



# GLOBAL GOVERNANCE INSTITUTE

## National Backgrounders – European Foreign Policy

### Country Profile

#### *Finland*

<b>Capital:</b>	Helsinki
<b>Geographical Size:</b>	338 434.7 km <sup>2</sup>
<b>Population:</b>	5 451 270 (2014)
<b>Population as % of total EU population:</b>	1.1% (2014)
<b>GDP:</b>	€ 193.443 billion (2013)
<b>Defense Expenditure:</b>	€ 2.862 million (2013)
<b>Official EU language(s):</b>	Finnish, Swedish
<b>Political System:</b>	Parliamentary republic
<b>EU member country since:</b>	1 January 1995
<b>Seats in European Parliament:</b>	13
<b>Currency:</b>	Eurozone member since 1 January 1999
<b>Schengen area member?</b>	Schengen Area member since 25 March 2001
<b>Presidency of the Council:</b>	Twice: in 2009 and 2006 (Next in 2020)

Source: Europa.eu

## GGI National Backgrounders – European Foreign Policy 2015

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Peace & Security Section

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**The Global Governance Institute**  
Pleinlaan 5, Brussels  
B-1050 Belgium  
Email: [info@globalgovernance.eu](mailto:info@globalgovernance.eu)  
Web: [www.globalgovernance.eu](http://www.globalgovernance.eu)

### a. Political System

Finland is a parliamentary republic functioning on the basis of a multiparty political system. It is divided into municipalities, which elect local councils. The head of state (currently President of the Republic Sauli Niinistö) is elected for six years. After the constitutional reforms of 2000 and 2012, the powers of the President were reduced, and the powers of the Parliament and the Government were increased. The President now conducts the country's foreign policy together with the Government, and deals with international relations, organizations, and negotiations. The government is officially appointed by the President, and is responsible for the general governing of the country as well as the decision-making for governmental and administrative matters. Its prime minister (currently Juha Sipilä, Centre Party) directs the government's activities and manages the preparation and consideration of issues tackled by the government. It is the preparatory and executive body that produces material for the Parliament to consider.

The Finnish Parliament (*Eduskunta*) exercises the legislative power. It is unicameral and composed of 200 members, elected every four years. The Parliament handles functions such as enacting Finnish law, approving the state budget, ratifying international treaties, and supervising the government. It also approves the government's program and appoints the prime minister. This body is always representative of the Finnish multiparty policy. In 2015, four parties were the most influential in the Parliament: the Centre Party of Finland (49 seats), the Finns Party (38 seats), the National Coalition Party (37 seats), and the Social Democratic Party of Finland (34 seats). Judicial power is exercised by independent courts of law, with the Supreme Court and the Supreme Administrative Court at the highest level.<sup>1</sup>

### b. Foreign Policy

In the Ministry of Foreign Affairs of Finland's *2014 Futures Outlook*, Finland's foreign policy is defined as being **active and comprehensive** but focused on clear priorities. Finland's main foreign policy goals include achieving its specific national objectives and increasing its influence abroad through international cooperation at various levels (multilaterally, plurilaterally, and bilaterally), in order to be internationally successful in an increasingly complex environment. Finland actively cooperates within various international organizational frameworks, especially the EU and the Nordic Cooperation.<sup>2</sup>

Finland greatly focuses on bilateral relations with major actors (i.e. USA, Russia, China) and emerging economies. Due to its proximity with Russia, Finland has particular interest in keeping good relations with the latter. Finland has been one of the only Russian neighboring countries which has consistently maintained **good relations with Russia** in the past years, even though the country clearly express a sense of belonging to the West (e.g. through partnership with NATO and newly enhanced cooperation with Sweden). The country also emphasizes the importance of non-state actors in foreign policy, which should also benefit from the international treaty system and global governance.<sup>3</sup>

<sup>1</sup> "About Finland", *Ministry of Foreign Affairs of Finland*. Web. Accessed June 5, 2015 ; Laine, J., "Parliamentarism in Finland", *This is FINLAND*, April 2015. Web. Accessed June 5, 2015. <http://formin.finland.fi/public/default.aspx?nodeid=46346&contentlan=2&culture=en-US>

<sup>2</sup> "Finland's position, security and welfare in an increasingly complex world", *Ministry for Foreign Affairs of Finland*, October 2014, p. 5-7. Web. Accessed June 8, 2015. <http://formin.finland.fi/public/download.aspx?ID=137702&GUID=%7B1CE74F15-1058-48A2-ACD9-E7AD58A3B019%7D>

