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Soft Competition: Finland, Sweden and the Northern Dimension of the European Union

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ABSTRACT

In the context of European integration, Sweden and Finland are frequently seen as natural allies. Based on a number of perceived similarities, their shared Nordic heritage, established historical ties, and their concurrent accession to the European Union (EU), they are rarely seen as competitors or proponents of diverging points of view. Their alignment within the EU, over sub-regional issues surrounding Northern Europe in particular, is often rather taken as a given. By focusing on the specific conduct of Sweden and Finland as regional stakeholders in the Baltic Sea Region (BSR) and the way they have played this role within the EU, this article seeks to challenge these common assumptions. It shows that Sweden and Finland do not converge in their positions, also in matters concerning the EU's Northern Dimension, i.e. a policy that distinctly furthers regional core issues whose promotion within the EU could be in both states' interest. Instead of pooling forces to attain greater leverage within the EU, Sweden and Finland rather compete with each other in this regard. Using the example of the Finnish Northern Dimension initiative, this article shows how Sweden and Finland have promoted sub-regional matters through different political and organizational channels, keeping bilateral cooperation to a minimum and leaving potential avenues of pooled action at the EU level aside. The article thus concludes that the concept of a

Swedish-Finnish tandem within the EU needs to be looked at more critically when it comes to explaining or predicting their conduct as member states.

Introduction

In the context of European integration, Sweden and Finland are often perceived as natural allies, based on their shared Nordic heritage, established historical ties, cultural and ideological similarities, their abstention from joining NATO and their concurrent accession to the European Union (EU) in 1995. Together with Denmark, they are often referred to as the EU's "Scandinavians" (sic) or the "Nordic member states" although some argue that there is limited evidence for any sort of Nordic bloc or Scandinavian convergence within the EU (e.g. Bonnén and Søsted 2003; Ojanen 2002, 2007).¹ This article argues that assumptions over a Swedish-Finnish tandem within the EU can be challenged by looking at the bilateral relationship in some cases, not so much because the two member states do not openly cooperate or coordinate their positions on a regular basis but because they are in a state of "soft competition" with each other also in policy areas where cooperation would bring about benefits for both of them.²

While this article does not seek to draw immediate conclusions from the Swedish-Finnish relationship to the state of Nordic cooperation within the EU, it takes Sweden and Finland as *most similar* examples of two Nordic states that have not joined NATO, entered the EU at the same time and have had an established tradition of cooperating on sub-regional issues before their accession.³ The case of the EU's Northern Dimension is used to illustrate to what extent they have developed different if not divergent profiles as member states of the EU and stakeholders in the Baltic Sea Region (BSR). This article challenges the common assumption (e.g. Dosenrode 2004) that Sweden and Finland have a natural shared interest in promoting a Northern European agenda in the context of EU regional policies, and that their positions are likely to converge at the EU level on the basis of historical ideological and cultural ties. Although sub-regional

cooperation has been an affiliative matter between Sweden and Finland for decades, the two states do not join forces in promoting regional issues in the framework of the EU. Apart from not cooperating on seminal issues, they compete with each other and thus forge unilateral agendas rather than adopting a common stance on issues surrounding their immediate geographic neighbourhood. This kind of competition remains “soft” in the sense that national initiatives of either of the two states do not openly oppose policy proposals and endeavours of the other. As will be shown in this article, however, competition is a crucial pattern in the way Sweden and Finland have positioned themselves as member states in regional matters of the European North.

The most significant policy in this context is the EU’s Northern Dimension (ND), which has been launched in 1997 upon a Finnish initiative. The EU’s ND is distinctly aimed at dealing with all external relations issues that concern the European North, and thus, covers the main geopolitical focus area of both Sweden and Finland. The main contention of this article is that over the past two decades, Sweden and Finland have not cooperated but *competed* in this sub-regional matter although this is a policy area in which they could be expected to be *likely* to cooperate if not converge when it comes to the promotion of a Northern European agenda at the European level.

How could an EU policy that directly furthers Northern Europe like the EU ND potentially be a controversial matter among these two EU member states? One might expect that they could have had divergent views on how to design the EU’s ND, which policy areas to include or which instruments to adopt for its implementation. The divergences, however, were of a more fundamental nature: Finland openly favoured a comprehensive EU framework for sub-regional matters and thus promoted the ND proactively while Sweden preferred to focus on existing sub-regional structures and the

involvement of third actors, leaving any references to the EU aside. While Finland sought to secure EU involvement in the wider BSR at an early stage, Sweden paid a lot of attention to the establishment of the Council of the Baltic Sea States (CBSS), keeping EU institutions and policy makers in Brussels at a distance. As a result, to this day, Sweden's involvement in the development and implementation of the EU's ND has at best been reluctant although the policy clearly overlaps with Swedish core interests and could serve Sweden in this regard. Instead of supporting Finland with the advancement of the ND framework as a sort of win-win situation for both countries, Sweden sought to draw up a distinct sub-regional agenda for the BSR that neither sought to complement or refer to the very similar Finnish initiative within the EU. After the change of government in 2009, Sweden initiated a separate initiative for the BSR at the EU level, thereby directly counteracting Finnish ambitions to strengthen the existing ND. These Swedish efforts have recently found acknowledgement with the launch of an "EU Strategy for the Baltic Sea Region" (European Commission 2009), which is related to yet formally detached from the ND that Finland has been promoting for more than a decade. As this article will show, the BSR Strategy also builds on a different, less formalized governance model than the ND, which supports the argument that Sweden and Finland are promoting divergent approaches to furthering sub-regional cooperation. This has arguably also affected the leverage each country was able to achieve with their sub-regional initiatives.

What lies at the heart of the analysis of this bilateral relationship is the question what impact EU membership has had on their conduct as states and as sub-regional stakeholders in the BSR. This article builds on the assumption that multi-level politics as we find them in the EU create "new options for domestic actors in their choice of

allies and policies” (Sandholtz 1996, 404). As a result, member states recalibrate their goals domestically, which affects established alliances they are involved in, such as Nordic cooperation, as well as bilateral relations. This article seeks to explain non-cooperation of Sweden and Finland in the promotion of the sub-regional cause of the BSR at the European level. The framework identifies four explanations of non-cooperation in the existing literature: (1) systemic changes, (2) diverging interests, (3) different identities and (4) deliberate non-cooperation. The aim is not to reiterate any one scholar’s perspective, but to draw from several strands of writing which make the case that Swedish and Finnish positions within the EU have diverged since their accession to the EU and not cooperated in furthering a Northern European regional agenda within the EU.

