radar coverage of the GIUK Gap, directly supporting tracking of Russian Northern Fleet submarines and bombers approaching the North Atlantic. Iceland hosts NATO Dynamic Mongoose, one of the alliance's premier ASW exercises. The Coast Guard provides maritime surveillance, search-and-rescue, and undersea-infrastructure awareness. Iceland contributes personnel to NSATU in Wiesbaden, to NATO Forward Land Forces Finland, and to NATO Multinational Brigade Latvia. Iceland co-leads the Demining Coalition with Lithuania. Iceland is not part of EU Operation Aspides or Operation Prosperity Guardian and had no Operation Epic Fury role. Iceland's operational value is entirely concentrated on the North Atlantic, GIUK Gap, and Arctic Circle.