<sup>3</sup> Nyberg, R. "Letter From Helsinki", Judy Dempsey's Strategic Europe, Carnegie Europe, July 3, 2015. Web. Accessed October 13, 2015. <http://carnegieeurope.eu/strategieurope/?fa=60583> ; "Finland's position, security

The core priorities of the Finnish foreign policy are defined in the official website of the Ministry of Foreign Affairs of Finland as: neighboring areas and European security, the EU's capability and the Common Foreign and Security Policy (CFSP), the multilateral system, external economic relations, sustainable development, and resource-efficient functions and flexible services. Overall, the country aims at strengthening international stability, security, peace, justice and sustainable development, and promoting the rule of law, democracy, and human rights, by means of international cooperation.<sup>4</sup>

### *European Union (EU)*

Finland has been a member of the EU since 1995, and thus fully participates in the EU decision-making processes. In Finland, the consideration of EU matters takes place in committees. The Grand Committee ensures that the Finnish Parliament has an effective role in EU decision-making. The Foreign Affairs Committee deals with issues in the field of the Common Foreign and Security Policy (CFSP), and prepares decisions regarding the approval and entry into force of the EU Treaties. The Special Committees follow developments in their own policy area, and provide statements to the Grand Committee with these regards.<sup>5</sup>

In the Ministry of Foreign Affairs of Finland's *Futures Outlook*, the **EU** was defined as the **most important framework** setting the country's international position and as a tool to raise Finland's interests. Finland's accession to the EU fundamentally changed the country's foreign policy. It now supports the strengthening of the traditional EU institutions and of the European External Action Service (EEAS), as well as the deeper integration of the EU, especially in the fields of external relations, and of the Common Defence and Security Policy (CSDP).<sup>6</sup> Through the EU, Finland also promotes development cooperation and sustainable development. The country will notably participate in the 2015 EU Commission work program on competitiveness supporting economic growth, employment, and welfare.<sup>7</sup>

Shortly after Finland's accession to the EU, Foreign Affairs Minister Lipponen launched an initiative, which led to the establishment of the regionally focused external policy framework **EU Northern Dimension (ND)** in 1998. The joint policy between the EU, Russia, Norway, and Iceland aims at promoting dialogue and concrete cooperation in the fields of environment, public health, transport and logistics, and culture. It was renewed in 2006 at the Helsinki Summit, and will be implemented between 2014 and 2020 through the European Neighborhood Instrument (ENI) *Regional East Programme*.<sup>8</sup>

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and welfare in an increasingly complex world", *Ministry for Foreign Affairs of Finland*, October 2014, p. 5-7. Web. Accessed June 8, 2015.

<http://formin.finland.fi/public/download.aspx?ID=137702&GUID=%7B1CE74F15-1058-48A2-ACD9-E7AD58A3B019%7D>

<sup>4</sup> "Priorities", *Ministry of Foreign Affairs of Finland*, June 2015. Web. Accessed June 8, 2015.

<http://formin.finland.fi/public/default.aspx?nodeid=49221&contentlan=2&culture=en-US>

<sup>5</sup> "EU matters", *Eduskunta Riksdagen*. Web. Accessed June 5, 2015.

[https://www.eduskunta.fi/EN/euasiat/Pages/EU-asiat\\_paasivu.aspx](https://www.eduskunta.fi/EN/euasiat/Pages/EU-asiat_paasivu.aspx)

<sup>6</sup> "Finland's position, security and welfare in an increasingly complex world", *Ministry for Foreign Affairs of Finland*, October 2014, p. 8. Web. Accessed June 8, 2015.

<http://formin.finland.fi/public/download.aspx?ID=137702&GUID=%7B1CE74F15-1058-48A2-ACD9-E7AD58A3B019%7D>

<sup>7</sup> "Programme of Prime Minister Alexander Stubb's Government", *Finnish Government*, June 24, 2014. Web. Accessed June 8, 2015.

