

# Norden – Making a Difference?

*Possibilities for enhanced Nordic cooperation  
in international affairs*

The Norden 2020 project report

Teija Tiilikainen and Kaisa Korhonen (eds.)



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Helsinki, 13 May 2011

*Teija Tiilikainen and Kaisa Korhonen*

## Executive summary

The Norden 2020 report identifies ways to energise the current cooperation framework between the five Nordic countries, as Nordic cooperation has remained in the shadow of other forms of international cooperation during the past decades. However, the prospects for common Nordic undertakings in international affairs have changed due to developments in global, European and subregional policy-making environments. Renewed governance structures in each context bring forth new instruments and mechanisms for influencing world politics. Moreover Nordic expertise may become useful with regard to new policies and topics on the international agenda.

In a global context, small states are about to become more marginalised within decision-making structures, as many multilateral organisations are showing signs of weakening. This is largely due to the increased amount of decisions taken within the emerging informal forums such as the G20, where the most powerful and resourceful states come together to define the rules of the game. In order to show resistance in the face of negative implications for small states, Nordic countries need to, among other things, rely on each other. The Norden 2020 report suggests that strengthened Nordic cooperation is obtainable, because the Nordic community of values becomes distinct in a global context. The Nordic approaches to economic and security challenges are similar, and it would be profitable to all five states if they were to promote their common solutions under the same Nordic brand.

In EU affairs, the Nordic states have been relatively hesitant to cooperate. An obvious reason for this is that not all Nordic countries are EU member states, but Nordic countries have also been prone to support a one-speed Union without so-called core groups taking the lead. Yet, the 27-member EU differs from the Union of the past. Some policy-making structures have been reformed to allow differentiated cooperation inside the EU framework, and member states cooperate informally in smaller groups with the purpose of keeping policy-making going, even in the sensitive policy areas. Nordic member states, together with like-minded countries, ought not to hide away from such opportunities to initiate policy-making, especially in

Nordic niche topics like transparency, gender equality or mediation and civilian crisis management. While doing so, they should pay special attention to the emerging centres of power and instruments for influence within the Union, such as the European Parliament and External Action Service respectively.

In a subregional context, the Norden 2020 report identifies the greatest incentives for strengthened Nordic cooperation. The Arctic and the Baltic Sea regions are no longer on the periphery of world politics. With an eye on its unexplored natural resources and transport routes that are slowly opening up for trade purposes, both great – and smaller – powers are refining their Arctic strategies. In this race to secure one’s economic and security interests, small Nordic states have much in common. It is argued in this report that they should join forces to work for an Arctic governance that is cooperative in nature and institutionalised enough to not become a puppet for the great powers. Also, the Baltic Sea region has moved from the periphery to the centre, but the big difference with the Arctic region is that there are a number of international and intersocietal organisations and networks working to bridge the shores of the Baltic Sea. The EU Baltic Sea Strategy is the latest addition to this complex governance framework. Subsequently, the new Nordic mission in the Baltic Sea region is to steer and coordinate policy-making between its various political actors, so that the duplication of efforts is eradicated.



# 1. Introduction: The state of Nordic affairs

Kaisa Korhonen

Nordic cooperation in international affairs needs an energy boost. On one hand there is much unleashed potential in Nordic cooperation that speaks for a strengthened policy dialogue among the five Nordic states. Conversely, a *status quo* in Nordic governance might become unsustainable, because other frameworks for international cooperation slowly but surely undermine the conventional rationale behind the Nordic partnership.

*Norden* has a good record in adapting to new developments in international affairs. During the past decade its reaction to changes in the political environment has, however, been slower, and at least three trends would have called for more careful attention: globalisation, Europeanisation and subregionalisation. This report aims to pay attention to these trends and the impact they have had on the prospects for Nordic cooperation. The authors of this report also propose small, pragmatic steps which could be taken to strengthen common Nordic policy-making in order to empower *Norden* in foreign affairs.

To start with, globalisation has brought about changes in global governance structures. As long as decisions were taken in formal international organisations, internationally minded small countries such as the Nordics – Denmark, Finland, Iceland, Norway and Sweden – had a proportionally strong voice. Now, more and more decisions are taken at the summits of informal groups of states, including at various “G forums” such as the G20. The so-called “multilateralism light”<sup>1</sup> indicates that the golden age of internationally active small states might be coming to an end: a country’s influence in the informal groups of states is more directly linked with the actual size of a country’s economy than was the case with the Bretton Woods system.

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<sup>1</sup> Penttilä 2009

Single Nordic countries have no chance of being placed among the largest economies in the world, but at the same time their community ties are put on trial. Geographical closeness alone is not enough to create reciprocal loyalties in a globalised world where international organisations with headquarters half way around the world compete for the hearts and minds of Nordic citizens. If the Nordic countries do not wish to witness their cooperation framework to wither away, it is time to consider ways in which this framework could once again attract even younger generations to participate.

Globalisation is the first reason for studying how the Nordics could help each other to have a voice in governance structures where economic might weighs ever heavier in comparison to a good argument. The second reason is linked to Europeanisation, which has led to a high degree of political and legislative convergence among European countries. From a historical point of view, European integration has facilitated Nordic cooperation by providing it with a peaceful political environment in which to grow.

Conventional wisdom might hold that continental community building projects like the European Union weaken the demand for smaller subregional cooperation frameworks, but judging by the most recent developments in the EU, this assumption is only accurate as long as the continental project is small enough to remain effective. The third political trend calling for our attention is therefore the process of subregionalisation, which takes hold when (inter)continental community building projects become too large. In other words, there is a chance for a renewed demand for avant-garde or pioneer groups within the larger communities, although these groups are better understood as complementary rather than as alternatives to the community as a whole. The macroregional strategies of the EU are the most concrete examples of this third trend in international politics, which clearly has an impact on the prospects for Nordic cooperation.

Despite these political trends, or perhaps due to them, the Nordics generally continue on their separate paths in order to become internationally influential. By and large, they fight to have their voices heard as single states or build *ad hoc* coalitions, both when surrounded by the large EU member states or by the “Goliaths” of G7, G8 or G20 forums. There are also coalitions among the Nordics, but these need to be renegotiated from one discussion to another. Is

this a winning strategy for countries with relatively small resources at their disposal?

One could argue that small states need to be especially smart, even stealthy, when trying to exert influence. They have to better identify alternative routes to power and forge lasting coalitions. Because coalitions in most of today's international negotiations change by the issue, loyalty is rare and thus precious. This could perhaps explain why the old idea of Nordic cooperation in international affairs still fascinates and that, notwithstanding many alleged obstacles, Nordic countries might really have what it takes to forge a lasting coalition.

If the Nordic countries agreed with these premises, how could these states – traditionally brought together by their common values and moral understandings, but often separated by their economic and security interests – become smart together? Where could the Nordics look if they hoped to strengthen their cooperation and compensate their sovereign slightness with a strong alliance? If the Nordics do not choose to become more isolated from international politics, how can they join forces now and during the next ten years in order to ensure that Norden will still make a difference by the time the third decade of the century begins?

This report discusses the questions above. Instead of offering the solution of building a Nordic federation, it takes as a starting point the notion that the five Nordic countries have to find other ways out of the small state dilemma. More structured cooperation is not out of reach, and the timing for new thinking is apt. In the post-Cold War era the Nordics do not need to take into account the impact their cooperation might have on the East-West divide, since new divisive lines run in all directions. What they do need to consider is whether or not the Nordic community can provide a *complementary* shelter worth the effort against new security threats and economic challenges.

## 1.1 Lost in transformation

*“Nordic identity is in crisis. With the European revolution of 1989–91, the meaning of ‘Norden’ has become unclear.”<sup>2</sup>*

The death of Nordism was proclaimed for the first time for some twenty years ago, at the end of the Cold War. The Nordic community was argued to be redundant, owing to the emerging European and Baltic Sea communities, but soon enough the changing world order provided a new *raison d’être* for the Nordics. The new mission was to support the integration of the Baltic states to the West; within twenty years this mission was brought to a successful end. The Baltic states are today, if only on paper, even more integrated in the West than the Nordics. In 2004, the Baltic countries joined both the EU and NATO.

The completion of this mission means that the Nordic community is once again searching for a new assignment. Without common projects, it is difficult to keep the community alive, and this is an internal objective for cooperation. There is, of course, an external objective too: the Nordics have, at least historically speaking, wished to have a say in world politics. Because of this tradition of active participation, combined with the success in punching above their weight, the Nordic countries are traditionally expected to counteract in the face of marginalisation. In fact, Norden has rarely been described as a political entity willing to remain in the shadows, even though it long has been depicted as an alternative to power politics and European integration. During the past decade or so, nationalistic discourses employed by populist political parties in Norden have surely become more visible in the debates. There is more scepticism about supranational governance, and even calls for a repeal of sovereignty from international governance bodies. With all aspects accounted for, this discourse is still not the most hegemonic.

This paper builds on the premise that the Nordics want to have a say when the new world order is being shaped, and that the external objective of willingness to influence world politics still applies. The question remains: how to gain recognition in an era when the world order is undergoing a large transformation? Political and economic power is being redistributed in line with new power relations, while the rules of global governance are being rewritten and the roles of

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<sup>2</sup> Weaver 1992, 77

international organisations redefined. The latest financial crisis, which arose in the United States in autumn 2008 but spread rapidly to Europe, showed what interdependence means in a globalised world. This interdependence is especially visible in Europe, where the process of European integration has become a success story during the past sixty years. The political map of Europe was turned into a zone of peace as European nation states became European Union member states. Borders faded away from the common EU territory to the degree that today the EU is a political and economic community without a precedent.

Both of these trends – globalisation and European integration – also have implications for international cooperation in a subregional context. To start with, the European Union of 27+ member states searches for ways to accommodate newcomers and to deepen its political agenda. One such way has been to adopt macroregional strategies. In terms of European regions, the Baltic Sea is actually serving as a model for other similar “macroregions” in the making. As a consequence, the focus of European politics has partly shifted from Eastern and Central Europe to the Baltic Sea region, and lately even further north to the Arctic. Arguably, the development of European politics is inviting the Nordics to bring their foreign and security policies back home to the closest neighbourhood. Simultaneously, globalisation keeps on redrawing the borders of core and margin. If the fight over natural resources intensifies as global warming speeds up, the Arctic, for instance, might become a new trouble spot in international relations.

However, the Nordics are also not what they used to be. They have changed both internally and in terms of their foreign policies from the 1950s and 1960s, when the cooperation framework was designed. Internally, the Nordic population is much more heterogeneous when it comes to ethnicity, culture and spoken languages, due to immigration. Also, the once famous Nordic model – which hardly even existed in practice as a common strategy for all five<sup>3</sup> – has undergone a great deal of change. Moreover, some Nordics are more daring than before in their foreign relations, as neutrality is not as important as it once was, and the use of military means – along

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<sup>3</sup> Eklund 2011

with civilian ones – in international operations is considered more legitimate, if not preferable.

If both the Nordics and surrounding political landscapes of northern Europe have changed, factors conducive to Nordic cooperation have presumably changed too. Looking at the main variables most often used to explain integration between societies, a common linguistic, cultural and normative heritage is certainly important. This has traditionally been interpreted as the most important factor for explaining Nordic cooperation. Alternatively, an integration process could be explained by economic and strategic interests that include geopolitical and security considerations, as well as cost-effectiveness. In the Nordic case, these arguments have – at least until recently – been less central. The remainder of this introduction discusses Nordic cooperation firstly from a value perspective, and then from an interest driven counterpart. It also presents the current situation in Nordic policy-making, before laying out a structure for the rest of the report.

## *1.2 Value driven cooperation: Nordic brand and identity*

Nordicity is an ambiguous concept in the sense that its scope and depth changes according to time and the policy in question. In its ambiguity, nordicity does not only refer to cooperation between the geographically defined Nordic countries, but often refers to cooperation among a few of them, or a few of them and other like-minded countries. In other words, not all “Nordic” projects have the support of all Nordic countries. Especially when looking from the outside in, nordicity is not defined by the countries involved but by the peculiar Nordic style and the design of its cooperation. But what is so peculiar about nordicity?

In foreign policy studies, the Nordic brand is linked with a strong support for international law and international organisations, as well as with the use of diplomacy and comparatively high budgets for development aid as tools of foreign influence.<sup>4</sup> Regarding the values that determine this approach, the World Values Surveys have placed the Nordic countries within Protestant Europe, where secular-

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<sup>4</sup> cf. with Browning 2007

rational (non-religious individualism) and self-expression values (well-being and quality of life) prevail instead of traditional (religious and family values with nationalistic outlook) and survival values (economic and physical security).<sup>5</sup>

The peculiarity of the Nordic brand and its values can of course be questioned. According to one point of view, the Nordic states have recently shown signs of unwillingness to follow certain Nordic norms in their foreign policy-making, while some aspects of the traditional Nordic brand are now embraced across the Europe.<sup>6</sup> Europeanisation of the northern European value base has also been suggested by the World Value Surveys. During the past 40 years, the western European publics have, in general, moved towards the “Nordic” end of self-expression values.<sup>7</sup> If continental Europe has been absorbing influences from northern Europe, the differences between the north and the south are logically diminishing, even if they are not disappearing.

Indeed, if compared with the Cold War years, the Nordics have been stretching the limits of their traditional diplomacy and neutrality policy; Danish policy on the war in Iraq and the Swedish military reform are the most well-known examples. However, the Nordic solidarity brand lives on in the promotion of similar socio-economic approaches that might not be coherent across the Nordic countries but share the same ethos. Also, the marketing of peace products by the Nordic countries keeps the brand vital. The budgets for peace mediation and education in peace-making are increasing, while the range of peace products is becoming greater. Crisis prevention, crisis management, mediation, peace-building, and the promotion of good governance and rule of law, as well as civil society empowerment, are all key aspects of Nordic foreign policies.

What adds to the resilience of the Nordic brand is the variable geometry of nordicity. As already pointed out above, the Nordic label is often used to refer to only two, three or four Nordic countries. A good example would of course be the EU’s Nordic battle group – even Ireland is labelled “Nordic” in this context. This does not need to be a problem from the community-building point of view. In fact, it

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<sup>5</sup> WVS 2009

<sup>6</sup> Browning 2007

<sup>7</sup> Inglehart 2008

can be quite the opposite: variable geometry can drive integration and make integration possible in more policy fields than would be imaginable without this variation. Besides, once a Nordic state is crowned a pioneer of gender equality, education, international diplomacy, green economy or good governance, the other Nordics receive half the credit simply due to their Nordic label.

Although internally the Nordics might be well aware of their differences, these differences fade away in the eyes of foreign observers. The political space of northern Europe goes under one *Nordic* brand. In a way, a common Nordic label is imposed upon the small northern European countries from the outside. It is a favourable brand, though. Being Nordic has been described as a gift by eminent country branding consultant Simon Anholt.<sup>8</sup> He argues that nordicity is a positive attribute and has a connotation with “reliability, functionality, peacefulness and a high level of well-being”.<sup>9</sup>

Under successful Nordic branding lies the more traditional notion of a common Nordic identity. Historically, the Nordic identity was defined in terms of what it was not. Due to peaceful co-existence among themselves and careful moves in their foreign relations after the World Wars, the Nordics were assumed to follow a different moral logic from that of central and eastern Europe. Although there was already a feeling of intersocietal jealousy among the Nordics, this was – and is – a constructive type of jealousy, which acts as an incentive for sharing good practices and avoiding bad ones. Among themselves, the Nordics act as *internal* others and safe buffer zones in relation to the *real* others.

