

SECTION 2. WORLD ECONOMY AND INTERNATIONAL ECONOMIC RELATIONS

Katarína Hovorková

Postgraduate Student at Faculty of International Relations
University of Economics in Bratislava

TENDENCIES OF ICELAND INTEGRATION INTO THE EU AFTER THE OUTBREAK OF GLOBAL FINANCIAL CRISIS AND IMPACT OF THEIR ECONOMIC SITUATION ON THE EU MEMBERSHIP

Iceland was the most reluctant country towards the EU membership among the Nordic states and before 21st century benefited from the EFTA membership that secured free trade with industrial and fish products and the EEA membership, what allows free trade with the EU member states without the need on political integration and the possibility of endangering the national sovereignty. However, this situation changed after the outbreak of the global financial crisis in 2008. Therefore we will focus on the impact of the economic situation in Iceland on the EU integration tendencies.

With the destabilization of economy, collapse of banking system and massive demonstrations in Iceland, the new coalition almost immediately applied for the EU mem-

bership with the main intention to adopt the EURO currency. However, in fields of fishery and agricultural policy as well as in financial sector no compromise was found, moreover, the EC refused one-sided currency adoption. The integration process slowed down while application of stabilization reforms on the Icelandic economy, namely in banking system. After 4 years the winning government parties decided to put the negotiations on hold and later in 2015, prime minister withdrew the EU application. Icelanders reached relative economic stability without the participation in the EU integration and they did not intend to endanger the main economic article – fishery policy, as well as financial and banking system and without the loss of national sovereignty.