The following section will briefly outline the historical development of the Swedish-Finnish relationship against the background of their joint Nordic heritage since this is commonly seen as one of the main conditioning factors of their sub-regional policies. Before then turning to the case of the ND and the Swedish BSR initiative more specifically, the analytical framework will be presented.

Sweden and Finland: Competitors or Partners?

As EU member states with a shared history and strong cultural and ideological ties, Sweden and Finland are frequently seen in tandem. Based on a number of perceived similarities, their concurrent accession to the EU and their shared Nordic heritage, they are rarely seen as competitors or proponents of diverging points of view (e.g. Jakobsen 2009, 93). Their alignment both within and outside the EU, over sub-regional issues surrounding Northern Europe in particular, is often rather taken as a given.⁴ In most cases, they are lumped together on the basis of the long-established conception of

“Nordic cooperation” and the way this is seen to have determined their sub-regional positions and interests (e.g. Bulmer and Lequesne 2005). In International Relations scholarship, the “Nordics” (sic) have been recognized as a reasonably homogenous cultural and ideological bloc for a long time, a “security community” (Deutsch et al. 1957; Adler and Barnett 1998), a group of states that cooperate closely on the basis of deep historical, cultural and linguistic links, and most importantly, on the grounds of a shared understanding of certain political and moral values (e.g. Lawler 1997; Archer 2007). Indeed, as early as in the 1880s, the five Nordic countries – Denmark, Finland, Iceland, Sweden and Norway – started to harmonise their legislation and agreed on a set of common legal principles (Wendt 1981, 11). Nordic Cooperation reached its first zenith in the course of World War I when it started to extend into new policy areas. To many international observers at the time, the Nordic sub-region appeared much like a “single socio-political and economic unit” (Bonnén and Sjøsted 2003, 22) rather than a group of individual states.⁵

Throughout the Cold War, the five took fairly different routes in terms of international cooperation, particularly as Iceland, Denmark and Norway had joined the North Atlantic Treaty Organization (NATO), and Sweden and Finland instead decided to become neutral. Building on their shared normative foundations, however, the group still managed to develop a unique security political identity which was later referred to as constituting a “Nordic balance” in the face of bipolar confrontation (Lodgaard 1992, 283). As Dahl (1997) put it, they formed “something of a regional quilt of complementary strategic choices” (175). Regardless of their international affiliations, they all pursued a policy of moderation, essentially by seeking to contain Soviet involvement in Finland and US involvement in Norway (Laursen and Olesen 2000, 67).

With their ‘third way’, they managed to evade total entrapment in the bipolar superstructure (Wiberg and Wæver 1992, 23) and established a lasting image of Nordic exceptionalism. Still today, the Nordics are commonly perceived to stand for a distinct welfare-state model, a deep conviction to democracy and human rights, strong social democratic traditions and a strong shared cultural, linguistic and historical identity (Sundberg 2001, 3).

Several studies have argued (e.g. Bonnén and Søsted 2003; Ojanen 2007) that despite the persisting awareness of the “Nordics” as a distinct group of states in International Relations, there is little evidence that any of the Nordic EU member states would have tried to promote a joint sub-regional agenda or embarked on a distinct Nordic cooperation strategy within the EU. In many cases where the positions of the five countries have converged within the EU context after all, observers (Ojanen 2000; Romsloe 2004) pointed at the significance of intervening factors, such as personal contacts between political leaders, opportunity and even coincidence.⁶ Since 2001, the Nordic Prime Ministers have held pre-summit meetings before each European Council, and Nordic ministers meet regularly to discuss various policy issues. The conduct of Sweden and Finland as member states, however, does not show any sort of established or systematic convergence at the EU level that could be concluded from this.

Despite their many similarities, Sweden and Finland have taken many important politico-strategic decisions regarding their membership in the EU for themselves and often without even consulting any of their Nordic partners, which has also affected their bilateral relationship. This article argues that apart from not cooperating with each other, Sweden and Finland have developed a culture of soft competition, which so far has only found limited attention in the literature.

Explaining Non-Cooperation

There is no consensus in the literature why permanent Swedish-Finnish cooperation has not materialized in the EU context. Instead there are a number of different explanations, which are partly related to each other. The framework identifies four recurring arguments that explain intra-EU non-cooperation among Nordic countries in general and between Sweden and Finland more specifically. While these explanations are derived from an in-depth review of existing empirical research, they also reflect the main competing strands in International Relations theory: Structural Realism suggests a general focus on the effect of *systemic changes* and structural shifts to explain why domestic change occurs (Waltz 1979; Mearsheimer 2001). Neorealists also underlined the importance of geo-strategic considerations (Mouritzen 1998) and of concerns about disproportionate gains (Grieco 1988), which motivate states to capitalize on arising forms of cooperation in a strategic way. Liberal Institutionalists place the emphasis on the impact of international institutions (Baldwin 1993), looking closely at the functions states and domestic actors ascribe to their membership (Keohane et al. 1993) and which adaptational strategies they employ. Looking at potentially *diverging interests* between Sweden and Finland can thus add to our understanding of why their bilateral relationship has changed since their accession to the EU. An analytical engagement with the normative foundations of their conduct as member states (*different identities*) in turn reflects the constructivist approach to International Relations and the concern with aspects of ideology and role conception (Wendt 1992). Here the emphasis is not so much on structural changes but more on how these are perceived on the basis of certain cultural but also strategic predispositions. Schumacher's (2000) argument of *deliberate non-cooperation* as a joint Swedish-Finnish strategy spans across structuralist, liberal

institutionalist and constructivist perspectives alike, suggesting that cooperation has indeed taken place between the two countries but with a focus on desired ends rather than on joint actions.

The following section will discuss each of these explanations in detail, which should serve as a starting point to determine the extent to which these contribute to our understanding of the Swedish-Finnish relationship in the context of sub-regional matters.