<http://valtioneuvosto.fi/documents/10184/147449/Programme+of+Prime+Minister+Stubb's+Government/2f3cd4ed-4e83-4ecb-8159-015e28606a46>

<sup>8</sup> n.a. "EU Relations with Northern Dimension", *European Union External Action*, Europa, 2014. Web. Accessed October 13, 2015. [http://eeas.europa.eu/north\\_dim/index\\_en.htm](http://eeas.europa.eu/north_dim/index_en.htm)

The ND was at first not greatly supported by the other EU Nordic states. In fact, Finland was perceived as trying to establish itself as the key Nordic actor, promoting itself as a potential “bridge-builder” and “facilitator of bilateral relations between Russia and the EU”. Moreover, the ND’s lack of structure and long-term vision, as well as the recurrent individual character of the Finnish initiative prevented it from being taken seriously. Initially, the two major Nordic EU states (Sweden and Finland) developed competitiveness and divergent strategies to achieve their goals within the EU, to the detriment of their common interests.<sup>9</sup> However, Finland and Sweden recently concluded the *Action Plan for Deepened Defense Cooperation* in May 2014, and the *Final Reports on Deepened Defense Cooperation between Finland and Sweden* in January 2015, as further discussed in the *Peace and Security Policy* section.

In the following years, Finland is likely to on the economic aspects of the EU. Indeed, in its speech on the *Strategic Government Programme*, Prime Minister Juha Sipilä indicated that the country’s priority in the EU policy was to promote economic growth and employment, which should be developed together with clean technology and bio and circular economy on the continent. He also expressed his opinion regarding EU integration, which should not be further deepened, and EU regulations, which should be cut down and simplified.<sup>10</sup>

### *Nordic Countries*

Finland is part of the Nordic countries and thus participates in the **Nordic Council** and the **Nordic Council of Ministers**, regrouping representatives from Denmark, Iceland, Norway, Sweden, and the autonomous territories of Greenland, the Faroe Islands, and Åland. Finland particularly aims at keeping similar social, economic, and foreign policies within the group of countries. The Nordic Cooperation is indeed a key source of soft power for Finland, and thus is a useful tool to address some of the country’s interests (e.g. common economic market, Arctic policy). In fact, it intends to diversify and broaden the cooperation’s scope of action to include all sectors of foreign policy.<sup>11</sup>

### c. Peace & Security Policy

According to the official website of the Finnish Ministry of Foreign Affairs, Finland is greatly focused on European security, especially regarding:

- Deepening and expansion of the Nordic Cooperation of foreign and security policy.
- Strengthening the EU’s external action, as well as CFSP and CSDP.
- Developing cooperation with Russia, at the bilateral, EU and multilateral levels.
- Deepening bilateral relations with the USA and the EU-US relations.
- Developing cooperation with NATO and the EU-NATO cooperation.<sup>12</sup>

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<sup>9</sup> Gebhard, C., “Soft Competition: Finland, Sweden and the Northern Dimension of the European Union”, *Scandinavian Political Studies*, Vol. 36, No. 4, p. 365-390. Web. Accessed June 8, 2015. [http://www.research.ed.ac.uk/portal/files/15342483/Gebhard\\_2013\\_Soft\\_Competition\\_FINAL\\_AUTHOR\\_VERSION.pdf](http://www.research.ed.ac.uk/portal/files/15342483/Gebhard_2013_Soft_Competition_FINAL_AUTHOR_VERSION.pdf)

<sup>10</sup> “Prime Minister Juha Sipilä’s speech in Parliament on the Strategic Government Programme”, *Finnish Government*, June 2, 2015. Web. Accessed June 9, 2015. [http://valtioneuvosto.fi/en/article/-/asset\\_publisher/paaministeri-juha-sipila-strategisen-hallitusohjelman-tiedonantokeskustelussa-eduskunnassa-2-6-2015?\\_101\\_INSTANCE\\_3qmUeJgIXZEK\\_groupId=10616](http://valtioneuvosto.fi/en/article/-/asset_publisher/paaministeri-juha-sipila-strategisen-hallitusohjelman-tiedonantokeskustelussa-eduskunnassa-2-6-2015?_101_INSTANCE_3qmUeJgIXZEK_groupId=10616)

<sup>11</sup> “Finland’s position, security and welfare in an increasingly complex world”, *Ministry for Foreign Affairs of Finland*, October 2014, p. 8. Web. Accessed June 8, 2015. <http://formin.finland.fi/public/download.aspx?ID=137702&GUID=%7B1CE74F15-1058-48A2-ACD9-E7AD58A3B019%7D>

<sup>12</sup> “Priorities”, *Ministry of Foreign Affairs of Finland*, June 2015. Web. Accessed June 8, 2015. <http://formin.finland.fi/public/default.aspx?nodeid=49221&contentlan=2&culture=en-US>