The Nordic understanding of the rest of Europe has been described as somewhat arrogant. A relatively strong aspect of the Nordic identity has concerned placing one’s self in an ethically superior position in comparison to other Europeans. This discourse of superiority has not fully disappeared from today’s Nordism, and self-criticism in foreign relations is perhaps not the most characteristic feature of nordicity. When the levels of military tension between eastern and northern Europe started converging after the Cold War, peaceful co-existence nonetheless became less exclusive to the Nordic countries. Moreover, the Nordic security community based on balancing acts was no

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<sup>8</sup> Country Brand Delegation 2010

<sup>9</sup> *ibid.*, 43



longer self-evident due to systemic change. New security threats, such as the environmental degradation of the neighbouring seas or energy dependency on Russia, might of course create new security communities. Whether the Nordic approaches to these threats are similar enough to talk of a community is discussed later in this report.

The form of fellowship that most Nordic *residents* would emphasise, however, is a moral community of states with similar models of socio-economic development. It is often argued that the Nordic countries have a lot in common in terms of key political values and norms, which together with the affinity of their official languages and cultural products lay the basis for Nordic identity. Undoubtedly, the welfare state still means something different to the citizens of Nordic countries than to the citizens of many other European countries. The Nordics are recognised as countries that strive to combine social justice and equality with technological innovation and economic competitiveness.<sup>10</sup> In fact, the Nordic countries share similar experiences in social and economic policy-making, but to talk of a common model would be an overstatement; despite similar moral underpinnings, their strategies to overcome the challenges posed by globalisation are different.<sup>11</sup>

During the most recent years, Nordic identity has faced particularly strong internal and external pressure to change. Internally, as a consequence of migration streams, Nordic identity needs to accommodate new “Nordists” and mirror the nowadays more heterogeneous societies of the north. Travelling, immigration and commuting bring along multiple or fluid identities and diversify language skills, and as a consequence identity and language politics are under pressure to adjust to the changing reality. To use an example within the framework of Nordic cooperation, the Nordic Youth Council has already taken the decision to work in English whenever necessary, instead of only having Norwegian, Swedish and Danish as working languages.

This is, of course, mainly to keep the Council open to the Finnish and Icelandic youth, who might not find their Scandinavian languages strong enough. In both countries, Swedish and Danish still respectively remain a compulsory part of language studies at

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<sup>10</sup> see e.g. Castells and Himanen 2002

<sup>11</sup> Eklund 2011

primary school in addition to English. In Finland, this language policy is under discussion. It has, for example, been suggested that Swedish should be made optional, or that Russian should be taught instead of Swedish in the eastern part of the country. Those who argue in favour of change weigh the importance of Russian trade and tourism to the Finnish economy against the benefits of Nordic cooperation and the constitutional rights of Finland's Swedish speaking minority to have public services in their mother tongue.

Besides these types of internal pressures, there are also external pressures that reshape Nordic identity. There is, for example, the increasingly topical question of where the borders of Norden lie. Depending on the point of view, the Baltic states might nowadays be included in the Nordic community. This is what happened in the UK-N5-B3 meeting in January 2011 in London. To the media, this was seen as a UK-Nordic meeting, but the leaders of three Baltic states were also present. In relation to the Baltic states especially, the borders of nordicity are therefore blurred, and Nordic-Baltic cooperation in both European and subregional contexts challenge the Nordic states to reconsider the basis for their community.

### *1.3 Interest driven cooperation: Nordic strategies for foreign influence*

If the development of common values and norms influences the nature of Nordic brand and identity ahead of 2020, common or uncommon interests define the policy outreach of Nordic cooperation. Similar moral logic or shared cultural and linguistic features do not directly lead to the same framing of national interests. The Nordic countries actually, more often than not, frame their interests differently, which gets in the way of joining forces in a more structured manner. This is, for example, obvious in Nordic day-to-day policy-making within international organisations. While diplomats praise the ease of cooperating with other Nordic delegations, a Nordic front in policy matters is currently built on an *ad hoc* basis.

The different framing of interests is partly to do with the Nordic countries' different historical experiences, which also explain why actors other than states have found it easier to rise beyond the lowest

common denominator in their transnational relations. Business communities and civil societies do not carry the burden of historical memory and political path dependency, hence they typically identify Nordic synergies where states do not find the effort worth the price. As a consequence, the common Nordic institutions have excelled in helping non-state actors in their endeavours. The peculiarity of the Nordic Council and the Nordic Council of Ministers is that they are non-hierarchical organisations, and cooperation is most intensive in the least politically sensitive areas of policy-making. Most strategically relevant issues are actually handled outside the formal framework: a Nordic curiosity is to keep foreign, security and defence policy cooperation informal.

Any imaginable moves toward a common government have been deemed unwise. In fact, Nordic cooperation has a consensual nature if compared with policy-making on national or global arenas. It might seem as if there are no policy options or party political divisions. The neutral, apolitical image of Nordic cooperation means that the usefulness of close Nordic cooperation is rarely contested, but at the same time it does not hold a central position within the foreign relations of the Nordic countries. If the Nordic polity wished to raise its profile in the eyes of the general public and politicians, Nordic policy-making would need to be openly debated in media.

If the Nordics instead wished to raise their profile internationally, other methods would become central. Small states would need recognition for their expertise; they would have to find innovative initiatives and appear as neutral brokers, as well as having the capabilities to provide resources to back up this work.<sup>12</sup> Even more so, small states need self-awareness and a pool of expert knowledge: this allows them to use the power of example and to get to the negotiation tables before the decisions are actually taken. In order to successfully use any of these methods, small states have to get as many people as possible involved in international relations. At the *decision-shaping* level, industries, diplomatic communities and policy experts have to be listened to. During the phase of *implementation*, professional networks need to be empowered to have an impact on the actual policy outcomes.

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<sup>12</sup> Jakobsen 2008, 86ff

In turn, governments and parliaments are needed at the *decision-making* level. They ought to find ways to encourage the reform of international or global policy-making processes in their own favour. As an example, a small state's attempt to influence global governance would become more difficult if legitimate international organisations with large assemblies became ineffective and great powers began to take decisions in "G-forums" instead. Governments and parliaments ought to try to prevent such a development becoming a reality. Sovereign governments also remain the hubs of the abovementioned professional networks and they have the possibility to pool expertise from below. In doing so, the governments could, among other things, increase the pool of expertise by coalition-building. Nordic countries, for instance, could choose to build professional networks on a Nordic – rather than a national – basis.

#### *1.4 Nordic policy successes and stalemates:*

##### *The past, the present*

The Nordic countries identify common interests in different policy fields during different times. The policy focus of Nordic cooperation varies accordingly. Very generally speaking, the Cold War era was marked by "soft" policy priorities, whereas the past couple of decades have widened the policy scope all the way to defence cooperation.

Looking back to the era of the Cold War, Nordic cooperation constituted an alternative to the prevailing international order. In a world where foreign relations were frozen, conflictual or based upon strategic alliances between states, the Nordics chose the path of interaction. In many ways, this process was far ahead of its time, because the *form* of Nordic cooperation was not like the processes of regionalisation that we witness today, as these processes are often state-driven. Nordic cooperation from the 1950s onwards was citizen-driven and anchored in the cooperation between civil societies and parliaments. This explains why it did not matter greatly when the Nordic governments made different decisions, for example in relation to EU and NATO accession.

Above all, Nordic cooperation created conditions for a pragmatic bottom-up interaction among Nordic societies during the Cold War

era, but cooperation also took place among state bureaucracies and national parliaments. Interparliamentary and intergovernmental cooperation even became institutionalised: the Nordic Council was established in 1952 and the Nordic Council of Ministers in 1971. Interaction during these years was partly driven by close cultural and linguistic ties, and partly by economic needs. Until the 1990s, Nordic cooperation was especially successful in legislative affairs, which were aimed at facilitating travelling and studying in other Nordic countries as well as migration between the countries. The biggest achievements were the establishment of a common Nordic labour market, a convention on social security and a passport union in the 1950s, which was long before Schengen. The greatest disappointments must include the unsuccessful Nordek-negotiations, which were initiated at the end of 1960s in order to create a common Nordic economic area.

Foreign and security policy cooperation was largely excluded from the agenda. After the Nordic defence alliance negotiations in 1948–49 failed, the unorthodox security arrangement called “Nordic balance” took hold. The Nordic countries performed a balancing act during the Cold War by stressing divergent national interests in the field of foreign and security policy. Although the “Nordic balance” settlement still explains to some degree the different EU and NATO affiliations of the Nordic states, there has been a thorough transformation of politico-security structures of northern Europe since the end of the Cold War.

The post-Cold War era has seen the enlargement of the EU and NATO, and new environmental and societal security threats have stolen attention from their predecessors. Thus, Nordic cooperation has even become possible in the area of military security. As a result, the policy agenda and decision-making structures of Nordic cooperation have been in need of rethinking. This has been the reason behind institutional changes like the structural reform of the Nordic Council of Ministers in 2005. The same rationale explains the development of horizontal policies, which cut across the topics of the councils in which Nordic ministers meet. The globalisation initiative from 2007 is the most obvious example. Globalisation cooperation is steered by the Nordic prime ministers, with annual forums and concrete projects that aim to promote Norden as a pioneer region when it comes to

meeting the challenges of globalisation such as climate change, access to sustainable energy sources or a quest for competitiveness.

Foreign, security and defence policy cooperation was given much needed impetus when the Stoltenberg report was published in 2009. Norway's former Minister of Defence and Minister for Foreign Affairs, Thorvald Stoltenberg, offered thirteen concrete proposals for a stronger partnership. Although some of these proposals may never be adopted, the report as a whole received a lot of positive attention from national experts, mainly due to diminishing defence budgets and demands for the more effective use of foreign and security policy resources.

A similar kind of report to Stoltenberg's was written concerning the Nordic-Baltic (NB8) cooperation in August 2010 by Søren Gade, Denmark's former Minister of Defence, and Latvia's former Prime Minister and Minister of Foreign Affairs, Valdis Birkavs. In line with the Stoltenberg report, the NB8 Wise Men Report also analysed the state of foreign and security policy cooperation, but obviously among all eight countries and arguably from a somewhat softer angle: special attention was paid to new security challenges and public diplomacy.

The Nordics remained at the centre of public attention for the rest of 2010. A few months later, the Nordic Council of Ministers' and Nordic Council's Yearbook was devoted to another brave proposal: Swedish historian Gunnar Wetterberg argued in favour of a full-fledged Nordic federation. Owing to its far-reaching nature, Nordic Prime Ministers rejected the proposal without a longer discussion, and the foreign press deemed the situation a no-go. Notwithstanding that the Nordic effort was described as "love in a cold climate", it was estimated that a Nordic Union needed to wait for another century or two.<sup>13</sup>

January 2011 saw northern Europe hit the news again. This time it was because Britain's prime minister hosted an informal summit for his counterparts from the Nordic-Baltic countries. The UK-Nordic-Baltic meeting was marketed as a get-together for "Europe's most liberal, free-market, green and fiscally tough nations", while David Cameron described it as an avant-garde group for jobs and growth and an alliance of common interests that cut across northern Europe.<sup>14</sup>

Ahead of the World Economic Forum 2011 in Davos, the Nordic Council of Ministers et al. took the chance to promote Nordic

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<sup>13</sup> *The Economist*, November 4, 2010

<sup>14</sup> *Financial Times*, January 19, 2011

capitalism with their brief contribution *The Nordic Way: Shared Norms for the New Reality*. Owing to the relative resilience of Nordic economies in face of the most recent economic turmoil in Europe, Nordic economic strategies – with the obvious exclusion of Iceland – are hence marketed abroad once again.

Finally, the Nordic foreign ministers approved a Nordic declaration on solidarity on the 5<sup>th</sup> of April 2011 in Helsinki. The declaration emphasised the shared values and similar efforts that characterise foreign policies of the Nordic countries. Nordic cooperation in the sphere of foreign and security policy was deemed “natural” due to common interests and geographical proximity. In relation to both natural and man-made disasters and cyber and terrorists attacks, it was stated that “should a Nordic country be affected, the others will, upon request from that country, assist with relevant means”. Importantly, it is underlined that national security and defence policies will continue to guide the cooperation and that the strengthened cooperation complements – and does not replace – other cooperation frameworks.

Consequently, general interest in the possibilities of Nordic cooperation has been vivid of late, but no concrete changes have taken place with regard to the Nordic memberships in the EU and NATO. Iceland is, however, in negotiations to become a member of the EU. In 2011, the Nordics thus remain divided in their memberships of the EU (the current members are Finland, Sweden and Denmark) and NATO (Iceland, Denmark and Norway are members), although the line between members and affiliated non-members is thinner than ever. The European Economic Area and the Partnership for Peace programme are examples of instruments of close cooperation without an actual accession.

### *1.5 Delimitations and structure of the report*

Taking the renewed interest in northern Europe and Nordic cooperation as a starting point, this report focuses on identifying dynamics that underlie foreign, security and economic policy-making in the context of a rapidly changing world order. The analysis is delimited to the five Nordic countries in the framework of international affairs. In other words, this is a study of Nordic

cooperation in foreign policy, but the concept of foreign policy is defined broadly to include all topics, from public diplomacy via economic policy to military security.

The report asks how the Nordic countries can contribute to the management of global, European and subregional affairs in the near future. The study does not write narratives about speculative future developments, but assumes that while the world will surely change during the next ten years, it will not turn upside down. In other words, the authors of the report discuss the political trends that are already somewhat visible today.

The report has three different *analytical* levels. The impact of the constantly changing settings of international affairs on Nordic cooperation is studied at the global, European and subregional levels. It is of course clear that in practice these levels overlap. Certain policies, such as the EU Baltic Sea strategy, clearly have both a European and a subregional dimension. The reason for choosing this three-level structure is that Nordic cooperation has different resources and prospects at each level. The amount of political influence, as well as the role played by the Nordics, differs according to the analytical level. In a global context, they are small states which possess little political weight without joining forces. Within the EU, a common Nordic agenda is sporadic and in need of enforcement. Finally, in the subregional settings, the Nordic countries might be among the key political actors, but the price is literally high. Working nationally means that each Nordic country has to carefully choose its battles so as to ensure that it has enough resources for the fight.

Subsequently, this report includes three main chapters and a conclusion. Each main chapter is focused on a specific level of analysis: global, European or subregional. In the following chapter, Nina Græger focuses her attention on the Nordics in a changing global order. Nordic cooperation in the EU is then analysed by Teija Tiilikainen and Charly Salenius-Pasternak, before Rikard Bengtsson rounds off the report with a study of political developments in the Baltic Sea and Arctic regions.