Systemic Changes

For the purpose of this study, which focuses on the conduct of Sweden and Finland as EU member states and stakeholders in the BSR, Nordic cooperation and the way it has developed remains an important point of reference. A number of scholars have argued that the affiliative sub-regional framework that had dominated both Swedish and Finnish sub-regional agendas for a long time has been affected by systemic changes in the international arena (Barnes 1998; Browning 2007; Joenniemi 1997; Jukarainen 1999; Mouritzen 1995; Simoulin 1999), with regards to e.g. globalization (Barnes 1998) but particularly in the context of European and transatlantic integration (Archer 1996; Bonnén and Sørsted 2003; Dahl 1997; Inbar and Sheffer 1997; Ingebritsen 1998). One of the most obvious manifestations of the latter was that each Nordic country took a different path in respect of its alignment with the European Community (EC), the EU, and NATO respectively. First it was Danish accession to the (then) EC in 1973 that altered the balance within the Nordic group. Norway's population voted against accession, and the country remained in the European Free Trade Area (EFTA), the "reluctant alternative" to the EC/EU, along with Sweden, Iceland and then associated Finland (see Gsthöhl 2002). Only three out of the five Nordics, namely Denmark, Iceland

and Norway, were among the founding members of NATO. Sweden and Finland eventually joined the EU in 1995, but only Finland was to join the Eurozone in 1999.

More specifically, the geostrategic position of Sweden and Finland during the years preceding their accession to the EU had been ambivalent for both countries. On the one hand, the end of the Cold War removed the great power overlay and opened up a wider range of policy options for both states. On the other hand, they were also pushed to take major geopolitical decisions after a sustained period of systemic limitation. In the context of dissolving ideological blocs, Nordic exceptionalism as in “surveying the international arena from a distance with a certain air of superiority” (Tassinari 2004, 117) no longer seemed to be a viable option for either Sweden or Finland. Distance now meant being detached from the new dynamism of the ‘New Europe’ (Wæver 1994, 4). Rather than relying on the Nordic tradition of togetherness and unity, Sweden and Finland seemed to strive for individualization of their foreign policies (Schumacher 2000; Von Sydow 2000, 24), each applying different strategies to prevent geopolitical marginalisation (Ingebritsen 1998; Möller and Bjereld 2010). As a consequence of its geopolitical awareness (see Moisio and Harle 2010), Finland aimed to capitalize on its newly gained independence from Soviet Russia by strongly aspiring towards deep integration with Western Europe and by adopting the proactive style of a “unilateral Europeanist” (Ojanen 2005, 408). Sweden in turn first seemed to be pulled into a deep socio-economic and ideological crisis, which subsequently turned it into a fundamentally pro-European yet reluctant member state (Dahl 1997, 176).

Nordic cooperation has lost its importance also in the broader context of international organizations, which highlights the more general impact systemic changes had on the international conduct of the Nordic states, and Sweden and Finland more specifically.⁷

Studies (Bonnén and Sjøsted 2003; Wiklund 2000) have shown that once Sweden and Finland had joined the EU, they started to adapt their voting behaviour in the UN General Assembly, for example, to the European mainstream whereas before, they had traditionally coordinated their positions to find a concerted Nordic solution (Bonnén and Sjøsted 2003, 26).

Diverging Interests

Some have emphasised that diverging interests could explain non-cooperation of Nordic member states like Sweden and Finland within the EU (e.g. Ojanen 2005). This argument is closely related to the previous one. Systemic changes in the context of the breakdown of the Soviet Union have had an impact on the sort of priorities both Finland and Sweden set for their domestic, regional and international policies, and these partly strayed from the broad Nordic consensus which had dominated their agendas during the Cold War. These changes reflected their inherent ideological differences as well, so that their positions would ultimately diverge and move away from the old “third way”. One of the most dominant aspects in this context is Finland’s special relationship with Russia, which has affected any political step Finnish leaders have taken in the past two decades. Finland’s interest in maintaining a constructive relationship with the Russian Federation is not reflected in the Swedish outlook on sub-regional and transnational matters. This article illustrates that even when Swedish and Finnish interests could be expected to be very similar or at least not fundamentally conflicting, such as in the case of furthering the stance of Northern Europe within the EU, the kind of policy solutions and institutional avenues each of them prefer still tend to diverge, which eventually leads to non-cooperation and competition.

Common Cultural Heritage but Different Identities

Another explanation for the absence of Swedish-Finnish cooperation within the EU is closely related to the arguments of systemic changes and diverging interests. Some argue that Sweden and Finland had always been fundamentally different in terms of their ideology and security identities, but that these differences only started to unfold after the end of the Cold War. Building on inherently different historical experiences and ideological foundations, Sweden and Finland also assign differing functions and meanings to their EU membership. What supports this line of argument is that, arguably, Finland and Sweden had different motives for joining the EU in the first place (Mouritzen 1993). When deciding to join the EU, Sweden was driven by strong economic interests (Hadenius 2003, 219; Luif 1995, 216) while the Finnish debate was dominated by ideological motives (Ruhala 2004, 114). For Finland, becoming an EU member was a lot about becoming part of the Western ‘security community’ (Arter 2000, 680) whereas for Sweden, the security-related aspects of membership were not at all decisive. For Finland, in turn, attitude towards accession was only partly determined by economic considerations (Arter 1999, 334): joining the European family meant to return to sovereignty and normality after decades of political and ideological domination by Soviet Russia.

Another expectation was that full integration in the European project would help Finland to meet other Nordic countries at eye level (Barnes 1998) after historically, its relationship with the other Nordics, and with Sweden in particular, had been characterized by inequality.⁸ This argument of differing self-images and security identities has also been employed to explain why Sweden and Finland differ so greatly in their conduct as member states of the EU. Sweden has often been characterized as

notoriously and confidently reluctant towards further European integration while Finland is commonly portrayed as the activist integrationist and “Musterknabe” (Mouritzen 1993) or “best pupil” (Brander 2004, 48).