Finland follows the **comprehensive approach** to security policy, and therefore aims at cooperating with as much as nations as possible through various international organizations membership/partnership. However, due to its neutral past and its direct neighborhood with Russia, Finland's security cooperation is not equal to that of other Western European EU countries. In fact, it pursues a policy of **military non-alliance**. The Finnish security policy's main goal is to remain a stable and reliable actor, at the regional, European and international levels, by having decent national defense capabilities. Nonetheless, the current external threats to Europe cannot be handled individually, which is why the country is closely tied to the EU through the CFSP and NATO through the Partnership for Peace (PfP).<sup>13</sup>

### *European Union (EU)*

As a member of the EU, Finland participates in the CFSP and CSDP. It supports its development, but not the full establishment of a common European defense force in the short run. In fact, Finland still sees NATO as the responsible organization for security in Europe.<sup>14</sup> As many small states within the EU, Finland supports a strong EEAS and focuses on the importance of strong EU institutions and shared norms, as they represent protection against dominance of big states.<sup>15</sup> Finland supports EU cooperation in the field of defense materiel, and thus the work of the **European Defence Agency (EDA)**. As reported by EDA Chief Executive Mr. Domecq after his discussions with the Finnish Minister of Defence Mr. Haglund in May 2015, the country is actively involved in various EDA initiatives and notably leads the EDA's work on maritime capabilities in the Arctic.<sup>16</sup>

After the Action Plan for Deepened Defense Cooperation between **Finland and Sweden** was concluded in May 2014, the Final Reports on Deepened Defense Cooperation between Finland and Sweden were published in January 2015. The agreements aim to achieve "increased operational effect through combined use of resources, increase interoperability and a closer dialogue on common challenges"<sup>17</sup>, as both countries finally realized that bilateral defense cooperation will add value to their national armed forces in the short and long terms. The establishments of secure communications, air surveillance cooperation and options for joint actions are among the short-term objectives. However, the two countries still present some discrepancies, as their respective public opinions differ regarding potential NATO membership (Finns seems more reluctant), despite the necessity of Swedish-Finnish "synchronized accession process".<sup>18</sup>

<sup>13</sup> "Finland's position, security and welfare in an increasingly complex world", *Ministry for Foreign Affairs of Finland*, October 2014, p. 10. Web. Accessed June 8, 2015.

<http://formin.finland.fi/public/download.aspx?ID=137702&GUID=%7B1CE74F15-1058-48A2-ACD9-E7AD58A3B019%7D>

<sup>14</sup> "Tasks and Activities", *Ministry of Defence of Finland*. Web. Accessed June 8, 2015.

[http://www.defmin.fi/en/tasks\\_and\\_activities](http://www.defmin.fi/en/tasks_and_activities)

<sup>15</sup> Beneš, V. and Raik, K., "The Czech Republic, Estonia and Finland: European Vocation Re-Confirmed?", In Balfour, R., Carta C., and Raik K. (ed.), "The European External Action Service and National Foreign Ministries", *The Globalisation, Europe, Multilateralism Series*, Farnham: Ashgate, 2015, p. 190-191.

<sup>16</sup> "Jorge Domecq discusses defence cooperation in Finland", *European Defence Agency*, Helsinki, May 13, 2015. Web. Accessed June 9, 2015. <https://www.eda.europa.eu/info-hub/news/2015/05/13/jorge-domecq-discusses-defence-cooperation-in-finland>

<sup>17</sup> Ministry of Defence of Finland and Ministry of Defence of Sweden, *Joint Statement Regarding Deepened Defence Cooperation Between Finland and Sweden*, Helsinki, May 22, 2015. Web. Accessed October 13, 2015. <http://www.regeringen.se/globalassets/regeringen/dokument/forsvarsdepartementet/2015-05-22-joint-statement--signed.pdf>

<sup>18</sup> Hvenmark Nilsson, C. "Sweden's Evolving Relationship with NATO and its Consequences for the Baltic Sea Region", *Center for Strategic & International Studies*, October 7, 2015. Web. Accessed October 8, 2015. <http://csis.org/publication/swedens-evolving-relationship-nato-and-its-consequences-baltic-sea-region>

### *Nordic Defence Cooperation (NORDEFECO)*

As part of the Nordic countries, Finland participates in the Nordic Defence Cooperation (NORDEFECO), which focuses on political and military collaboration within its Policy Steering Committee. This structure implements cooperation activities, which are put into action by existing chains of command (e.g. the UN). It was established in 2009, merging previous Nordic common defense structures<sup>19</sup>. The main objective of this framework is to strengthen the participating nations' (Denmark, Finland, Iceland, Norway, and Sweden) national defense, explore collaborations, and facilitate efficient common solutions.<sup>20</sup> Finland assumed the chairmanship of NORDEFECO in 2013, focusing on enhancing capability cooperation and achieving concrete results. The country aimed at developing existing NORDEFECO activities (especially capability cooperation, operations, and training), framing the future of Nordic defense cooperation (structures, processes, and long-term plan), and focusing on topical defense and security issues from a Nordic perspective.<sup>21</sup>