Despite the different contexts, each author focuses on three main subjects of interest. Firstly, they describe the changing political environment that either nourishes Nordic unity or division. Secondly, they look at new governance structures in order to identify the central actors, avenues and mechanisms for exercising political



influence. Finally, they move on to discuss the strategies that have become topical as a result of systemic and procedural change, and analyse the Nordic preparedness to adjust to this change. Policy recommendations from each of these three analyses are to be found in the report's concluding chapter. The Norden 2020 report is written in the spirit of the Stoltenberg report, as it also aims to unprejudicedly suggest ways to energise Nordic cooperation.

## 2. Norden in a changing global order

Nina Græger

This chapter analyses the main challenges faced by the Nordic countries in a changing global order. Over the past few years the global order has become characterised by a new sense of dynamics and changing power relations that challenge the mode of Nordic cooperation. At the same time, it is argued here that these changes can potentially provide an opportunity to strengthen Nordic cooperation.

Generally, the Nordics have considered it vital to ensure that there is a Nordic voice in global affairs, in order to make a difference in important issues for themselves and others. The Nordics are often seen as a group by external actors, even in issues where the Nordics themselves do not. The Nordic countries are relatively small in terms of geographical area, number of citizens and GDP, although there are considerable internal differences among them regarding the latter two. Also, when measured in cultural and political impact, the Nordics are not particularly influential beyond the Nordic community. For instance, Nordic languages are spoken and understood by a very small number of people in the world. Although the Baltic states are often included in the post-Cold War Nordic community, this appears to be more a reflection of geography and size than of common linguistics, culture and historical experience. Regarding the latter, for example, decades as satellite states in the Soviet Union seem to be a major defining factor for the Baltics.

Like most other small range powers, the Nordic economies are heavily entangled in the global economy with few opportunities to escape the challenges of globalisation. They are bound by political and economic interdependence and need to adapt to the changes in their surroundings. The rest of this chapter elaborates on what such interdependence and global changes mean and how the Nordics can address these issues. The next section looks at the new external conditions for action, focusing on globalisation and governance challenges. New actors at the global level of analysis and their impact on existing cooperation structures are then discussed, before an analysis of the implications for the Nordic states' opportunities to influence the new global power setting. The third section suggests how the Nordics may voice and act upon common Nordic concerns

in the global context. Here, a Nordic political culture and a Nordic value community seem important for Nordic unity of action, although different Nordic foreign and security policy concerns may point in a different direction, towards Nordic diversity and individual solutions. The conclusion sums up the discussion and the prospects for future Nordic cooperation.

## *2.1 Global trends and new actors*

In the late 1970s and the 1980s, the notion of political and economic interdependence, defined as a relation of mutual dependence between states, came to dominate our understanding of international relations. Since the turn of the millennium, politicians and scholars have been increasingly preoccupied with the effects of globalisation. Before discussing the opportunities and limitations of Nordic consorted action in the face of globalisation processes and the emerging global order, we need to define what we mean by these concepts and how the two are interlinked.

The global order is constituted by a number of state and non-state actors, and their power relations. Globalisation refers to a certain type of change in this order that also forms the structures – some formal, others informal – of global governance. Globalisation transcends and softens state borders and impacts upon how states are represented in, as well as how they may influence, international settings. Globalisation processes or flows are economic, industrial, technological and financial. They include everything from the expansion of markets, technological innovation and fiscal standards, to illegal money laundering and the financing of terrorism. Globalisation is also political, socio-cultural, ideational and human, and is marked by flows of illegal drugs and arms as well as people – both legal (e.g. asylum seekers) and illegal (e.g. victims of human trafficking). The financial crises of the late 1990s and 2008 hit several countries more or less simultaneously, demanding a concerted response from the international community as well as from international institutions. Furthermore, globalisation is characterised by increased flows of information, which are facilitated by innovations like the World Wide Web and new social media (Facebook, Twitter etc.). As a result,

trends and information that used to be national or regional spread very rapidly to every (industrialised) country and are accessed and transmitted across the world within seconds. The internet also allows for unprecedented connectivity for global financial transactions, social networks, commercial enterprises and the military.<sup>15</sup>

Another recent global trend – and concern – is how to secure access to the so-called global commons. This is at top of the agenda in most developed countries, including the Nordics. Global commons concern how we perceive and use the sea, space and cyberspace, which make them crucial enablers of international security and trade.<sup>16</sup> How to promote environmental protection, safeguard food production and distribution and meet the challenges of climate change are all part of the global commons *problematique*. Access to natural resources is one of the global commons where shortage has become a political issue. The pressure on natural resources is increasing, while at the same time access to these resources is diminishing, which further cements the gap between rich and poor countries. The focus among governments has tended to be on non-renewable resources like petroleum and fossil fuels, which is a precondition for development and industrialisation across the globe. But, there is also growing concern about the access to renewable resources such as clean drinking water and fertile agricultural land. Both are important for environmental security, unpolluted recreation areas and an environmentally sustainable energy production. These concerns were accentuated by the earthquake and tsunami in Japan in 2011, which disclosed the global dependence on nuclear power and the environmental and human risks related to this power source.

Seen from a security point of view, rising great powers and the empowerment of non-state actors are, along with continued globalisation, likely to put great pressure on the global commons and, subsequently, on the international system as a whole. Furthermore, the proliferation of disruptive military technologies (e.g. nuclear or “dirty” weapons) to state and non-state actors represents a particular challenge regarding *secure* access to the global commons.<sup>17</sup> It will also

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<sup>15</sup> Denmark 2010

<sup>16</sup> NATO 2011

<sup>17</sup> Denmark 2010, 180

contest the U.S. military's dominance in the global commons and even put American and international leadership to the test.

It is often argued that globalisation processes are watering down state sovereignty and reducing state influence in the world, especially in economic and financial affairs. Also, non-state actors like NGOs and large private actors such as multilateral companies and networks have come to dominate global space, which further downgrades the role of the state. For instance, in international peace operations around the world – and especially where democratisation and state-building are involved – tasks are increasingly being outsourced to NGOs, private military companies and large private international corporations.<sup>18</sup>

While this description of the world order may well be accurate, other trends in international politics point in a different direction: states are being brought back in. The emergence of new great powers and the return of old great powers at least indicate a reinforcement of the role of states as actors on the global scene. At least these powers, referred to as BRICS (Brazil, Russia, India, China, South Africa), challenge the liberal image of the global system being dominated by international organisations and non-state actors. Instead, the emergence of BRICS indicates the return of realism, with emphasis on the relative distribution of power globally, described in terms of poles and geo-politics. From a realist point of view, great powers and super-powers constitute the poles, which to a large degree define the unspoken rules of international relations and global governance.

According to such a (simplified) reading, the Cold War years were dominated by a bipolar situation, where the United States and the Soviet Union constituted the poles. The remaining states were subsumed in one of the two blocs or dismissed as irrelevant to the key policy issues of that time. With the fall of the Berlin wall in 1989 and the collapse of the Soviet Union in 1991, the post-1945 order was replaced by a unipolar order and the United States experienced its “unipolar moment”, a phrase coined by Charles Krauthammer.<sup>19</sup> During the past five years or so, the international order has again been in motion; and once again the focus has been shifted towards changes in power relations between states. To stick to realist language, the

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<sup>18</sup> Binder and Witte 2007

<sup>19</sup> Krauthammer 1990/91

emergence of BRICS is creating a multi-polar order. However, this development is neither a result of a watershed like the fall of the Berlin Wall, nor does it deprive the West of its powers. The US and Europe are still relatively powerful compared to the challengers, both militarily and, with China as an exception, economically.

In light of the fact that globalisation still prevails, some have instead claimed to see a dual development in international politics, where both multi-polarity and interdependence among states are present. According to this view, the most accurate term for the present global order is “interpolarity”, which embeds both phenomena.<sup>20</sup> Irrespective of which concept one chooses to apply, the changing power relations impact upon the system of global governance by affecting the power of states and the role of international organisations. In the post-1945 order, international organisations came to represent an institutionalisation of shared norms, values and common rules of conduct, not only between the members of these institutions but also beyond. For these institutions, constraining power politics among states – for example through the shaming of states that break the rules or norms<sup>21</sup> – has been an aim in itself.

Although international organisations such as NATO and the UN are seen as important, their relevance and centrality as arenas for global politics are also increasingly being questioned by practitioners. New constellations of states that act outside established institutions have become increasingly important in today’s international relations; the most powerful among them are informal like the G7, G8 and G20. These forums were established by a small number of countries who sought concrete solutions to acute challenges, in what they thought to be a more efficient way than through established multilateral institutions like the IMF, EBRD, WTO and the World Bank. In the case of the G20, its constitutive meeting took place in Berlin in December 1999, where the response to the Asian financial crisis of the late 1990s was a major topic. Heads of state and government met in the same format in response to the next financial crisis, which began in 2008. While the G20’s focus has primarily been on international economic

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<sup>20</sup> Grevi 2009

<sup>21</sup> see Schimmelfennig 2001

crises and the regulation of finance markets, its fields of attention and cooperation have spilled over into related policy areas.

The importance of these various G-forums may be strengthened by the fact that the emerging powers are looking for arenas where they are allowed to participate on equal grounds. The BRICS countries are also demanding (and many would say legitimately so) formal positions and greater influence in existing multilateral institutions of Western origin. The debate about UN reform at the turn of the millennium was a pre-cursor to the contemporary situation. However, the willingness and ability of BRICS to take on the responsibility that comes with representation in global (formal) institutions have also been questioned.<sup>22</sup> Multilateral cooperation is institutionalised in day-to-day diplomatic, financial and other practices that demand commitment on the part of their members beyond a pursuit of national interests.

In practice, informal constellations like the “Gs” represent a watering down of (formal) multilateral cooperation and encourage “multilateralism à la carte” – a term that has been used to describe foreign policy under the Bush Jr. Administration.<sup>23</sup> Unless there is space made for new powers in existing institutional frameworks, a multi-polar order could imply that multilateralism and global multilateral institutions will lose ground, or be even cast aside, in the years to come. Instead, the “Gs”, and especially the G20, may become proportionally strengthened by the influence and importance of emerging economic powers.

## *2.2 Small states in global governance: implications for the Nordics*

A global order dominated by the great powers’ quest for influence would seriously challenge the dynamics and logic of a rule-based international order. Informal forums like the “Gs” are neither transparent nor accountable to the public or parliaments.<sup>24</sup>

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<sup>22</sup> see, e.g., Jones, Pascual and Stedman 2009; Behr and Jokela 2011

<sup>23</sup> Foot et al. 2003; see also Haass 2008

<sup>24</sup> Tedesco and Youngs 2009

Furthermore, the G-forums represent an exclusion of small and medium sized states, although some have interpreted the EU's representation in the G20 (the 20<sup>th</sup> member) as a form of indirect representation of those EU-members who are not G20-members.<sup>25</sup> However, the fact that the European G20-members – France, Germany and the United Kingdom – are unwilling to give up their individual seats indicates that a common EU representation is not commensurable with national interests. It may also reflect a perceived danger of internal EU disagreements about issues that are discussed in the G20 format. Similar discussions have been taking place in relation to UN reform and the question of extended representation at the UN Security Council.<sup>26</sup>

Notwithstanding the constraints on the road to common regional representation, the increased importance of BRICS seems to have speeded up regional cooperation initiatives for G20 members and non-G20 members alike, both in Asia, Europe and Norden.<sup>27</sup> Such initiatives are, among other things, driven by the concern that a “might-makes-right” mentality may become more dominant in global governance.

Strategic partnerships are seen as tools for gaining or preserving influence in a multi-polar world, because small states like the Nordics seem to be particularly vulnerable in this emerging world order. The constellations of states outside formal institutional frameworks represent a particular challenge to Nordic influence and participation. For instance, the “Gs” are made up of states with a certain power base and with a similar agenda; small and medium sized states have not been invited to participate. The influence of the Nordic countries in the G7, G8 and G20 are in practice restricted to turning the decisions made by these forums into practical policies through such established institutions as the IMF, WTO, OECD, the World Bank and EBRD, to mention just the most important ones within the economic sphere. And even then, as pointed out by Gunnar Wetterberg<sup>28</sup>, the role of the Nordics is often reduced to discussions about commas and non-substantial issues.

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<sup>25</sup> Behr and Jokela 2011

<sup>26</sup> see Hurd 2008

<sup>27</sup> Behr and Jokela 2011; Tiilikainen 2008; Bengtsson's chapter in this report

<sup>28</sup> Wetterberg 2010



Global architecture used to be a Nordic thing, as the Nordic countries have a tradition of taking part in the structuring of international order and have profiled themselves as experts on this.<sup>29</sup> The Nordic countries' support for the establishment and empowerment of multilateral institutions like the United Nations and its many sub-organisations (UNDP, UNESCO etc.), as well as of international economic institutions (WTO, IMF, World Bank etc.), is well documented. Furthermore, the Nordics have cooperated in a number of issue areas in a global context over the years, including peacekeeping missions under the UN, NATO or EU flag. The Nordic countries have presented their participation in international missions as an act of deploying “forces for good”, with reference to the international norms and shared values that these troops are defending.<sup>30</sup> This is not only a Nordic thing, of course<sup>31</sup>, but it does tie in nicely with perceptions of Nordic identity and the Nordic community of values.

If the international order is now changing towards a more realist paradigm, then this will have repercussions for the traditional Nordic approach to global politics, as well as for the role of Nordic countries in international politics and the prospects of Nordic cooperation. Global developments clearly affect the degree to which the Nordics are able and likely to remain active players on the international scene, and they may be forced into a more passive audience in the global theatre as a consequence. Nordic “interventionism” notably in development aid and peace operations, has been referred to as a “culture of concern” by other countries. For many Nordic governments, engaging actively in international affairs has been a major component of their foreign policy.

In the case of Norway, foreign and development policies are increasingly shifted to areas or issues where Norway can leave a clear footprint and increase its visibility on the global scene.<sup>32</sup> One essential driving force seems to be, as reflected in the title of a book written by the current foreign minister of Norway, to “make a difference”.<sup>33</sup> Swedish foreign policy has continued to focus on its perceived global responsibility, too, as demonstrated by its continued

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<sup>29</sup> see, for example, Sundelius 2000

<sup>30</sup> see Bergman 2004; Græger 2011; Wetterberg 2010

<sup>31</sup> see Cheeseman and Elliot 2004

<sup>32</sup> Norwegian MFA 2008–09

<sup>33</sup> Støre 2008

promotion of the role of the United Nations and the development of the civilian crisis management dimension of the EU, to mention but two important issue areas. Denmark, on the other hand, has increasingly profiled itself as a good ally in the post-Cold War era, using its armed forces as a foreign policy tool.<sup>34</sup> Among the Nordics, Finland has been successful in attracting the EU's interest to Northern issues leading to the adoption of the EU's Northern Dimension, for instance, whereas Norway is working hard to attract attention to challenges of governance in the High North.