Deliberate Non-Cooperation

Schumacher (2000) provides an explanation that clearly sticks out from the rest. He argues that since the accession of Finland and Sweden to the EU, they have followed a deliberate strategy of non-cooperation within the EU: by refraining from acting as a bloc together with their Nordic partners they have sought to avoid reactive disagreement by the other member states. In negotiations, they have tried to advocate different variations of a position in order to build a broader coalition with other states. Only when their position has been close to the European mainstream anyway, Schumacher argues, have they appeared as a tandem. In other words, they are assumed to refrain consciously from launching joint initiatives within the EU because they expect that concerted action will trigger stronger opposition by other member states. Ojanen (2005) employs a similar argument in respect to the ND and the way it was presented as a Finnish solo project and not as a joint Nordic initiative, suggesting that the two consciously tried not to run into an “image problem” which would have caused adverse reactions with other member states (408).⁹

According to Schumacher (2000), this pattern of behaviour, i.e. of taking different routes on the basis of similar interests, could reflect the sort of strategic deliberation outlined above. What would challenge this argument are instances where the decision not to have a common position affected the outcome in a negative way, e.g. if a matter actually lost momentum because it was not jointly promoted by Sweden and Finland.

The specific case of the Finnish ND initiative and its difficult history of implementation, as will be shown below, points into this direction. Whether the policy's success had been more sustainable if Finland's leadership had received support by its Swedish partners, however, remains hypothetical.

Synthesis: Explanations for Non-Cooperation

Wrapping up, one can identify four major explanations for the non-cooperation of the Nordics within the EU: (1) systemic changes, (2) diverging interests, (3) ideological differences, (4) strategic deliberation not to cooperate.

For the case of Swedish-Finnish non-cooperation in the field of sub-regional matters it is expected that each of these explanations has some explanatory value. *Systemic changes* after the end of the Cold War have had a decisive impact on the contemporary history of both Sweden and Finland. Their roles as independent sub-regional stakeholders in the BSR indeed only emerged after 1989 and in the run up to EU accession. Apart from serving as an explanation for non-cooperation, this change in international circumstances could be regarded as a necessary precondition for any kind of intra-Nordic competition. The argument of *divergent interests* seems to be particularly challenged in a policy area where both Sweden and Finland have very similar concerns: sub-regional matters have traditionally had a very high priority in both countries with hardly any difference in the range and substance of issue areas. Only Finland's special historical relationship with Russia would partly overshadow any more low-key and sub-regional matters. The manifestation of *different identities* in turn is expected to be particularly strong in the area of sub-regional cooperation and development since much of the tension between Finland and Sweden in this respect is rooted in the immediate geopolitical context of Northern Europe. Whether and to what

extent deliberate non-cooperation explains the specific course of sub-regional policy development at the EU level as discussed in this article, is to be investigated.

Rationale: Just Not Cooperating or Competing?

This article aims to illustrate that apart from non-cooperation on a number of matters, Finland and Sweden in particular have also engaged in forms of soft albeit distinct competition with each other. This is particularly remarkable in respect of policy issues where they could at least be expected to have overlapping interests, and not least, where proactive cooperation would have strengthened their stance within the EU in the first place. The empirical context of the EU's Northern Dimension (ND) makes a case for this phenomenon of Swedish-Finnish competition within the EU, where competition is understood as a bilateral pattern of behaviour and attitude of states towards each other that serves as an "alternative to cooperation". Both cooperation and competition are "goal-seeking" types of action but competition "strives to reduce the gains available to others" while cooperation would imply that states strive to generate "mutual gains" (Milner 1992, 8). In line with this definition, this article argues that Sweden and Finland have not only disregarded the potential mutual gains of cooperating in sub-regional matters within the EU, they have embarked on a competitive strategy, which is likely to have affected the impact of the initiatives of either side.

Non-cooperation between Sweden and Finland and among the Nordic member states in general has received much more scholarly attention than has competition and rivalry.¹⁰

The different explanations for non-cooperation presented above, however, could equally be applied to explain why Sweden and Finland are *competing* with each other instead of following the imperative of Nordic cooperation. The effect of systemic changes, diverging interests and different identities seems to be as relevant for non-cooperation

as for explaining competition. Deliberate non-cooperation in this respect could be translated into calculated, strategic competition, i.e. into a sort of competitive behaviour that seeks to conceal a common Nordic cause in order not to provoke opposition by other EU member states, and the Southern member states in particular.

By way of exploring the relevance of these arguments for the specified case, in the following sections, the article first gives a brief overview of the ND and analyses what role Finland and Sweden played in the context of its inception in 1998/1999. It traces the opinion-building process that led to the formulation of the policy and discusses the way the Finnish and Swedish leadership dealt with the implementation of the policy. It then looks at their involvement in the re-launch of the ND in 2006, and later, the endorsement of the EU's Strategy for the Baltic Sea Region. This assessment builds on comparative document analysis and on qualitative interviews with political elites in Sweden and Finland conducted by the author in 2005, 2007 and 2009.

The aim is to, firstly, identify in what respect Sweden and Finland have adopted different ways of dealing with sub-regional policy issues at the EU level, and how they have reacted to each other's policy initiatives. Secondly, the article aims to explore whether non-cooperation and competition between Sweden and Finland has affected the quality and leverage of the respective policy outcomes. By way of conclusion, the article discusses how these case-specific empirical observations relate to the existing literature on Nordic cooperation within the EU and to what extent they reflect or support any of the established explanations for (non-) cooperation and competition between Sweden and Finland respectively.

The EU and the North

The EU's Northern Dimension – a Finnish Dimension?

The end of the Cold War opened a window of opportunity for the EU to reconfigure the external boundaries of the European project (Christiansen 2005), and seek new ways in transnational cooperation – a process Kramsch et al. (2004) referred to as the progressive “re-bordering of the European Union” (see also Browning 2005a). Policy issues specifically addressing the European North first entered the EU agenda when Sweden and Finland began to shift their political attention from the European Economic Area (EEA) to the EU and their potential membership. However, the run-up to their accession in 1995 did not yet bring about a distinct policy framework for the EU’s approach towards the North. In fact, the EU case for the North seemed to be losing momentum right after Sweden and Finland had joined to give way to a stronger focus on the inclusion of the Baltic States. In the eyes of Paavo Lipponen, Finnish Prime Minister (1995-2003), however, creating an EU policy for the North at the time was not just an option but a necessity that he thought had resulted directly from Swedish and Finnish accession to the EU. In September 1997, in a speech delivered at a conference on the Barents Region in Rovaniemi, Finland, he pointed out that with the recent Northern enlargement the EU had “acquired a natural *Northern Dimension*”, which it was “now responsible for” (Lipponen 1997). The Northern Dimension Initiative (NDI) as it was fervently promoted by Lipponen and his foreign minister Tarja Halonen throughout 1996 and 1997 eventually led to the formal launch of the EU Northern Dimension (EU ND) in November 1998 (European Commission 1998). The NDI was the first political initiative of Finland as an EU member state.

The Nordic Council would have offered an ideal framework for prior consultation (Arter 2000, 687) but the Finnish leadership had chosen not to coordinate these plans formally with their Nordic counterparts. There have been conflicting reports about whether Lipponen had informed his Swedish and Danish counterparts beforehand. Some Swedish observers (e.g. Herolf 2000, 153), however, sarcastically referred to the policy as the “Finnish Dimension” of the EU. Lipponen’s *alleingang* also caused considerable tensions between Finland, Denmark and Sweden (Arter 2000; Dubois 2004; Haukkala 2001; Novack 2001).

However, there were other reasons why Lipponen’s solo attempt hardly found any immediate support within the Nordic family, and in particular, from Sweden. Since the end of the Cold War, the Swedish leadership had pursued an active policy of regionalisation, which aimed at strengthening regional and sub-regional cooperation in the BSR. Along with Denmark and Germany, Sweden had been prominently involved in the establishment of the Council of the Baltic Sea States (CBSS) in 1992, and put considerable effort into promoting other regional and sub-regional formations in the BSR. At the time Sweden joined the EU, it had a firmly established status as a sub-regional stakeholder, while the Finnish leadership had placed its main focus on European integration and remained largely reactive in sub-regional matters (Arter 2000, 681). Finland was not notably involved in the establishment of the CBSS nor did it take any active stance in the creation of the Barents Euro-Arctic Council (BEAC) initiated by Norway only one year later, in 1993 (see also Catellani 2003a, 9).

Against this background, and particularly from the point of view of Sweden, the NDI looked much like a conscious attempt of Finland to regain its visibility as a regional stakeholder. By presenting itself as the advocator of the cause of the North within the

EU, Finland sought to transfer sub-regional core issues to the European level, and at the same time, to establish itself as a regional key actor.

Sweden and the BSR Initiative – Complementing the ND?

Soon after Swedish accession to the EU in 1995, Swedish Prime Minister Persson started to promote an EU initiative targeting the BSR. The approach suggested in that context was critically different from the Finnish vision of a comprehensive responsibility of the EU for the external relations of Northern Europe, which was to shape the EU's ND. Persson steered clear from making Northern issues an EU matter, and from turning Swedish EU politics into a continuation of its regional policy (see also Tassinari 2004: 117). In April 1996 the European Commission eventually launched the so-called "Regional cooperation initiative" for the BSR (BSRI) (European Commission 1996). In line with Swedish aspirations in previous years, the focus was on the CBSS and on the importance of regional ownership and the role of existing cooperative structures in the BSR. It was made clear that the Swedish leadership would welcome international contributions to structural developments in the BSR and promote any cooperation of this kind at the EU level but without turning any EU involvement into a grand cause for "the North" the way Lipponen suggested it in his NDI. In other words, the Swedish BSRI and the Finnish NDI were based on a similar agenda but aimed at very different policy outcomes. Although Anna Lindh, Swedish foreign minister at the time, did not openly challenge the Finnish initiative, it became clear in her public statements that she sought to promote the ND as a more loosely defined policy, a reference framework that would "encompass the impact which events and developments in Northern Europe have on European security in general" (Lindh 1998 cited in Herolf

2000: 153) without granting it too much direct institutional relevance for sub-regional matters.

Swedish officials never explicitly criticized the ND but a closer look at the prominent lines of argument during the Swedish EU Presidency in 2001, and the Swedish CBSS Chairmanship 2006-2007, for example, reveals that Sweden has at best been reluctant at promoting the development and implementation of the policy in practice. At the time Sweden took over the EU Council Presidency from France in January 2001, the ND had just entered the operational phase. The European Council of Feira in June 2000 had adopted the first ND Action Plan for 2001-2003 and mandated the Swedish presidency to elaborate a “full report on the Northern Dimension” to be presented at the European Council of Göteborg in June 2001. According to this assignment, the Presidency requested the European Commission to report to the Foreign Ministers’ Conference in Luxembourg in April 2001 on actions initiated in line with the ND Action Plan and preceded with the production of a full report on the implementation of the policy. However, did Sweden do more than just fulfil its technical obligations outlined in the official mandate of the presidency?

Some (e.g. Stenlund 2002) hold that Sweden clearly sought to promote the policy throughout the presidency. Others (e.g. Haglund 2004, 125) in turn point out that Sweden selectively focused on those elements of the ND that coincided with its own national agenda, i.e. that it underlined the ND’s added value where it would, for example, further Eastern enlargement or involve progress in the strengthening of European cooperation on environmental matters. However, there is no evidence for any proactive efforts made by Sweden to promote the framework as a whole. The Swedish leadership supported the policy where it happened to coincide with Swedish foreign

policy interests. Unity between Sweden and Finland in this case was not a matter of strategic choice but of convenience, and to some extent, coincidence. What supports this argument is that Sweden i.a. proposed to extend the ND to Canada and the US – a move that was first welcomed by the Finnish delegation in Brussels but one that could be seen in line with previous Swedish attempts at taking the policy's focus away from the EU to make the framework more intergovernmental and diffused in nature.

The Downfall of the ND – A Finnish Concern

Regardless of whether the Swedish council presidency had been supportive of the Finnish flagship policy, the ND was to lose momentum after just a few years of its existence. For as much as some analysts regarded the mere establishment of the ND in 1998 as a major bargaining success by a small member state (Catellani 2001; Dubois 2004; Joenniemi 2003; Wessels 2000), the material outcomes of the policy did not quite match Finland's initial expectations. According to Lipponen's original initiative of 1997, the EU ND had been designed as a comprehensive framework policy for all external policy issues concerning Northern Europe, i.e. including matters concerning the BSR, the Arctic Sea Region with Iceland as well as Norway and North West Russia. Some have argued (Stenlund 2002), however, that due to the forthcoming accession of the Baltic states, the BSR received particular attention in the course of the policy-making process. Another dominant argument was the important cooperative link the ND would establish with Russia since the Northern region was the EU's only direct geographical link with the Russian Federation (European Commission 1998, pt. 5). As the then only member state to share a common border with the Russian Federation, Finland indeed sought to promote itself as a potential bridge-builder and facilitator of bilateral relations between Russia and the EU. As a result, issues regarding the EU's

relationship with Russia featured prominently in the Finnish ND initiative, particularly in the early framework documents that led to the formal launch of the policy. The Russian element of the policy, however, was both help and hindrance. In the context of the policy's establishment in 1998, it was a crowd puller in Brussels, an argument that would even convince the Southern member states (Wessels 2000). In the long run, however, as a motive, it superseded the de-centralised nature Lipponen had envisaged for the policy.