Nordic governments have expressed concerns over the emerging international order, particularly if it should imply a return to great power rivalry, with potential security implications in their neighbourhood. One concern is that the re-emergence of the state in international politics may also lead to the use of military pressure to impose great power politics on small(er) states.<sup>35</sup> Nordic cooperation and concerted action on international multilateral arenas is one way to meet such concerns.

The fact of the matter is that even if the Nordic countries do not always conceive of themselves as a group, countries and actors in Europe and around the globe often see them as one. This fact could be turned into an asset for the Nordic countries when approaching the challenges deriving from globalisation and great power constellations. Four Nordic countries top the World Economic Forum's global competitiveness index<sup>36</sup>, and if the five countries' GDPs were measured together the Nordics would rank close to the 10<sup>th</sup> largest economy in the world.<sup>37</sup> However, these economic resources are not automatically converted into political influence for the Nordics as a bloc.

While individually the Nordics lack the type of resources required to participate in power politics, they have generally not shared similar political agendas that they could promote together. A Nordic community of values and shared norms functions as a precondition for, rather than a trigger of, closer cooperation or the harmonisation of Nordic positions. Therefore, a common Nordic culture and Nordic

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<sup>34</sup> see e.g. Mouritzen 2008

<sup>35</sup> see, e.g., Norwegian Ministry of Defence 2007-08; Norwegian MFA 2008-09

<sup>36</sup> Eklund 2011

<sup>37</sup> Wetterberg 2010

values cannot be taken for granted; to endure and develop they must be cultivated on a daily basis and embedded in common institutions and practices at the Nordic and, wherever possible, European and global settings. The further development of Nordic niche-policies (e.g. peace building, peace facilitation, development aid, resource management and gender equality) could strengthen the role of Nordic countries – and also Nordic values – on the global arena in both formal and informal settings.

### *2.3 Nordic strategies towards a new global order*

Against this background of changing global governance structures, where can new opportunities for Nordic influence be found? How could Nordic cooperation be used when adapting to the emerging order marked by globalisation, great power politics, informal constellations of states and “multilateralism à la carte”?

First of all, the Nordic countries should continue to support multilateral institutions. Such institutions seem to be losing ground due to the aforementioned globalisation processes and geopolitics. Developments in the global economy, like the international economic crisis that hit the West in 2008, have also put pressure on existing multilateral institutions, questioning their ability to offer adequate solutions to the problems. When informal power constellations gain power at the expense of formal international institutions, small states have a smaller say in global affairs, including in vital areas such as how to ensure access to global commons. *Formal* institutions therefore remain essential to Nordic influence. Given formal institutions offer fair representation to its members and develop and strengthen a rule-based system of governance – irrespective of factors like size and economic and military strength – the Nordics should use every occasion to support and strengthen them. Even in institutions where they do not possess full membership rights or have associated status, Nordic unity may contribute to balancing the informal power structures. For instance, a Nordic bloc could be turned into an asset and assert influence through the EU’s seat in the G20, as well as in other multilateral institutions. A joint Nordic stance is more likely to be heard.

In this context, the question of regional representation again becomes a worthwhile topic of discussion, but this time with reference to the Nordic countries. For example, would regional representation at the UN bring increased efficiency? Are there feasible cases for common Nordic-Baltic constituencies other than the ones already in existence on the executive boards of the World Bank and the IMF? Another example of joint Nordic representation is the recent decision by Denmark, Norway and Sweden to share a seat in the international Libya contact group established in March 2011. Despite having different roles in the NATO operation, the three were ready to speak with one voice. This discussion is, of course, in line with the past Norwegian suggestion of seeking a common Nordic-Baltic seat at the G20. If one believes that Nordic economic and political experiences differ from other European experiences, Nordic constituencies in general would have an independent contribution to give to global governance.

Similarly, the search for Nordic influence may call for a more targeted use of “special relationships”, especially in the context of informal forums. Increased “multilateralism à la carte” in the wake of an order where great power politics are becoming acceptable raises the question of which advantages could be gained by the Nordic states from cooperating together as a Nordic bloc versus acting on a one by one basis. Some Nordic governments might still consider it to be more efficient to work outside both the formal and informal Nordic cooperation structures when seeking to influence the new informal forums. The G20, for instance, has no permanent staff or secretariat and is chaired by a troika of countries representing the past, present and next chair, implying that good bilateral relations with individual G20 members could provide more access. Countries like Denmark and Norway, for example, may calculate that their existing “special relationships” with powerful states (especially the United States) represent a more efficient way to play a part in decision-making outside organisations like the UN, NATO, EU, WTO, etc. Still, the Nordic community should encourage those countries that have such relationships with existing or emerging great powers to use them in the interest of the Nordic common good, whenever common interests are defined and shared.

The Nordics should also seek a common strategy in their proceedings with treaty-based international organisations such

as the NATO and the EU. Nordic cooperation, like other types of regional cooperation, does not take place in a political vacuum but is constrained, enabled and can often reflect the power relations and general cooperation climate in international relations. The Cold War super power rivalry only allowed for Nordic cooperation in “low politics”. Then, in the 1990s, the dynamic integration process in Europe, as well as the transformation and widening of NATO, contributed to marginalising Nordic cooperation. When in conflict with Nordic policy, European institutions would still usually have the upper hand, because they are considered to be more important. Norden has often been an efficient bloc in the UN but not in NATO, and this is not simply a result of differing memberships of the Alliance, where Sweden and Finland are not members. Denmark and Norway have often disagreed about NATO’s strategy, and more recently about the balance between NATO’s core tasks and engagement “out of area”.

Only occasionally have the three Nordic EU-members managed to agree on a common strategy in the EU, although they often support each other’s initiatives (e.g. when Finland initiated the Northern Dimension). In turn, having two Nordic countries outside the EU does not seem to have a great impact on Nordic cooperation. Although the Nordic institutions have lost much of their relevance as a consequence of EU memberships (except for Iceland and Norway), Nordic cooperation has, somewhat surprisingly, expanded into new policy areas where before the Nordics had particular and partly conflicting concerns, such as security and defence policy.<sup>38</sup> The idea of a Nordic solidarity clause was converted into policy when the five Nordic foreign ministers agreed on a Nordic Solidarity Declaration in April 2011.

Thus, there are opportunities for Nordic cooperation both within the EU and NATO frameworks, notwithstanding their different formal affiliations. From the point of view of the Nordic common good it appears especially profitable, though not without challenges, to ensure that there is adequate policy coordination with those Nordic countries that are not members of both organisations. Nordic niche issues such as civil crisis management, state building and climate policy are potential areas for common Nordic strategies. For instance, Nordic cooperation structures are currently being developed in the

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<sup>38</sup> see Stoltenberg 2009

field of climate change. The Nordic ad hoc Group on Global Climate Negotiations (NOAK) and climate mitigation action in developing countries financed by the Nordic Environment Finance Corporation (NEFCO) are exemplary in this regard. These cooperation structures could inspire the development of cooperation frameworks in other fields, while the neutrality image of Nordic countries could be used to ease the North-South divide, which is especially visible today in the UN climate negotiations. In addition to common strategies and policy-driven cooperation frameworks, functional burden-sharing could take place, especially in relation to the Nordic “peace industry”. Sharing good practices and work-load in mediation, peace-building, rule of law and democracy promotion would ensure that there is no duplication of efforts between the Nordic foreign services and private actors when they operate on international organisations’ behalf.

That said, the Nordics should not be worried about using the “Norden à la carte” model as the basis for their mutual cooperation. Models developed to deal with the widening and deepening of the EU integration process, such as “variable geometry” and “EU à la carte”, could be a source of inspiration for Nordic cooperation as well. Scholars have also analysed whether we are moving towards “NATO à la carte”, as a result of the expansion of NATO’s member states and tasks.<sup>39</sup> Along a similar line of reasoning, one could argue that a “Norden à la carte” is to some extent already in place, due to differing memberships of NATO and the EU. This is often portrayed as a problem, but actually the model could be turned into an asset. Bilateral or trilateral cooperation initiatives among the Nordics – like the Nordic Battle Group – stand out as a useful “plan B” inside the EU and NATO but even more so *vis-à-vis* a global order dominated by powerful states or, alternatively, if we were to experience a period of de-globalisation. Nordic politics and cooperation do not have to imply Nordic harmony; a “Norden à la carte” would ensure that a strategy or response is labelled “Nordic” even when all Nordic states cannot agree to a concerted action. A Nordic bloc, even if only three out of five are on board, is more likely to be heard than individual Nordic states (allegedly) pursuing individual national interests.

Aligned with this model is the promotion of the “Nordic way”. As another instrument of influence, the Nordics should put more focus

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<sup>39</sup> see e.g. Græger et al. 2010; Schreer and Noetzel 2009

on branding their shared quest in global arenas. In issue areas where Nordic states enjoy a high degree of credibility and legitimacy, a more systematic branding of Norden as a political entity may strengthen their chances of being heard. These areas range from development aid and peace facilitation to Arctic and climate policy, industrial design and gender issues.<sup>40</sup> Similarly, ensuring access to global commons like marine resources and fish through environmentally sustainable international regulations has been a joint Nordic concern. Branding may also be encouraged in policy areas where the Nordics are able, for instance through long-standing bilateral relationships, to engage strong allies. This is a form of soft power, which is a typical small state asset and could be used in a more targeted and systematic manner.

This leads on to the benefits of playing a “smart power” card. When might is what counts, the Nordics could play on the advantages of being small. Credibility is an important source of power in international relations. The Nordic countries should continue to highlight their credibility when acting on behalf of the international community, as small states do not have the power to impose national agendas in the same way that great powers can. Small can be beautiful in international affairs, because the small states are perceived to have few hidden agendas and certainly little, if any, great power ambitions. For these reasons, the strong, value-based Nordic community may become particularly useful in international conflict settings, as well as in the management of questions of poverty alleviation, climate change and access to global commons. This does not mean, of course, that small states like the Nordics do not take sides in conflicts or refrain from using force when perceived necessary.

To sum up, the preliminary suggestions that have been proposed in the context of this chapter start with the need to strengthen multilateral international organisations. Secondly, all Nordic countries may profit from their strategic bilateral partnerships with important allies (e.g. the United States) when attempting to influence informal forums. A further suggestion, which is related to the initial point, is that even if not all Nordic countries are EU or NATO members, they are associated in various ways and increased internal cooperation among them could help to minimise the negative effects of formal exclusions. Furthermore, Nordic governments have

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<sup>40</sup> Björkdahl 2007

hitherto been prone to put regional (e.g. the EU or NATO) and global cooperation forums before Nordic ones. To avoid this and to enhance Nordic cooperation, it has been proposed here to opt for a “Norden à la carte”. In this model, those Nordics who are able and willing to propose a joint policy or initiative *vis-à-vis* these institutions may do so without the need to question Nordic solidarity, *per se*. This does not only pertain to NATO and the EU but also to other institutions and informal forums. Moreover, Nordic niche policies such as peace building, peace facilitation, development aid, resource management and gender equality should be used more systematically to brand Nordic solutions to global challenges. The “Nordic way” is a form of soft power that has made Nordic ideas and values travel far beyond the Nordic countries. Finally, the Nordics should play on the advantages of being small and seek to use modest language, even when they are relatively powerful – in humanitarian affairs, for example – in order to remain credible actors. Power often works best when invisible to those who are subject to it. Hence, Nordic influence could be fully exerted – as they have demonstrated in many areas – though discreetly.



### 3. Norden in an integrated Europe

Teija Tiilikainen and Charly Saloniuss-Pasternak

The role and development of the European Union is at the centre of the changing power structures in post-Cold War Europe. The process of European integration has essentially diminished the power of nation states by transferring major political and legislative decisions to the auspices of a European-level political system.

This trend towards a centralisation of political power is, however, not the only trend to be currently found in Europe. Another perceived development is cutting across state borders and enhancing the role of regions and different types of regional communities. A common element in both of these trends is the weakening role of the nation state, which remains as an important, but not necessarily the supreme, political actor. Parallels have been drawn between the current situation and the medieval political order, which was much more heterogeneous with respect to power structures and actors than the later Westphalian epoch.

The Nordic community of states has essentially been treated as a community of values. How have the aforementioned changes in the European power structures affected the Nordic states with their values, political orientations and mutual cooperation? It is a commonplace assumption that European integration has had a divisive effect on the Nordic states, as it has tended to bring differences in their foreign and European policies to the fore. Why have the Nordics not been able to take advantage of the trend towards strengthened regionalism, in order to transfer their community of values into an axis of power within the EU or outside it?

Overall, how the Nordic countries cooperate in the future is affected by how the EU develops. If the EU regresses in the long run, there will be increased pressure to defend the Nordics' own interests, perhaps even in the form of a Wetterbergian United Nordic Federation. If a progressive trend continues, then the Nordic countries must become significantly better at driving their joint interests through cooperation and the identification of shared policy emphases.

This chapter will initially assess the primary challenges for Nordic member states posed by changes in the European power structures and whether the Nordics have adopted similar or different policies

and reactions with respect to them. The core changes in these power structures will then be analysed from the perspective of enhanced Nordic influence. What kinds of forums and instruments should be raised to the fore in order to make the Nordic voices heard? Lastly, we will pay attention to the structure of the European political agenda from the same perspective and raise the question: how has the rise of new topics such as climate or energy politics affected the Nordic states' access to influence?

### *3.1 Nordic reactions to changes in European power structures*

The state-centric political culture of northern Europe has affected Nordic attitudes to European integration. The lack of a Catholic political heritage has left the idea of a European federation more distant to the Nordic countries than to southern or central Europe. The Nordic states have found their own ways of adjusting to integration, even if this has emphasised differences in their foreign policy orientations.

To begin with, the integration project divides the five Nordic states between the three full EU-members, Denmark, Finland and Sweden, and the EEA-members, Norway and Iceland. The reference groups for joining the EU were different for Denmark, which joined in the context of the EC's "atlanticist" enlargement together with the UK and Ireland in the 1970s, and for Finland and Sweden, who signed up as part of the so called EFTA-enlargement, along with Austria. Norway, in fact, has showed a willingness to join in the context of both groups, but its people have refused to accept the results of the accession negotiations. Iceland's membership negotiations are currently on-going. For Finland's part, the conception from the beginning of European integration as a project of security policy allowed for a firm support towards its membership policy, and even legitimated the Union's federalist elements. For Sweden and Denmark, the corresponding adjustment has taken more time, and Danish membership is still constrained by opt-outs from four major fields of integration. Sweden and Denmark have stayed outside the euro area in order to safeguard a sovereign monetary policy.

Norway participates in the EU in a pragmatic manner through the EEA, Schengen and crisis management cooperation, without having a share in its political system. The very recent general elections in Finland, which allowed the eurosceptic True Finns to become the third biggest party, show that there is still a lot of latent opposition to European integration in Finland as well.

The Nordic community has not appeared among the leading regional actors in the post-Cold War European transformation. Nordic regionalism has, however, played important roles, such as the balancing of the Norwegian and Icelandic roles outside the EU. In general, the Nordic community has adjusted itself to a European transformation led by others rather than using the Nordic values or modes of cooperation as a driving force for further European development. Concerning forms of regionalism, European integration is essentially dominated by the Franco-German axis, the Mediterranean member states have played an important role in the Union's policy with North African and Middle-Eastern partners, and the Benelux countries have traditionally been well-placed in the Union's leadership.

The Nordic states have a lot in common among those policy-fields that belong to the EU's competences, but the only clearly regional policy programme established in an EU context in support of the Nordic region thus far is the EU Baltic Sea strategy. In addition to the Nordic community, the Baltic states, Germany and Poland belong to its immediate beneficiaries.

### *3.2 Channels to power in the EU's political system*

During the past two decades, the process of European integration was extended to fifteen new member states, in addition to those twelve that had launched the construction of European communities during the Cold War era. Furthermore, during these twenty years the EU has been assigned a number of new powers. Along with these extra responsibilities, the EU has become a much more territorial actor, with common external borders and internal policies increasingly covering freedom of movement and security. Also, its common external policies have been extended to relations with all the major global players, as well as to the Union's closest neighbours in the form of common neighbourhood policy.

Inside the EU there seems to be different trends in the development of power structures. A further strengthening of the parliamentary machinery – the European Parliament and the Commission – has resulted from the constant increase in legislative and budgetary powers of the Parliament. However, parallel to this development an ever-strengthening European Council has emerged, and it currently forms the member states’ most powerful channel to the EU’s institutional system. The rotating presidency is increasingly fading away, giving room to both elected chairmanships and different types of EU-level administrations. Three major bodies have already lost their rotating chairmanship: the European Council, the Foreign Affairs Council and the Eurogroup are all currently led by elected presidencies. In a situation of heterogeneous presidencies the role of administrative bodies such as the Council Secretariat is further accentuated, as they have a coordinating role between different forms of leadership. The establishment of the Union’s own foreign service (External Action Service) under the new High Representative for External Relations stresses the same development.

Member states’ governments currently have less access to power through the EU’s formal decision-making bodies, which underlines the importance of informal channels of power. Coalition-building among member states, contacts with the European Parliament and its political groups and committees, and bi- or trilateral cooperation outside the institutional frame have become increasingly important ways of exerting power over the EU.

To enhance its power over the EU’s political system, the Nordic community should first be able to promote a common vision about the aspired future directions of this system. Germany and France have traditionally had very different ideas about the EU’s macro-level development but somehow they have been able to agree on common goals at most intergovernmental conferences. There is only one detailed goal concerning the institutional setting that the Nordic countries have been able to vehemently push forward – that of the principle of openness.

This common vision, as well as all the other possible common goals for the EU’s policies originating from the common Nordic value base, could only take shape through a much more systematic interaction between the relevant parts of their national administrations. This is the key behind the seamless cooperation between France and

Germany in strategically important EU-issues. The good Nordic tradition of arranging preparatory meetings before major EU-level events is not a sufficient guarantee for the coordination of major decisions or long-term policies.

The Nordic states should support each other in nominations; at least to the most important positions of the EU's administration. It has turned out to be more difficult for latecomers and small member states to get access to strategic positions in the EU's administration, and the Nordic countries could help each other to position themselves better within the EU's bureaucracy.

In addition to enhanced Nordic policy-coordination, a better common strategy should be adopted for ways of influencing the emerging centres of power in the EU. The European Parliament is undoubtedly one of them, and an ever increasing number of different lobbying activities can be seen in its corridors. There are many legislative fields in the EU where the EP's political groups or committees could well be receptive to common Nordic achievements or practices. Is the good Nordic reputation in fields like environmental or social policies sufficiently translated into leadership and influence over these issues in the more detailed cases of decision-making? Not too many joint efforts promoting Nordic approaches to the EU's legislature have taken place – at least this far.

In the same way as representatives of Nordic governments try to coordinate their policies in order to bring more common views to the EU's intergovernmental bodies, actors of Nordic civil societies should make greater common efforts to affect the emerging European public space. Firstly, the EU's new citizen initiative will form an important new instrument for influencing the EU's political agenda. Nordic civil society actors may be able to take the lead in launching a successful citizen initiative. The idea of having the Nordic civil society organisations promote a common piece of legislation to the EU in an area of joint importance for them would not only stress the power of Norden in the EU, it would also enhance EU debate back home by stressing a Nordic priority.

Another dimension of European public space where the Nordic societies would have a lot to gain from improved cooperation relates to the role of the media and the way it reports on European issues. To follow the EU's political processes is a complicated task, and the small or medium sized Nordic media have to cover a whole range of

international bodies. This means that their EU reporting can easily become sporadic and inconsistent. All five Nordic countries would gain from a more systematic cooperation between their media when it comes to EU reporting.

Along with internal policy-making, the EU's external policies cover a comprehensive set of tools, each with different underlying power structures. They vary from comprehensive policies, like that of enlargement policy or common neighbourhood policy, to positions defined or actions taken in more detailed issues such as common positions or the joint actions of the CFSP. The variety of instruments at the EU's disposal extends from economic and political means to instruments of diplomacy, sanctions and civilian and military crisis management. The member states still take a particularly dominant position in the CFSP, even though the communitarian institutions – the EP and the Commission – have also constantly increased their powers over foreign policy decisions. The recent major power changes relate to the common leadership and administration created in the framework of the Union's external relations, in the form of the High Representative for Foreign Affairs and Security Policy and the European External Action Service (EEAS). The President of the European Council has an important leadership function as well.

The CFSP is still very much dominated by competing views and orientations between the member states. If a constructive and consensual approach can guarantee a powerful position within the Union's legislative affairs, a more progressive attitude is demanded for leadership in the CFSP. There is also much more room for new ideas and approaches in this dynamic and ever enlarging field of the EU's external relations.

The Nordic EU-members have been able to add a couple of important Nordic items to the Union's external relations agenda, but there could undoubtedly have been more of them. Finland initiated the Northern Dimension Programme for relations with Russia, whereas Sweden together with Poland has been a vocal leader concerning the Eastern Partnership with countries to the east of the EU. Sweden and Finland have both given their experience and knowledge of international peace-keeping in order to further aid the construction of the Union's crisis management system.

There are many areas of the CFSP where the Nordic community could have a stronger impact on which direction the policy

takes. The Nordics should be in a key position with respect to the development of the EU's policy on Russia and the Arctic and should offer its experiences of successful cooperation in a tense political environment, which could be utilised in the EU's policies on corresponding political environments. In order to enhance their role, the Nordic countries should take a much more proactive approach to the CFSP and offer their common expertise, as well as proposals, towards the EU's common planning.

In addition to policy-planning and initiation, the Nordic states should enhance their efforts in policy-implementation by offering their joint instruments to the Union. Indeed, this is already happening in military crisis management, where the Nordic Battle Group has contributed rapid reaction forces in both 2007 and 2011. Possibilities for similar Nordic action in the implementation of civilian crisis management should be studied. Improving the EU's security strategy, both when it comes to the definition of the Union's large-scale priorities and the implementation of policies striving to reach them, is another part of the CFSP where joint Nordic efforts would not only bring added value to the Nordics themselves but to the whole EU.

### *3.3 Changes on European political agenda and the Nordic influence*

Considering the significant changes in institutional structures and power relationships described above, a number of relatively new policy areas and spheres of cooperation call for attention from the Nordic countries. No matter which fields of cooperation they may choose as their niches, there are at least three distinct phases where Nordic cooperation is desirable: policy-shaping, decision-making (formal) and implementation. Of these, divergent national interests frequently make cooperating in the policy-shaping phase most challenging, while cooperation during the implementation phase is relatively easy, especially if the expectation is that not all Nordic countries participate.

Not expecting every country to participate in every sphere of cooperation is just one of the lessons that Nordic countries should heed when contemplating cooperation in an EU context. The history

of Nordic cooperation suggests that cooperation in new areas could in some cases be issue and topic based, with the initial focus being on achieving limited but real gains. Current Nordic defence cooperation (NORDEFECO) is an example of this, with cooperation being voluntary and occurring on a case by case basis. Nordic defence cooperation is primarily managed by military professionals (not politicians), allowing for the type of concrete steps to be taken which are important when building the foundation for more significant cooperation in the future. For larger efforts, within the scope of NORDEFECO and more broadly, parliamentary support is essential, because without it significant changes are unlikely. This suggests that the Nordic Council should take an increasingly important role in ensuring a long-term commitment to cooperation.

This role of shepherding political support for different cooperative projects might become the Nordic Council's most important function in the future (unless the much needed reform takes it in a different direction). This would require it to expand its operations to Brussels by creating a Nordic policy coordination and cooperation unit, which would be simultaneously beneficial to the efforts of uploading the best Nordic practices to the European level. For instance, Nordic defence-related cooperation under the auspices of NORDEFECO could also serve as an inspiration to other EU (and NATO) members and illustrate how permanent structured cooperation can function. The fact that cooperation even occurs when not all partners are NATO or EU members could provide further inspiration for otherwise stagnant NATO-EU cooperation.

At the EU level, Nordic cooperation must genuinely add value to each member state. This implies that in many cases it will make sense to choose areas of cooperation where Nordic countries have obvious interests. These interests may not necessarily be shared by all of the other member states. These chosen areas of cooperation should also be small enough that the Commission or large member states will not insist on taking the lead in addressing them.

When considering cooperation which has EU-wide repercussions, the Nordic countries should take advantage of the Nordic brand, which should allow them to introduce and drive the EU agenda on larger issues. Nordic countries have some history in getting new themes placed on the broader EU agenda: in the field of security cooperation, the concept and initial development of the EU's civilian



crisis management capabilities are the result of Finnish and Swedish cooperation. Despite this proven leadership ability, the Nordic group as a whole has not shown an ability to drive the EU's agenda on larger issues on a frequent enough basis. To remedy this, the Nordic countries should focus their efforts on two to three of the issues below where Nordic cooperation can positively impact the EU agenda and make a difference.

### **Common Foreign and Security Policy**

The EU's common foreign, security and defence policy has been expanded to many new geographical areas and functional issues recently. The Nordic countries should increase their cooperation in these three overlapping fields, both within the broader EU context but also amongst themselves. Increased cooperation should be possible, as all the Nordic countries have similar global diplomatic interests, view security as encompassing more than just military security, and understand the economic pressures that affect their long-term ability to maintain modern militaries.

As they do not have a common foreign policy through a union-type structure, the Nordic countries have a harder time influencing the direction of the EU's major foreign policy priorities in ways which the largest member countries can. Currently, the Nordic countries should therefore focus on gaining as much power as possible during the implementation phase of EU foreign policy and on issues which they are assumed to have expertise on, especially issues related to the Baltic Sea and the Arctic. To maximise their influence and power, the Nordic countries should cooperate by drawing up multi-year lists of personnel drawn from all the Nordic countries (and perhaps even the Baltic states), which they can then jointly lobby for when senior positions within the External Action Service are being filled.

This cooperation in the field of foreign policy and diplomacy should also be expanded to cover national diplomatic structures. The Nordic countries should rationalise their own embassy structures by forming joint embassies in some countries/regions, with rotating positions filled by diplomats from each country. All consular services could also be made available at all Nordic embassies to all Nordic citizens.

The history of Nordic cooperation in international military operations reaches back nearly half a century and has been significantly intensified in the past decade. Joint units operate in Afghanistan, and the Nordic Battle Group that is serving as one of the EU's rapid reaction forces is the most powerful pan-Nordic military unit in history. The proposal (number one in Stoltenberg's report) of creating a Nordic Stabilisation Task Force, however, seeks to combine too many different components. Cooperation between military, humanitarian, state building and development components is a necessity, but it risks seeing the entire cooperative spirit and practical cooperation collapse because of disagreements over how any one component should be modelled.

Instead, the Nordics may prefer to utilise their “no-nonsense”, solution oriented and fair image when dealing with people from around the world, and to jointly create the support and administrative capacities for supporting mediation, brokering and negotiation efforts. These capacities could then be used by all Nordic mediators and peace-brokers, or in some cases by mediators from other countries. Furthermore, while it is not of great interest to most EU members, Sweden and Finland in particular should push for the EU to define in more detail what the Lisbon Treaty clause on mutual defence actually means. The Nordic countries should start promoting a common interpretation of the clause and a common view about the guidelines for its implementation. Together with Norway, they could work to define it in such a way as to maintain compatibility with proposal number 13 in Thorvald Stoltenberg's report<sup>41</sup>, which suggested that the Nordic governments would issue a formal security policy guarantee. The same applies to the Lisbon Treaty solidarity clause activated by terrorist attacks and natural and man-made catastrophes. The Nordic countries have recently agreed on mutual assistance in the case of the aforementioned threats and have decided to take practical measures in order to combat them jointly. These measures and the planning around them should also contribute to the implementation of the EU's solidarity clause.

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<sup>41</sup> Stoltenberg 2009a

## **Societal Security**

Relative to much of the rest of the world, the Nordic countries are havens of societal safety; no Nordic country suffers from an existential domestic or international threat. The maturity of the political systems enables a high level of discontent to be expressed through commonly agreed upon rules and democratic politics. While there are unequivocal signs that economic equality is decreasing, citizens are still provided with a basic safety net. This safety net includes, among other things, high-quality education, essentially free healthcare and dynamic economies which provide the prospect of employment to younger generations. The Nordic countries are also forerunners in equality and gender issues, which are key components to long-term stability in any society.

No specific “Nordic model” designed to achieve this level of societal security exists, and widely divergent historical and societal experiences suggest that the Nordic countries should not aim to drive the adoption of Nordic approaches throughout the European Union. However, they can promote a basket of Nordic approaches, from which regions such as the Balkans can draw inspiration. What the Nordic countries must do is to ensure that the key EU-level bodies, in particular the Commission and Parliament, are sufficiently aware of the experiences the Nordic countries possess and that they can draw on Nordic solutions as one point of comparison in their policy-planning.

Nordic countries could also make a positive contribution towards improving the EU’s internal security by offering to take the lead in implementing the Commission’s internal security strategy – particularly its objective concerning raising the levels of security for citizens and businesses in cyberspace. Both the Stoltenberg report of 2009 and the NB8 Wise Men Report from 2010 urge increased cooperation in this field. In April 2011, the Nordic foreign ministers actually declared that cooperation in cyber space will be the first concrete step taken towards following up the Nordic declaration on solidarity with practical measures. A highly proactive approach in this field should indeed be a priority for Nordic and Baltic political leaders.

## **Energy**

Achieving a pan-European energy market by 2014–15 is a stated goal, but such a market is unlikely to address Nordic specificities, except perhaps in case of Denmark. Widely divergent national priorities across Europe, combined with the physical nature of energy supplies, suggest that the Nordic countries should disengage from active efforts to create a pan-European energy market. Rather, the Nordic countries should make the Nordic energy market an example for others to follow. The pan-Nordic electricity market Nord Pool provides a good example of cooperation, which should be extended to cover other areas of energy production. This implies that the Nordic countries would create not just a market for electricity produced, but that they would also equalise production regulations, tax-subsidies, direct government control, etc. Entities not abiding by these regulations would then not be allowed to participate in the market (either as owners or sellers). In the long run, this Nordic energy market should include goals, which means that it would not be possible to participate in the Nordic energy market with electricity produced in a non-sustainable way.