What is more, the actual policy document, the Communication of the European Commission on the creation of an EU ND, turned out to be fairly non-committal and unsubstantial. According to the official document (European Commission 1998), the ND “should not be seen as a new regional initiative” as this was not perceived to be “necessary”, and regional assistance would only be provided “through existing programmes”, following “existing procedures and within existing budgets” (pt. 10). Observing this shifting tone, Browning (2005b) notes that the focus had “somewhat [moved] from what the EU can do for Northern Europe, to what the ND can do for the EU (91).”

When the Finnish Council Presidency began in July 1999, implementation of the ND had already started (Arter 2000, 678). The inherent weaknesses of the policy were apparent from the very beginning (interview with Finnish official, July 2007): there were no clear functional objectives, no long-term political vision (Catellani 2003b, 174), no administrative structures (Stålvant 2001) and the European Commission's attitude was at best reluctant. Instead of playing the leading role as it was foreseen in the relevant documents, only marginal resources were made available for the administration of the policy (interview with European Commission official, June 2009). If at all, the

relevant DGs appeared to be concerned with the ‘Russian dimension’ of the policy, which reduced the ND to one single geostrategic issue and brought all other areas covered by the ND framework to a halt.

What Heininen (2001) once called the “new mantra and flagship of Finland’s EU policy” (20) had very quickly turned into a “failing project” (Haukkala 2002, 40), a “nightmare or a kind of yesterday’s meal nobody was interested in anymore” (interview with Finnish official, July 2007). At a very early stage, Finnish policy makers started looking for a way to revive the policy and move it higher up on the Commission’s agenda. By promoting the issue at highest levels, Finland had already exposed itself considerably, letting the project die was therefore not an option (interview with Finnish official, July 2007).

Revision and Re-launch of the ND – Another Finnish Alleingang

In 2002, a group of Finnish opinion leaders launched a fervid call for a “New Start”, pointing out that the policy had failed to enhance the visibility of the “Northern agenda”. To a large extent, they argued, it was not much more “than an extra label on Phare and TACIS projects”. They also criticized that within the relevant DGs of the European Commission as well as amongst the Commissioners the policy had attained “only marginal attention” (CBSS Business Advisory Council 2002). In the months and years following this event, the Finnish leadership tried to seize any kind of opportunity to bring the ND back on track. First it was the Finnish chairmanship in the CBSS 2002-2003, that placed the ND on top of the agenda, then Finland’s EU Council Presidency, which eventually saw the launch of a “Renewed Northern Dimension”. There was no critical debate among the member states why the policy had to be re-launched, only seven years after its inception; there was no mention of the frustrations the Finnish

initiators had gone through in the course of the policy's implementation either. In an official statement, then Prime Minister Matti Vanhanen (2006) pointed out that there had been "marketing and communications problems" but that overall, the policy had brought about substantial outcomes, particularly in the area of environmental policy (8). At the ND summit in Helsinki in November 2006, the Finnish Presidency presented a "ND Policy Framework Document", which was to set out the core objective of establishing the EU's ND as a "permanent policy" to be pursued by four equal partners: the European Union, Russia, Norway and Iceland (Council Presidency 2006). At this occasion, the four partners also signed a "Political Declaration on the Northern Dimension" (European Union 2006) to express their willingness to actively pursue the objectives and to participate in the development and implementation of the policy.

By making the policy a "common" responsibility, the Finnish leadership intended to secure momentum for the next stages of implementation. Another recurrent argument employed in their promotion efforts was the one of a "shared European responsibility" for the stability and the prosperity of Northern Europe. Prime Minister Vanhanen urged the signatory parties that their genuine commitment was vital. Observers, however, sensed that "history repeated itself" (interview with Finnish official, July 2007) because the new policy framework did again not come anywhere near Finland's original ambitions (e.g. NORDInfo 2006). Calling on Europe's collective responsibility was an attempt to shift tasks to the supranational level and to make sure all parties involved would have to be fully committed. The new framework, however, did not add much in terms of substance. Moreover, it seemed clear that Finland would continue to be the only driving force within the EU, relying solely on the pull-effect of the "Russian

element” of the policy in Brussels. Sweden as one of Finland’s natural allies did not play any active role in this process.

Also, when working on the re-launch of the policy, Finland had largely been acting unilaterally and without consulting its Nordic partners in the first place. There is no evidence for formal intra-Nordic talks about the future of the policy and how it could serve shared Nordic interests. As a result, neither Sweden nor Denmark got openly involved in the promotion of the renewed ND. During its two-year chairmanship in the CBSS (2006-2007), the Swedish leadership could have used its prominent position to support the cause but instead, they continued their policy of reluctant approval without ever going out of their way to promote the new Finnish initiative. The ND did not appear on the official list of priorities set for Sweden’s term of office within the CBSS. Among all the public documents issued by the CBSS under Swedish chairmanship, only one referred to the ND, and that was in a side note on a sub-regional initiative related to the ND’s Partnership in Public Health and Social Security (NDPHS) (Swedish Ministry of Foreign Affairs 2007). Throughout 2006 – a seminal year for the Finnish re-launch efforts – Sweden was largely absent in any multilateral debate about regional initiatives.¹¹ The Swedish agenda within the CBSS was low key and non-committal, and there was no sign of any major interest in the “little war Finland was fighting for its ND” at the same time at the European level (interview with Finnish official, July 2007). Public statements about the ND by Swedish officials were rare in these two years. What seems to reflect this lack of Swedish enthusiasm for the ND is also that two relevant speeches, one by Hans Dahlgren, then Swedish State Secretary of Foreign Affairs, and another one by Christer Persson, Swedish Chairman in the CBSS (2006-2007) on different occasions were largely copy-pasted from an article by Carl Bildt, Swedish

Foreign Minister since late 2006, on “The Role of Sweden in the Baltic Sea Region” (Bildt 2006). Both managed to give their speeches – along with Bildt in his original – without ever mentioning the “Northern Dimension” explicitly. Instead they referred to a “regional dimension, which should not be underestimated”. Also the EU happened to go unmentioned in each of the two prominent public talks (Bildt 2006; C. Persson 2006; Dahlgren 2006). Instead there seemed to be a distinct focus on the importance of sub-regional entities, and the role of non-official actors such as businesses, local authorities and independent civil society actors, which should establish and retain ownership for all issues concerning their region (Bildt 2006). Despite the general awareness about ongoing Finnish efforts towards the re-launch of the ND also Swedish Prime Minister at the time, Göran Persson, seemed reluctant to actually discuss the policy in the context of regional cooperation initiatives (see e.g. G. Persson 2006).