Related to this is the notion that the EU goal of reducing energy consumption by 20% by 2020 is unlikely to be met. The Nordic countries should therefore cooperate to become the driving force behind EU efforts to use energy more efficiently. To do this, the Nordic countries should follow a multipronged approach and cooperate in the policy shaping and implementation phases. In the policy shaping phase, the Nordic countries should work together towards stringent and much more ambitious EU-wide energy efficiency targets; forty to fifty percent by 2030 is achievable. The Nordic countries should also lobby for sanctions to be applied to member states who, by themselves or in groups, do not achieve the goals. As part of the lobbying, the Nordic countries should make sure that the decades-long work they have done in improving insulation and heating efficiencies in residential buildings is taken into account.

## **The Arctic**

Increased global interest in the Arctic region has meant that the Nordic countries have been forced to develop more future-oriented national strategies. Nordic cooperation regarding the Arctic is needed in global, EU and regional contexts. Within the EU, and even if there

are different national interests among the Nordic countries regarding the Arctic, they should be able to maintain their position as the lead nations when the EU considers what it should do in the Arctic. Mixed memberships of the EU and NATO should also enable the Nordic countries as a whole to ensure that both organisations' strategies are in line with Nordic interests and needs.

The environmental development of the Arctic has a concrete impact on the Nordic countries, meaning they should take ownership of the implementation of major EU-projects in the region. The Nordic countries should lobby the EU to adopt stringent environmental standards regarding the exploration and exploitation of natural resources in the area. Their reputation in the field of environmental standards, as well as the obvious impact that lax standards would have on the them, should enable the Nordic countries to jointly set the agenda and specify implementation details within the EU.

### **Russia**

Due to their generally solid and pragmatic relations with Russia, it is frequently argued that the Nordic countries must take a leading role in developing the European Union's Russia strategy. The need for yet another formal EU strategy is, however, unclear. Moreover, it would be challenging to find a consensus on how to address Russia's increasingly brazen use of energy-political tools to generate divisions within Europe.

The role the Nordic countries can have *vis-à-vis* Russia at the EU level is to de-politicise the relationship and steer it towards a course of pragmatic and issue-based cooperation. It is this type of regional and trans-border cooperation with Russia which sets apart many of the Nordic countries' experiences from other EU members. The Nordic countries should therefore lobby the EU for a new approach towards developing its relationship with Russia. This approach would discard the notion of a mutually agreed upon grand strategy for cooperation, and simply cooperate and reduce individual barriers to cooperation as they emerge. Over years, this continual cooperation builds a type of trust and mutual respect at political, business and civil society levels, which is far more important for the long-term health of EU-Russia relations than an EU strategy.

## 4. Norden in the Arctic and Baltic Sea region

Rikard Bengtsson

This chapter addresses the prospects and problems that Norden faces in the subregional context of the Arctic and Baltic Sea region. The analysis is premised on the assumption that there is a distinct subregional logic, which is greatly influenced at times by global and European developments, but not fully determined by them. There is room for distinct Nordic policy development at the subregional level. The following analysis contains three main parts: first, the distinct subregional political logic is conceptualised by discussing recent political and organisational developments in the Arctic and Baltic Sea region; secondly, Nordic approaches to existing subregional governance frameworks are analysed; and finally, the implications of change in terms of potential policy responses are spelt out.

### *4.1 A subregion in change: New geopolitics and governance structures*

The current geopolitical context of the Baltic-Arctic region can fruitfully be conceptualised in terms of a great power game, primarily between the United States, Russia and the EU, that creates both challenges and opportunities for the Baltic Sea states in general and the Nordics in particular. In this regard, global and European developments, as elaborated on in previous chapters, also impact subregional dynamics. Due to this influence, the subregion can be approached as a secondary structure that cannot be understood in isolation from European and global interactions. There are several reasons for such interdependence.

First, the Baltic Sea has effectively become an internal EU sea, given eight of the nine littoral states are EU members. This situation indicates strategic potential for an EU dimension of Baltic Sea politics, as evident in the EU Baltic Sea Strategy (BSS), but also potential for a Nordic-Baltic impact on EU regional policy. Second, Russia

plays a key role in the neighbourhood. It has enhanced its foreign policy profile generally, while focusing particularly on the Baltic Sea as well as the Arctic. A principal cooperative example regarding the Arctic is the Norwegian-Russian agreement on territorial waters, which was signed in the autumn of 2010. Third, the Arctic region's political and economic importance has been augmented by increasing attention from subregional, European and global actors. Fourth, there is a strong transatlantic dimension to subregional politics: American and Canadian interests – and competition – in the Arctic; strategic developments in NATO; and the transformation of the Russian-American strategic partnership. Finally, especially as far as the infrastructures of energy and transport are concerned, the Baltic-Arctic subregion may be about to change in nature and importance, moving from the European periphery to the European centre. Improving transport conditions between Asia and Europe, especially in relation to the Northern Sea route and the trans-Siberian train service as well as the growing Chinese interest in the subregion, point to a new transit hub in the making.

Due to these geopolitical dynamics and their linkages with European and global developments, the current subregional order contains a set of actors very different in nature. In state-centric terms, the subregion encompasses littoral states around the Baltic Sea, states that traditionally belong to the Baltic Sea as part of the Nordic community (Norway and Iceland), key states regarding Arctic politics (the United States, Canada, Russia and China), and states in the neighbourhood seeking active inclusion in, or close affiliation with, the near neighbourhood (primarily Ukraine and Belarus). In addition, the EU can be seen as an actor in its own right in this context.

Subregional political interaction largely takes place in institutional forums encompassing most, if not all, states of the region. However, there is an imbalance between the Arctic and Baltic Sea in this regard. Arctic cooperation is more or less exclusively centred on the Arctic Council, which is an organisation designed for a rather broad policy scope but has weak capacities for independent action and risks being controlled by key states. The Barents Euro-Arctic Council (BEAC), on the other hand, has a more limited group of members but also less political salience. The Baltic Sea, in turn, is densely populated by various kinds of organisations – some from the Cold War

period and others developed in the post-Cold War context. Beyond many sectoral organisations that exist in the Baltic Sea area, there are a handful of key organisations and frameworks with partially overlapping memberships and agendas. The Council of the Baltic Sea States (CBSS) was set up two decades ago to enhance cooperation between the littoral states of the Baltic Sea (Norway, Iceland and the European Commission included) on issues of cross-border relevance. While the CBSS experienced earlier decreasing political attention, it has recently been reshaped in terms of policy scope and arguably occupies a potentially key position in the subregion once again. This is primarily because Russia attaches importance to this intergovernmental mechanism, but also because the organisation retains individual positions for EU member states.

EU frameworks in the subregion are the Northern Dimension (ND) and the Baltic Sea Strategy (BSS). The ambition of the ND is to structure EU-Russia cooperation in four different areas (energy, public health, transport and logistics, and culture), with uneven progress achieved so far. This framework yields an important position for the Commission, and in contrast to the CBSS it rests on the logic of searching for a common EU27 approach. Of much more recent origin (October 2009), the BSS is an EU-internal strategy for the Baltic Sea area, organised around four broad policy areas (environmental sustainability, economic development, accessibility and infrastructure, and safety and security). The BSS does not cover Russia. Instead, the ND is thought to make up the external dimension of the BSS.

Finally, the Nordic institutions are of relevance in the subregional context. This goes not least for the Nordic Council of Ministers, which is seeking an active role in the subregion and holds a substantial budget for facilitating cooperative measures of different kinds, but which is often not as visible as many would like. Having said that, Nordic-Baltic cooperation has not yet realised its full potential, partly due to the unwillingness on the part of the Nordics to substantively include the Baltic states in existing cooperation structures. Under the umbrella of NB8, a number of examples and proposals for Nordic-Baltic cooperation in line with the priorities of the BSS can be found, however. Implementing and further developing these would thus serve not only the EU strategy but also Nordic-Baltic integration.



Four key points follow from this exposé of governance structures. First, there is no master plan behind the complex organisational framework. One could, of course, say that the design in the early years after the Cold War came out of a deliberate reading of the sensitive situation at the time. But generally, there is no single overriding idea on policy profiles and divisions of labour, and certainly no active attempt to reshape the organisational landscape, although the political context has changed. Second, and related to the previous point, the BSS deliberately contains the idea of “let all flowers bloom”, which conserves the complex and overlapping situation. Thirdly, the organisational web contains a mix of intergovernmental, transgovernmental and non-governmental arrangements, reflecting the various kinds of actors active in Baltic Sea cooperation. Finally, there is substantial variation between organisations in the intergovernmental category in terms of strength and potential impact.

These different aspects point to a complex subregional political situation characterised by a combination of intraregional and external processes, as well as political actors. Judging by this outline, what problems will the Nordic countries as a group encounter? The basic argument is that the development of new cooperative frameworks and the increasing interest and strategic policy development regarding both the Baltic Sea and the Arctic point to the direction of new power balances in the subregion. A central aspect of this concerns Russia’s ambitions and influence over the framing of policies in both of these settings. Russia has recently shown increasing interest in developing cooperation with the EU through the ND framework and, to a lesser extent, the BSS. At the same time, Russia has retained the position that the CBSS is of continued key relevance. This two-fold approach contains a potential source of Russian influence, in that Russia may exploit the differences in membership of the two institutions. The ND is an EU-led framework, whereas the CBSS is an intergovernmental structure in which individual EU members and non-members participate. Increased Russian interest in the Arctic in turn spurs EU and American policy development, implying that smaller states in the Arctic context may have a harder time promoting their own perspectives. Instead of acting individually, approaching important issues in concert may thus, as a consequence of emerging patterns of power redistribution, be strategically wise.

As regards the institutional division of labour, there is a weak institutional structure in the Arctic. Although important Arctic issues are covered through the AC and UNCLOS (the latter excludes the United States), a concrete framework encompassing new preconditions concerning energy and transport/infrastructure is largely lacking. In the Baltic Sea context, the situation is fundamentally the opposite: the existence of many political organisations implies competition for political attention and budgetary means. The BSS contributes to the problem rather than easing it, because it does not contain any institutional structure of its own. Had such a structure existed, preferences and priorities would have been clearer, and a few strong organisations would have naturally been in focus. At present, there is only an embryo of organisational hierarchy that renders the NCM and the ND (primarily in the areas of energy and public health) more central than other cooperation frameworks. Instead, the diffuse nature of Baltic Sea institutionalisation is further exacerbated through the inherent logic of the BSS. As an EU-internal strategy not covering Russia, it creates an organisational asymmetry which is problematic from this perspective.<sup>42</sup>

A third parameter that impacts importantly on the subregion is the interdependence of the region in relation to adjacent areas. In short, the region is not situated in a political vacuum but rather linked to policy developments in the surrounding environment, where the balance of key actors is often different. One such key issue is how the Baltic Sea relates to the neighbourhood policy of the EU (ENP), and specifically how current developments in the Baltic Sea subregion are linked to the Eastern Partnership (EaP). The EaP involves policy competition between the EU and Russia, which may have repercussions in the Baltic Sea context. Moreover, actors such as Ukraine and Belarus gain in importance, which again may shift the Baltic Sea balances. Also worth mentioning in this context is that the two largest littoral states of the Baltic Sea, Russia and Germany, simultaneously have a range of other foreign policy arenas and agendas beyond the Baltic (and in Russia's case, the Baltic-Arctic). This means that their engagement is dependent on developments elsewhere.

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<sup>42</sup> Bengtsson 2009

## *4.2 Institutional obstacles and conducive factors for collective responses*

The Arctic and Baltic Sea region may primarily be a reflection of European and global developments, but there are processes where European and global logics are reversely dependent on developments in the subregion. The channels for Nordic influence in international affairs are identified among these institutional or procedural changes, and the task is to search for most profitable routes to take action. A key obstacle to common Nordic action is that the five countries seem to lack a common perspective on the subregion. This is evident in recurrent competition for attention and resources among the Nordics. Generally speaking, Norwegian orientation is, unsurprisingly, primarily towards the Arctic (or High North in Norwegian parlance), while the Finns first and foremost think about Russia's role in subregional developments. Sweden entertains a long-standing interest in the Baltic Sea in a general sense and is increasingly interested in the Arctic. Denmark's orientation contains a mix of interests focusing strongly on the Arctic but simultaneously approaching the Baltic Sea from a continental perspective, in effect signalling certain scepticism as to the added value of enhanced Nordic cooperation in the subregion. Finally, Iceland is in a period of reorientation, from its Atlantic posture to a European and subregional one, which currently implies a lack of specific policy preferences outside the spectrum presented by the rest of the Nordics.

From an institutional perspective, Nordic multiformity in terms of memberships in international organisations is clearly central. One line of argumentation<sup>43</sup> is that without a full institutional membership convergence that includes the abolition of the Danish EU opt-outs, any fully-fledged Nordic responsibility for the sub-region's security will not materialise. A less extreme position would take its point of departure in that, at least in short to medium-term, such developments are unlikely to take place. Public opinion is largely against taking such steps, and political efforts are not likely to be directed at changing these preconditions in the near future.

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<sup>43</sup> see e.g. Elleman-Jensen 2009

If correct, a different kind of response is necessary, and NORDEFECO could be used as an example if needed. Nevertheless, even such a line of action should be brought to the public eye, and this is where another obvious obstacle emanates. Traditional security has historically not been brought to the attention of NCM/NC and has been referred to as the taboo of Nordic cooperation. The same actually applies to earlier attempts at Nordic-Baltic cooperation; the CBSS; and more recently the ND and the BSS. Such a conventional understanding of security lies in the way of efficient policy development on complex security-related issues in the modern era, as has been underlined both in the Stoltenberg report<sup>44</sup> and in the Nordic-Baltic 8 (NB8) Wise Men Report.<sup>45</sup>

In addition, the existing institutional architecture can be viewed as an obstacle as it is ill-suited to address the challenges at hand. In short, the toolbox needs to be renewed. On one hand, the Arctic Council is an all-inclusive but weak structure, which means that Arctic issues run an inherent risk of being caught in geopolitical logics applied by great powers, and cannot project attention to all the issues within its jurisdiction. The Baltic Sea, on the other hand, contains a myriad of organisations, a situation which runs the risk of becoming institutionally ineffective. In different ways the problem is enhanced by the close link between the two areas in terms of actors and policy substance. First, the institutional asymmetry can thus be exploited for nationalistic purposes, while secondly, in the absence of clear mandates and defined delimited agendas, institutions may end up in policy over-stretch. A case in point concerns the increasing NCM engagement in Arctic issues.

Yet another obstacle concerns the partial lack of Nordic-Baltic identity. Nordic-Baltic cooperation has surged in the post-Cold War period, but the extent to which this has triggered a common Nordic-Baltic identity is not clear, which in essence puts the issue of public legitimacy for Nordic action directed at the Baltic states in the limelight. As is well-known from other contexts, stimulating the development of a common identity by political means is not easily done. Also, it is a long-term process, which means that the imbalance between Nordic and Nordic-Baltic identities will remain for the

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<sup>44</sup> Stoltenberg 2009a

<sup>45</sup> Birkav, Valdis and Søren Gade 2010

foreseeable future, despite various efforts directed at increasing the awareness of the common problems faced and prospects at hand in the Baltic Sea. If not addressed in a proactive fashion, this may, over time, impact negatively on the scope of Nordic common activity.

Alongside these obstacles for Nordic collaboration, there is a set of conducive elements. One set of factors conducive to Nordic common action can be found on the perceptual level, for instance in terms of the relatively common framing of international issues and a common realisation of the lack of global power but greater subregional potential that gives impetus to Nordic action in both the Baltic Sea and Arctic contexts. Also, in an important contrast to the taboos of earlier periods, there seems to be a growing appreciation for the concept of a Nordic security region. Moreover, despite partially different postures, there is a common interest in dialogue with Russia.

Material incentives can be found in a number of areas, ranging from transport and energy to economics, education and research, but also include issues such as the need for cost-efficient solutions in the defence material sector and burden-sharing with regards to Nordic air and maritime surveillance. Moreover, a number of windows of opportunity ought to tempt enhanced Nordic action during the forthcoming years. To start with, the open issue of Iceland's European future referred to above is one such opportunity. Iceland's situation is rather precarious, given its background as a country effectively without its own means for territorial defence and the fact that it was heavily hit by the latest economic crisis. Once the decision about EU membership is taken, the security preconditions for the foreseeable future are much clearer and, irrespective of the outcome, openings for further Nordic collaboration will present themselves.<sup>46</sup>

A second window of opportunity is created by the increased Russian interest in subregional cooperation. This is evident not only in the border agreement with Norway, but also in Russia's approach to the ND and interest in maintaining the CBSS. Furthermore, Russian strategic documentation warrants the conclusion that the Arctic especially, and by implication the Baltic Sea, will be high on the Russian priority list for years to come, although other foreign policy fronts to the east and south will require substantial attention.<sup>47</sup>

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<sup>46</sup> see further Stefansson 2009

<sup>47</sup> Vendil Pallin 2009

Given the common realisation of the Nordics that Russia holds the key to Baltic–Arctic developments, concerted Nordic action to further involve Russia in subregional cooperation, especially in institutionalised forms, would be both desirable and feasible.

A third opening is created by the ongoing subregionalisation of the EU through the establishment of so-called macroregions, of which the BSS was the very first. This process produces a new demand for leadership: the Arctic–Baltic Sea region is not a periphery that needs to make its way to the core (i.e. the EU) but it rather constitutes a core in itself, which reflects a “pluralistic constellation instead of staying within the confines of a concentric one”.<sup>48</sup> With such a situation, an imperative for political action logically follows. This is especially true with the BSS, because although the strategy is now in place and implementation has begun, there seems to be a lack of long-term vision and commitment – a void that could fruitfully be filled by common Nordic initiatives.

Along the same lines, the external interdependence of the subregion can be seen as a factor conducive to Nordic action, because its links to other contexts make possible policy development of various sorts in which the Nordic countries may take the lead. One obvious example concerns the development of the EaP, which was initially driven by the two Baltic Sea states of Poland and Sweden. Due to the interdependent nature of political and economic relations in the greater subregion, such activism also calls for further coordination and policy development in the Baltic Sea region.

How have the Nordic countries reacted to these obstacles and conducive factors? In short, the strategic responses can be summarised under the heading of “unity and disunity in coexistence”. Starting with the latter, there are different national Nordic responses based on reflections of power, dependence, identity and ambitions. Many examples embody this multifaceted situation. They range from Iceland’s orientation towards Europe and Norden – as seen for instance in its decision to apply for EU membership and the different Nordic responses to taking this step – to different Nordic involvement in the preparation of, and responses to, the EU Baltic Sea strategy. Moreover, one can find different emphasis in, and weight attached to, the ND framework and CBSS for cooperation with Russia; diverging

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<sup>48</sup> Joenniemi 2010

interests and issue linkages in relation to Arctic matters; different perceptions of NORDEFECO; different relations to the Baltic states; and in the end different self-images in foreign policy, both generally and in the subregional context.

In parallel with these and other perspectives that underline the diversity of Nordic responses, a number of concerted actions have taken place. As prime examples of the search for such common approaches to the evolving situation, one must of course point to the Stoltenberg report<sup>49</sup> and the NB8 Wise Men Report<sup>50</sup>. Stoltenberg himself has remarked that it was a significant sign that in 2008 the Nordic ministers for foreign affairs took this step in foreign, security and defence policy, which had been largely taboo for so long.<sup>51</sup> Although framed as an analysis of how to advance Nordic cooperation, the substance matter of most of the proposals involves the subregion as a whole, explicitly or implicitly.

Another example of joint Nordic action in this area concerns the reform process of the Nordic Council of Ministers (NCM). A set of reforms were implemented in 2005 and evaluated in 2008.<sup>52</sup> The evaluation is of interest here as it contains a set of proposals for how to further develop the NCM based on a pertinent question that has wider relevance than for just the institutional set-up of the NCM: does inefficient international cooperation stem out of ill-working bureaucracies (which many would say is the case in the NCM, while some interviewees even state that the Nordic machinery is more cumbersome than the EU machinery) or lack of political will?<sup>53</sup> The NCM reform remains on the agenda for cooperation and must now be seen in the context of future tasks of the NCM in the BSS, which carry financial implications that are yet to be settled.

Here, the development of closer Nordic defence cooperation (NORDEFECO), which was a result of the original initiative of the Swedish and Norwegian chiefs of defence and later embraced by the rest of the Nordic countries, should also be emphasised. The process is of principal interest not only because it breaks new ground in

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<sup>49</sup> Stoltenberg 2009a

<sup>50</sup> Birkavs, Valdis and Søren Gade 2010

<sup>51</sup> Stoltenberg 2009b

<sup>52</sup> for details, see Swedish MFA 2008

<sup>53</sup> Swedish MFA 2008

an area that for so long has been national in orientation, but also because it links the issue of cost efficiency (increasing defence costs and changing demands and supplies of Nordic defence material) with the reorientation of the Nordic defence forces in the direction of international operations. The development of the Nordic Battle Group is a case in point, as it illustrates subregional dependence on European logics and conveys the complex meaning of Norden due to the Danish opt-out and Baltic participation.

### *4.3 Subregional policy outcomes: Towards Nordic action?*

Where does this leave us in terms of Norden 2020 in the subregional context? The dynamics of subregional politics play out between geopolitical preconditions, global and European developments and the domestic politics of individual Nordic states. Whether attempts at Nordic unity and leadership in subregional politics will be conducive to further Nordic action will furthermore depend on the extent to which such leadership is deemed legitimate by others. In particular, the Baltic states and Russia occupy key positions in this regard. The Arctic and Baltic Sea strategies, the Northern Dimension initiative and a number of Stoltenberg's proposals offer the Nordic countries possibilities for subregional leadership, but whether this offer will make any difference depends largely on how the Nordics can incorporate the interests and ideas of other players – at times at the expense of their own.

Another aspect affecting policy outcomes could be labelled as Nordic reorientation: will “Nordic exceptionalism” change to “European inclusion”? Following Pertti Joenniemi's observation that “Norden basically came into being as an opt-out”<sup>54</sup>, it can be argued that the history of Norden is about scepticism towards Europe, and even anti-Europeanism. Developments in recent decades and years display elements of a somewhat contrary logic: the Nordic countries have oriented themselves in important ways towards Europe, rather than away from it. This tendency has been evident in the Icelandic application for EU membership and the establishment of the EU Baltic Sea strategy as the primary tool for subregional

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<sup>54</sup> Joenniemi 2010



development. Besides this competing notion between Norden and Europe, strategic choices in relation to the North Atlantic Community will steer subregional policy outcomes. What are the implications of Iceland's (forced) orientation towards a Nordic and European, rather than Atlantic, approach, and Denmark's European and Atlantic, rather than subregional, approach? Is closer collaboration between Finland, Sweden and Norway in the defence sector<sup>55</sup> only a sign of complementary alliance-building?

These questions of potential Nordic reorientation in turn yield two important reflections. One concerns the relevance and effect of domestic politics, which is essentially an issue about the importance of the political orientation of Nordic governments. Are the tentative changes referred to above dependent on a specific constellation of governments, or are they reflections of a lasting trend? Second, and related to the initial reflection, are these changes indicative of the governments' view on what we could call "the cost of non-Norden", that is to say a price that the Nordics would pay if they did not attempt or did not succeed in taking the lead in the subregional context? What would such a situation imply for the different Nordic countries?

The time is not yet ripe for answering all these questions. If the potential for Nordic unity and leadership in the region was, however, unleashed, there are several instruments at the disposal of the Nordic countries in the Baltic-Arctic area. Discursive instruments include oral and written acts of defining, attaching meaning and framing political issues and processes. As such, it relates, for instance, to the many discussions about normative power projection, as well as to the notions of ideational power and soft power; examples include the Finnish "processing" of the Northern Dimension, the way Sweden picked up and developed the BSS and the leading role of Norway regarding the High North. New opportunities for discursive influence will surely arise, both in relation to the Baltic Sea and the Arctic. In the Baltic Sea, implementation of both the BSS and the various ND partnerships is to be reviewed and further developed in the next few years, which opens up possibilities for discursive influence. The same applies in the Arctic, as a consequence of the development of the EU Arctic strategy and, more importantly, the American corresponding strategy and policy developments on the part of Canada and Russia.

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<sup>55</sup> see Archer 2010, Forsberg 2010

Hence, both geographies in focus here will invite – even require – renewed understandings and conceptualisations, and in contrast to earlier times, discursive influence may now be levelled from a Nordic rather than national platform.

Structural instruments cover economic and personnel resources that actors use to directly increase their own influence as well as those resources that may be offered to others with a certain set of conditions. Both kinds of structural instruments, it may be argued, are at the disposal of the Nordic states, especially in relation to the Baltic states. Utilising the resources may be a tricky question, however, as a profile by the Nordics that is too dominant will create problems in terms of legitimacy. Having said that, increased coordination concerning structural instruments would yield greater possibilities for moving the subregional context in a direction desired by the Nordics. Finally, institutional instruments include developing and utilising existing institutional (organisational) frameworks for influence, often at a later point in time, and are thus tied to the issue of subregional leadership. It seems that the Nordic countries have good opportunities to utilise these kinds of instruments as well.

To sum up, the Nordic countries as a group have substantial potential for subregional influence, as it can utilise a number of the instruments presented above. Currently, the Nordics are still not wielding the influence they could. There is a relative absence of coordination in the subregional context if compared with the NCM as an example of intra-Nordic policy coordination, which has not been expanded to the subregional context. Without coordination, elements of intra-Nordic competition, or at least diverging policy interests, reduce the impact of the Nordics as a group. Although the subregional political situation is dramatically redefined and is not as sensitive as it used to be, the lack of political will to project a concerted strategic agenda remains. The conclusion must be that at this moment in time Norden is more of an arena for intra-Nordic cooperation and competition than an actor in the subregional and other contexts. At the same time, as we have seen, the current situation holds possibilities for a common Nordic effort to make a difference in the closest neighbourhood.

More specific recommendations on how to move forward from here are spelt out in the concluding chapter, but the following

two sets of principal policy conclusions form the basis for such recommendations. In line with the general assumptions of the analysis, the basic premise for these conclusions is that their ultimate realisation to some degree depends on European and global interactions and processes, but there is distinct room for manoeuvre available to Nordic states, be it in the form of the “Nordic 5” or in more narrow constellations.

The first set of conclusions concerns institutional developments. The fundamental argument is that Norden can and should seek increased Nordic ownership of institutional processes in the subregion. That would entail Nordic subregional leadership, in turn calling for deliberate attempts at stepping up commitment to concerted Nordic action. Principally, this implies five lines of actions, and the first is to address the relatively weak regime in the Arctic. Indeed, the argument could be made that the international regime of the Arctic needs to be substantially strengthened. From the Nordic point of view, that would initially call for developing a Nordic Arctic strategy, with the long-term goal of seeking a partially new mandate and additional resources for the Arctic Council, or the establishment of a novel, up-to-date framework.

Also, interaction with Russia requires a more explicit institutional platform. This means primarily that the reform process in the CBSS needs to be further promoted towards a pro-active role for the organisation, and this could naturally be done from a joint Nordic perspective. Increased concerted action in the EU regarding the ND could be explored along the same kind of argument.

Furthermore, a Nordic approach to the Baltic Sea Strategy is called for. Issues regarding the width and content of the strategy, its governance mechanisms and its budgetary preconditions will naturally be on the agenda in the next few years, which provides a timely and strategically important opportunity for Nordic leadership in general, and ownership of the strategy in particular. This could imply attempts at restructuring the strategy, as well as redirecting and possibly narrowing the content (policy areas) of the strategy. Such a process would naturally also include Nordic-Baltic cooperation. For this to materialise, a new political forum for Nordic consultation and coordination would be necessary, either as a formalised process at interdepartmental level or a more informal forum involving the (staffs of) prime ministers.

Another line of action is that common Nordic undertakings in relation to issues in the *greater* subregion would be beneficial. Such action would include the EU's regional external relations in general and the development of the EaP in particular. Finally, and as a key aspect of all other lines of action, the role and function of the Nordic institutions need to be addressed. The diffuse and low-key profile of Nordic institutions and the routinisation and bureaucratisation of Nordic cooperation are in this context signs of weakness. This line of thought includes not least the Nordic Council of Ministers, with its broad agenda and substantial budget but arguably limited independent imprint. Thus, the future role of the NCM in the institutional settings just described is a key issue for the near future.

The second set of principal policy conclusions concerns enhanced Nordic cooperation and Nordic leadership in key policy areas for the subregion. This entails both the potential adjustment of the policy scope of existing institutions and promoting Nordic-Baltic cooperation in areas where Nordic cooperation is already well under way. Regarding the first point, employing a broad conceptualisation of security focused on societal vulnerabilities makes cooperation natural in areas such as energy, infrastructure, maritime safety, search and rescue, and cyber security. To a degree this is already at hand in the Nordic countries and the issue is primarily one of searching for ways to extend this to a larger, subregional context, which most naturally would mean the direction of the NB8. Sharper joint Nordic preferences in relation to the Baltic Sea strategy and Nordic-Baltic cooperation is thus called for. On an intra-Nordic level, defence cooperation needs to be reconsidered in terms of institutional frameworks, for instance pursuing the issue of whether it would make sense to include defence cooperation in the NCM. If the movement is towards that direction, Nordic-Baltic cooperation would also be topical in this area.

## 5. Conclusion and policy recommendations

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The world has moved on and so should Nordic cooperation. As this report has aimed to underline, the Nordics would need to start looking into the future if they wished to update their cooperation structures, policy goals and strategic visions. Norden as a political community calls for a new project built around a range of practical steps that could be taken within the next ten years, in direct response to the common challenges of managing global, European and subregional affairs. The nature of Nordic cooperation does not need to change for that purpose: smart power à la Norden is about being pragmatic and down-to-earth.