The EU Strategy for the Baltic Sea Region – the Swedish Answer to the ND

The initial idea for a regional strategy for the BSR emerged in 2005 in the European Parliament upon the initiative of a number of MEPs from Germany, Britain, Finland, Latvia and Estonia. The European Parliament adopted a respective resolution in 2006 (European Parliament 2006) but neither the Finnish in the second half of 2006 nor the German Council presidency in the first half of 2007 decided to develop the concept further. It was only Sweden in the run-up to its own EU presidency to take up the idea and invite the European Council in December 2007 to assign the European Commission to draft the framework document, which was finally approved during the Swedish Council Presidency in November 2009 (Joenniemi 2009, 2).

What had to be taken into account was that since 2006, Sweden had, for the first time since its accession to the EU, a non-socialist coalition government. Prime Minister

Reinfeldt's leadership style during the presidency was largely perceived as much more proactive and pro-European than the one of his predecessors (Miles 2010, 83). This could also explain why Sweden – unlike in the past – openly advocated a more comprehensive involvement of the EU in the BSR. Until then, Swedish leaders had always tried to keep a fairly low profile in regional matters and instead promote activities at the sub-regional level, particularly in the context of the CBSS. The aspect of soft competition with Finland, however, seemed to remain. For their own regional initiative, Sweden chose the concept of “strategy”, which not only denoted “something out of the ordinary”, it also had stronger implications than the Finnish conception of a Northern “dimension” (Joenniemi 2009, 1). Even if the Swedish initiative did not openly challenge the ND and its objectives, their ‘strategy’ had clearly been designed to contrast the existing regional dimension promoted by Finland. The results of this Swedish *Alleingang* were similar to the Finnish experience with their NDI: although the initiative led to the launch of what could be regarded as “the first macro-regional strategy of the EU” (Bengtsson 2009, 2) the policy that was eventually adopted by the Council (European Commission 2009) was different from the initial resolution presented by the European Parliament (European Parliament 2006). The final document no longer encouraged the creation of a BSR pillar within the existing ND and instead focused solely on the intra-regional dimension, which was to be detached from the ND framework. Also, the final draft no longer foresaw a separate budget line for the strategy but indicated that no additional funding would be mobilized and directed towards the various functional areas of the strategy. Moreover, the idea of holding an annual Baltic Sea Summit before the European Council meetings in June had been dropped. Overall, the final document was much less ambitious than the original sketch presented by the

Working Group in 2006 (Bengtsson 2009, 3). Overall, the BSRI framework now reflects the loose and diffuse model, Persson and Lindh had promoted during their term in office. The European Commission acts as a coordinating hub of all actions taken within this context and monitors, reports and facilitates implementation but the ownership essentially remains with regional and sub-regional actors. The framework also provides for an annual stakeholder forum to secure continuous involvement by all actors in the region (European Commission 2009, 11).

Overall, both Finland and Sweden have tried to promote their own sub-regional initiatives within the EU, each achieving much less policy substance, attention and commitment than originally intended. From the point of view of the European Parliament, the European Commission but also of the other member states, it was obvious from the start that the two initiatives would be dealt with as a package, paying little attention to intra-Nordic sentiments or any sorts of political reservations from one side or the other.

Conclusion: Whose *Mare Nostrum*?

By focusing on the conduct of Sweden and Finland as regional stakeholders in the BSR and the way they play this role within the EU, this article has challenged the common assumption that the “Nordic two” can be seen as some sort of converging block or tandem within the EU. It has been shown that Sweden and Finland do not converge in their positions although matters concerning the EU’s sub-regional policies, such as promoting competitiveness in the region, environmental protection and structural development, target the North more generally, and could thus bring about a win-win-situation for Swedish-Finnish cooperation. Although these policies distinctly address

issues, which Sweden and Finland have a tradition of cooperating in, the two states have developed competing positions that essentially weaken their stance within the supranational context of the EU. Instead of pooling forces to attain greater leverage within the EU, the two member states compete with each other and promote regional interests through different channels, accepting that their impact on EU level developments might suffer as a result of their unilateral approaches. This finding adds to the more general debate over the way sub-regional formations, such as the Viségrad Group or the Weimar Group, develop and interact in the context of European integration (e.g. Cottey 2009), and more specifically, with respect to regional policies developed in the framework of the EU. The case of Sweden and Finland and their conduct in the context of the EU's Northern Dimension provides an example of how sub-regional arrangements that have existed prior to EU accession do not necessarily inform the way related member states position themselves in sub-regional matters.

This study also highlights the way perceptions over multi-lateral convergence between member states can affect the way a matter is dealt with by e.g. the European Commission and the European Parliament, and the extent to which member states can capitalize on their positions and maximize intended outcomes. The case has shown that unilateral aspirations of the Swedish and Finnish administrations were not perceived by institutional actors in Brussels, which eventually undermined each of the national initiatives.

In view of various existing explanations for non-cooperation and/or competition between Sweden and Finland as discussed in the framework of this article, there seems to be evidence that supports arguments relating to *national identity*. Finland and Sweden have developed distinct identities as regional stakeholders, and later, as EU member

states, partly because they had very different experiences in the context of contemporary European history. This article has argued that Finnish assertiveness and proactive behaviour in regional matters in particular has to be seen against the background of Finland's historical self-image as an externally dominated and constrained small power. Since the downfall of the Soviet Union, Finland has been keen to seize any opportunity to internationalize its national profile and to establish itself as a regional stakeholder with leadership qualities, which explains why Finnish leaders sought to retain ownership for their ND initiative. The Swedish position has been traditionally more reluctant towards multilateral cooperation, and to an extent, also more self-confident and independent. From the Swedish point of view, EU involvement in matters of particular national interest, such as indeed regional cooperation and development, rather constitutes a loss of influence than a gain of visibility and leverage, which have been the aspects highlighted by Finnish administrations.