Common Nordic approaches to international politics are not self-evident, but demand serious effort to integrate different national points of view. Such efforts are needed in various policy-making contexts if the five countries hope to strengthen their mutual cooperation. However, the prospects for cooperation differ from one context to another. This report made an analytical division between the three levels of international cooperation involving the Nordics but, as noted in the preceding chapters, policy developments run across the levels, and decisions made in one context are dependent on decisions taken in other contexts of international cooperation. With this delimitation in mind, the analysis shows that the brightest prospects for strengthening Nordic cooperation are to be found in the Arctic and the Baltic Sea region. Promoting Nordic cooperation in global and European contexts is more demanding but certainly not impossible.

The strongest demand for common undertakings derives from the closest neighbourhood to Norden. This is partly because the East-West tension has been greatly dampened during the past twenty years, opening up new possibilities for common Nordic action. At the same time, the Baltic Sea region and the High North are moving from the periphery of international politics towards the centre. Consequently, the Nordic countries need to be prepared to safeguard their economic

and security interests, not only in other regions but also in their own neighbourhood.

Thus, the greatest opportunities and demands for common Nordic strategies, commitments and actions can be identified in a subregional context. As a matter of fact, the Arctic governance structures are too weak to solve any probable future tensions between the states in the High North, which is problematic from a small state perspective. The Baltic Sea governance structures are quite the opposite: they are all over the place and lack a clear division of labour. In both regions, the Nordics, as important stakeholders, are expected to steer policy developments. They have the needed expertise as well as plentiful public and private resources. What they lack is shared political leadership and a common vision with regards to these regions where the Nordic countries can arguably exert the greatest influence.

In a global context, recent developments point towards renewed great power politics and rising influence for informal groups of states. These developments require a great deal of strategic thinking from the Nordics, preferably in a concerted way. In theory, Nordic cooperation in a global context could take one of two forms: firstly, the Nordics could come together to promote the currently ageing rules of the game and defend those multilateral organisations that provide small states with a proportionally strong voice. Or, they could play to the emerging rules and enforce their mutual cooperation to the degree that is necessary to eventually get a seat alongside the world's largest economies in the new informal settings, such as the G20. The latter alternative would, in practice, demand extensive coordination and a restructuring of international bodies. Hence, our analysis has been prone to argue for the previous form, if only because it appears to be the one politically realistic alternative.

A Nordic impact on policy-making in the EU would also demand a common vision, at least in general terms, with regards to what kind of union the Nordics wish to build. In line with this vision, the Nordics ought to then focus on initiating pragmatic cooperation and come together in support of such initiatives. The EU institutional framework openly supports strengthened cooperation among groups of member states in case these cooperation initiatives deepen integration, and cooperation is kept open for others to join at later stages. The possibilities for enhanced cooperation are already utilised by some groups of states and could be utilised by the Nordics,

together with like-minded countries. Several pragmatic steps that can be taken to energise informal day-to-day cooperation have also been discussed in this report. However, in order to move forward the Nordic states would need to stop worrying about how core groups within the EU may impact the integration process as a whole. Other EU member states would be likely to welcome Nordic leadership, especially within those policies that are considered to belong to the Nordic field of expertise, as well as in such procedural matters as defending the community method and small state empowerment in general. At the time of writing, there is actually an outspoken demand inside the EU to balance the Franco-German “engine” with alternative leadership structures.

Notwithstanding these imperatives for cooperation, shared Nordic management of international affairs is difficult to realise. Common values and moral underpinnings manage to keep the cooperation framework alive, but do not guarantee rapid responses to changing world politics. Two crucial obstacles for strengthened Nordic cooperation have been identified in this report and elsewhere, and the first relates to the different interests that can be identified between the Nordic states. While this obstacle is central to any form of international cooperation, it should not be forgotten that national economic and security interests are not stable but man-made perceptions of the common good. As such, common interests often follow interactions between nations that share common values. Here, the European Union of 27 member states serves as an excellent example. In other words, common interests do not always need to be identified before interaction can start as long as there is a shared political commitment to strengthen cooperation. In Nordic discourse, all talk of different interests simply obscures the fact that there is a lack of political will to change the current state of affairs.

The second major obstacle to enforced Nordic cooperation is also the main reason behind this lack of political will. The strategic thinking of the Cold War era still seems to prevail in one important way: prioritising Nordic cooperation above other strategic partnerships is still like thinking the unthinkable, as the recent history of the Nordic countries was devoted to pre-empting any moves in this direction. During the Cold War years, the Nordics got used to not seeing each other as possible allies in world politics, while after the Cold War the N5 alliance was not considered to bring enough security. To this day,

at least some aspects of Nordic strategic thinking are anchored to the Cold War bipolar or post-Cold War unilateral moments in history. Arguably, the remains of a “Nordic balance” are embodied in the Nordics’ varying memberships of NATO and the EU.

Although many uncommon interests and diverse institutional affiliations point to difficulties ahead, common Nordic values and norms may drive the process of deepened cooperation. Besides, public support for Nordic cooperation remains steadfastly high. According to a public opinion survey by Oxford Research in October 2010, 78 per cent of Nordic citizens have either a positive or a highly positive attitude towards Nordic cooperation. In times of soaring distrust in democracy beyond national borders, this is a solid foundation upon which to build. Nevertheless, what it all comes down to is whether or not there is the political will to keep updating the overall framework for cooperation according to changes in the external political environment.

In 2012, it will be fifty years since the “constitution” of Nordic cooperation was signed. The Helsinki Agreement is the basic treaty of cooperation between the five states, which has been amended several times since 1962 – the latest revision agreement came into force in January 1996. Although it is binding under public international law, the Helsinki Agreement is still vague and very general, at least in comparison with the EU treaties.<sup>56</sup> The aged Helsinki Agreement illustrates the challenge of slow reform that this report has come to highlight.

However, Nordic cooperation bears little resemblance to, for example, European integration, and perhaps the comparative approach above, when applied to their treaty bases, does not do justice to the specificities of Nordic cooperation. Nordic cooperation is down-to-earth, pragmatic and incremental – all of which can be both positive and detrimental – and builds on mutual trust and a common respect for shared commitments. Nordic cooperation is not inclined to radical change, nor is it always highly visible, but instead it falls into the shadows of other forms of international cooperation. During difficult times, these drawbacks may become useful because Nordic cooperation does not demand much from its participants, except adherence to its principal nature as a community of values.

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<sup>56</sup> cf. with Bernitz 2000, 33f



In other words, Nordic cooperation may never become an alternative to NATO or the EU but it can already complement them; the Nordic community can be an additional channel for external influence in various political contexts.

The aim of the Norden 2020 report is to propose how the five countries could take full advantage of their community. In order to make a difference in 2020, Norden certainly has to focus on those procedural and policy-related issues where it is actually able to steer the actions taken in other international arenas, whether global, European or subregional. The report does not seek to present a detailed blueprint on how to move forward from here, because there is already an overload of policy proposals if we collect together ideas from the many reports published previously. Instead, we wish to point to the most dynamic policy areas and topics that could serve as appetisers to a wider debate. What we have learned is that existing cooperation is largely welcomed by both the public and like-minded states, while new windows of opportunity for enforced cooperation can be identified in several policy sectors – even defence policy is not out of reach anymore. Therefore, this report concludes with some selective proposals for concrete steps that could be taken to boost future cooperation.

The proposals below are not necessarily brand new. In fact, some of them have already been suggested in other reports such as the Stoltenberg report or the NB8 Wise Men Report, but they deserve to be repeated as they have not yet been fully implemented. All in all, there has been much discussion about the possibilities of Nordic cooperation during the past couple of years. However, actual policy developments and procedural changes have not quite kept pace with the proposed reforms and ideas. Subsequently, this renewed interest in Nordic cooperation within the five countries needs to be upheld until fully capitalised upon. We believe that Norden has the potential to become a strong, even if only complementary, actor in international politics. But without solid commitments on behalf of participating Nordic and like-minded countries, Nordic cooperation is likely to become marginal by 2020.

*Selective recommendations: Global governance and policy-making*

- Nordic countries should join forces in support of multilateral rule-based organisations and opt for common Nordic representation whenever this may make the Nordic voice stronger.
- Nordic countries with EU or NATO memberships – or “special relationships” with great powers – ought to coordinate their policy responses and strategic thinking with the rest of the Nordics.
- Nordic countries should brand Nordic solutions to global challenges. One Nordic brand instead of five country brands would be profitable, especially within Nordic niche policies such as forestry, fisheries and marine resources, information technology, clean technology, and fair and secured access to global commons, as well as gender equality and the “peace industry”.
- Nordic countries should contribute to international security by creating joint support and administrative capacities for mediation, brokering and negotiation efforts. These capacities could then be used by Nordic (as well as other) mediators in their work.
- Nordic countries could generally be bolder in taking on a leading role in peace building missions and military operations on behalf of the international community, based on Nordic qualities like smallness, lack of great power ambitions and a good track record for success in such missions.
- The idea of common Nordic embassies and consulates and, where feasible, representations in multilateral organisations is still fully reasonable from a cost-efficiency perspective. Also, common Nordic chambers of commerce ought to be multiplied.
- Nordic countries ought to capitalise upon their neutrality image in terms of the North-South divide within, for example, the framework of international climate negotiations, where the divide is especially visible today.
- Nordic countries could promote their shared economic experiences, practices and policies globally. Special attention could be paid to influencing policy-making within the World

Bank, promoting the “Nordic way” in meetings of the World Economic Forum and targeting the technical assistance provided by the IMF.

- Nordic countries ought to support each others’ nominations to important positions in global organisations and international panels/boards.

*Selective recommendations: EU governance and policy-making*

- Nordic countries should look for a common vision with regards to the EU’s macro-level development and promote it through more systematic cooperation between the relevant parts of their national administrations.
- A Nordic policy coordination and cooperation unit in Brussels should be established. It would initially watch over Nordic interests as defined by the NC, before becoming the hub for inter-Nordic policy coordination.
- Nordic countries ought to have a common strategy on the ways of influencing the emerging centres of power in the EU, especially the European Parliament. The possibility of establishing an intergroup in the European Parliament which would focus on Nordic niche policies should be discussed.
- Nordic civil societies should join forces to shape the European public space through, for example, the European citizens’ initiative and more systematic cooperation regarding EU reporting in the media.
- Nordic countries should promote a common interpretation of 1) the Lisbon Treaty clause on mutual defence and 2) the Lisbon Treaty’s solidarity clause. In addition, the measures and planning that accompany the implementation of the Nordic Solidarity Declaration should contribute to the implementation of the EU’s solidarity clause.
- Nordic countries should offer their joint instruments to the Union when policies are being implemented – for example in the field of civilian crisis management.

- Nordic countries could make a positive contribution towards improving the EU's internal security by taking the lead in implementing the Commission's internal security strategy, particularly when it comes to raising the levels of security in cyberspace.
- Nordic countries should work to maintain their positions as lead nations when the EU considers its Arctic strategy.
- Nordic countries should lobby for a de-politicised, pragmatic and issue-based approach towards EU-Russia relations, which would focus on reducing individual barriers to cooperation as they emerge.
- Nordic countries ought to support each others' nominations to important positions in the EU administration, including the EEAS.

*Selective recommendations: Subregional governance and policy-making*

- Nordic countries ought to develop a forum for Nordic coordination on subregional issues. This could be done either within the existing Nordic institutions, or as a more flexible political forum (preferably at the prime ministerial level).
- Nordic countries need to institutionalise security and defence policy-making, possibly in the NCM. Moreover, parliamentary support for NORDEFECO is essential for the sake of future reforms and possible operative military cooperation among the Nordic states.
- Public discussion about the implications of NATO membership and the limits of non-membership<sup>57</sup> ought to be promoted, with particular focus on issues of common Nordic interest in the Arctic and the Baltic Sea region.
- Nordic countries should develop a joint strategy for the Arctic. In addition, they should either strengthen the Arctic Council, so that it will not become dominated by great powers, or establish a new institution regarding Arctic (including Barents) cooperation. The new institution would have a more narrow policy agenda compared to the Arctic Council and it would promote a strategic

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<sup>57</sup> cf. Elleman-Jensen 2009

cooperative framing, allowing the Arctic to become a zone of cooperation rather than competition.

- Nordic countries need a proactive strategy for the implementation of the BSS, including the issue of division of labour among Baltic Sea organisations. This strategy should include drafting a political programme for the future development of the BSS, in order to retain the initiative in light of the development of other macroregional strategies in the EU.
- The Nordic profile should be strengthened within the Northern Dimension, because Norden could play a key strategic role in linking Russian and Baltic interests and facilitating Baltic Sea interests in Belarus and Ukraine.
- Nordic countries need a common approach regarding the Eastern Partnership of the EU.
- Nordic countries should further coordinate issues simultaneously covered by the BSS, the ND and the NCM, such as environment, energy, transport/infrastructure/logistics, public health and well-being.
- Nordic countries should study the possibility of extending the model of the pan-Nordic electricity market Nord Pool to cover other areas of energy production and distribution. The study should also consider the role of the Baltic countries in this matter.
- Nordic countries ought to show enhanced leadership in other subregional niche policy areas such as maritime safety, search and rescue operations in the Arctic<sup>58</sup> and civil security cooperation and its extension to the Baltic states<sup>59</sup>.

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<sup>58</sup> cf. with Stoltenberg 2009

<sup>59</sup> cf. with Wise Men Report 2010

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# Acronyms

AC	Arctic Council
B3	Baltic 3; Group of three Baltic states
BEAC	Barents Euro-Arctic Council
BRICS	Brazil, Russia, India, China and South Africa
BSS	Baltic Sea Strategy
CBSS	Council of the Baltic Sea States
CFSP	Common Foreign and Security Policy
EaP	Eastern Partnership
EBRD	European Bank for Reconstruction and Development
EEA	European Economic Area
EEAS	European External Action Service
EFTA	European Free Trade Association
ENP	European Neighbourhood Policy
EP	European Parliament
EU	European Union
G20	Group of Twenty
G7	Group of Seven
G8	Group of Eight
IMF	International Monetary Fund
N5	Nordic 5; Group of five Nordic states
NATO	North Atlantic Treaty Organization
NB8	Nordic Baltic 8; Nordic-Baltic cooperation
NC	Nordic Council
NCM	Nordic Council of Ministers
ND	Northern Dimension
NEFCO	Nordic Environment Finance Corporation
NGO	Non-governmental organization
NOAK	Nordic Ad Hoc Group on Climate Change
NORDEFECO	Nordic Defence Cooperation
OECD	Organization for Economic Co-operation and Development
UN	United Nations
UNCLOS	United Nations Convention on the Law of the Sea
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
WTO	World Trade Organization

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# Norden – Making a Difference?

*Possibilities for enhanced Nordic cooperation in international affairs*

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The beginning of the 21st century is playing host to the transformation of northern Europe's political landscapes. The forces of globalisation, Europeanisation and subregionalisation are creating new incentives for, as well as barriers to, regional cooperation among the five Nordic countries. The Nordic community of values is being challenged by competing transnational calls for common identities, while at the same time renewed governance structures bring forth new instruments, mechanisms and topics for influencing world politics.

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