This argument is closely linked to the issue of *diverging strategies* in view of the systemic changes in 1989/1990: Finland sought inclusion whereas Sweden was mainly interested in accommodating its economic position. The case of regional cooperation and development initiatives shows a continuation of these tendencies. The argument of *diverging interests* causing the two countries to go their own way, not to cooperate and eventually to compete, seems weak in the context of regional and sub-regional matters since the issue areas covered are hardly of dissimilar importance for either of the two countries. Again, the difference seems to lie in the way Sweden and Finland opt to pursue their interests and which strategies they adopt in view of their self-image and role conception as regional stakeholders and member states of the EU. Lastly, the argument that *non-cooperation* and *competition* between the two countries is *deliberate*

and serving a strategic purpose in itself does not seem to be supported by the case-specific evidence discussed in this article. Both in the context of the Finnish NDI and the Swedish BSRI their unilateral approaches have indeed markedly compromised the eventual political leverage and policy outcomes of each their initiatives. It is unclear whether a joint venture would have resulted in stronger and more substantial policy outcomes at the European level, it has been shown, however, that both Sweden and Finland have not been overly successful with their isolated initiatives. That said, the question of whether this can be interpreted as a more general pattern in the bilateral relationship between Sweden and Finland ought to be explored further in the context of other empirical examples.

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NOTES

¹ *Active* and formal Nordic co-operation on matters of European integration involving *all* Nordic states has reportedly only taken place on very few occasions. In 1996, for example, the Nordic Council agreed on all Nordics participating jointly in the Schengen system in order to maintain the Nordic Passport Union (Scharf 2000). On most occasions, however, Nordic unity in the EU context has been more of a coincidence or exception than a rule.

² Herolf (2000) determined a pattern of “soft” and “constructive competition” in the way Sweden and Finland provided policy input to the EU’s burgeoning Security and Defence Policy and its potential Northern European dimension in the late 1990s.

³ A comparison could be drawn to the case of a Central European group within the EU based on the Viségrad Group created in 1991, and the way member states of the group have positioned themselves in the debate over an Eastern Dimension of the EU. In a series of articles, Dangerfield (2008; 2009; 2012) illustrates the way Hungary, Poland, Slovakia and the Czech Republic have sought to advocate a joint position towards the development of the policy as well as in the context of the EU’s attitude towards Russia, concluding that (unlike in the case of Sweden, Finland and the Northern Dimension) attempts to cooperate were evident but that the actual impact of this cooperation remained limited. Unlike what the competition and lack of cooperation between Sweden and Finland suggests for the case of the EU’s regional policies, the Viségrad Group has acted as the kind of sub-regional formation that constitutes an intermediate level between the EU and some of its member states.

⁴ In the context of sub-regional issues within the EU, references to Sweden and Finland as some sort of “Nordic tandem” are much more common than, e.g. references to Hungary, Poland, Slovakia and the Czech Republic as the “Viségrad Group”. This is partly because apart from their sub-regional heritage, Sweden and Finland also have other similarities as small non-aligned countries, which seems to raise expectations that their positions as member states will converge where interests overlap.

⁵ The analytical scope of this article does not allow for an extensive discussion of the creation and development of Nordic cooperation (see e.g. Thomas 1996)

⁶ A popular example for Nordic cooperation in the EU framework is the joint Swedish-Finnish initiative of 1997 on the inclusion of Petersberg tasks in the Common Foreign and Security Policy (CFSP) of the EU. Bonnén and Sjøsted (2003: 26) argue, however, that this initiative resulted mainly from the close personal relationship between then foreign ministers Lindh and Halonen as well as their “uniting social democratic background”. There has been no reference to Nordic cooperation at any stage of the process. Given that “footnote member” Denmark was not part of the initiative, it could not be regarded as “Nordic” anyway. Also, it seemed more like a reactive if not defensive act after some member states had suggested the inclusion of the Western European Union (WEU) into the EU framework. Later, Finland even turned out to be a keen supporter of military crisis management (Ojanen 2005: 407-8).

It should be emphasized that at the sub-regional level, Nordic cooperation is still unparalleled in terms of its dynamism and concentration: civil servants, lobbying groups and businessmen meet on a regular basis, and countless cultural organizations maintain a tight network of cooperation and constructive involvement under the label of Nordic cooperation (Sundelius and Wiklund 2000, 327).f

⁷ Since the end of the Cold War, for example, there has been a gradual decline of joint Nordic voting in the UN General Assembly (Laatikainen 2003). Nordic unity in the UN framework had once been the cornerstone of Nordic cooperation but is now hardly a point of reference for their voting behaviour (Wiklund 2000; Ojanen 2007).

⁸ Sweden has traditionally been referred to as the “big brother” (*storebror*) among the Nordic countries. Still today it is very common to use this term to reflect historical sentiments between Sweden, Norway and Finland in particular (e.g. Hägg 2003; Ojanen 2007).

⁹ One of the few examples for Nordic cooperation in the EU context, the allegedly ‘joint’ performance of the three EU Nordics at the Intergovernmental Conference (IGC), which led to the Treaty of Amsterdam in 1996, seems to give some evidence for this sort of assumption. Denmark, Sweden and Finland appeared to have similar interests: they all argued in favour of institutional openness and transparency, and highlighted the importance of environmental policies and of preparing enlargement thoroughly. However, instead of closing ranks in the relevant meetings, they appeared as individual members states, emphasizing mutually consistent yet different aspects without actively coordinating each other’s positions beforehand (Tallberg 2002).

¹⁰ A significant exception is provided by Herolf (2000), who coined the notion of “constructive competition” to characterise the relationship between Sweden and Finland since their accession to the EU. Another scholar who frequently discussed divergence between Sweden and Finland against this background is Ojanen (2002, 2005, 2007), who underlines the different and often conflicting role models the two states have adopted as members of the EU.

¹¹ This absence was partly due to the domestic circumstances related to the resignation of then Foreign Minister Leila Freivalds in spring 2006, which was followed by another two changes in the office that year (Carin Jämtin April-May 2006 and Jan Eliasson April-October 2006).