### *North Atlantic Treaty Organization (NATO)*

Because of Finland's direct proximity with Russia and historical neutrality, the country is not a full member of NATO. It is however part of the **Partnership for Peace** (PfP) since 1994 and participated in various NATO-led missions, such as in Afghanistan and the Balkans. Within the PfP framework, Finland cooperated with NATO countries through the Planning and Review Process (PARP), the Operational Capabilities Concept (OCC), and NATO's Response Force (NRF).<sup>22</sup> As a result of the Ukrainian conflict and as a matter of European security, Finland recently reconsidered its relations with Russia, and thus potential NATO membership. However, the large majority of Finns would like Finland to remain neutral, and the recently elected Prime Minister Sipilä (Centre Party, against closer partnership with NATO) indicated that Finland would not seek full NATO membership in the near future.<sup>23</sup>

### *United Nations (UN)*

Finland has been a member state of the UN since 1955, and has been a member of the UN Security Council (UNSC) twice (1969-70 and 1989-90). During its early membership, the country was extensively involved in peacekeeping operations and development cooperation. Finnish officials were many times involved in the UN: former President of Finland Mr. Halonen was the Co-President of the Millennium Summit (September 2000), former Prime Minister of Finland Mr. Holkeri was President of the 55<sup>th</sup> session of the UNGA (2000-2001), and Ambassador Mrs. Rasi presided the ECOSOC in 2004.<sup>24</sup>

Within the UN, Finland now focuses on enhanced cooperation and coordination with other international organizations (especially the EU) and non-state actors, the status of women, arms control and disarmament, anti-terrorism, sustainable development and global

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<sup>19</sup> NORDCAPS (peace support education and training), NORDAC (armament cooperation), and NORDSUP (enhanced cooperation).

<sup>20</sup> "About NORDEFECO", *Nordic Defence Cooperation*. Web. Accessed June 9, 2015. <http://www.nordefco.org/The-basics-about-NORDEFECO>

<sup>21</sup> "Tasks and Activities", *Ministry of Defence of Finland*. Web. Accessed June 8, 2015. [http://www.defimin.fi/en/tasks\\_and\\_activities](http://www.defimin.fi/en/tasks_and_activities)

<sup>22</sup> *Ibid.*

<sup>23</sup> Hasselbach, C., "Finland's cautious relationship with NATO", *Deutsche Welle*, April 17, 2015. Web. Accessed June 8, 2015. <http://dw.de/p/1FAGD>

<sup>24</sup> "Finland's Permanent Mission to the United Nations", *Ministry of Foreign Affairs of Finland*, March 2010. Web. Accessed June 9, 2015.

<http://www.finlandun.org/public/default.aspx?nodeid=35893&contentlan=2&culture=en-US>

development issues, as well as human rights and international law.<sup>25</sup> As of September 2015, Finland had a total of 337 personnel deployed in UN mission (MINUSMA, UNIFIL, UNMIL, UNMOGIP and UNTSO), mostly contingent troops<sup>26</sup>.

### *Organization for Security and Co-operation in Europe (OSCE)*

Finland has always been part of the OSCE, established by the Helsinki Final Act in 1973 as the *Conference for Security and Co-operation in Europe*. Recently, Finland has managed the organization of projects regarding civil society and democracy development, as well as the promotion of minorities and women's position. It focused on East Europe, especially Ukraine. It is one of the most important voluntary contributors to the Organization's major human rights instruments: the Office for Democratic Institutions and Human Rights (ODIHR).<sup>27</sup> In 2013, former Finnish Minister of Migration and European Affairs Astrid Thors was appointed High Commissioner on National Minorities within the OSCE<sup>28</sup>. In 2014, Finland participated in 1,9% of the OSCE's unified budget (€ 2.746.426) and had 10 nationals part of its staff<sup>29</sup>.

### *Council of Europe (CoE)*

Finland became a member of the Council of Europe in 1989. Its contribution for 2015 was of €3.437.361.<sup>30</sup> The country aims at developing the cooperation of the CoE with the EU and the OSCE, and emphasizing the role of civil society organizations. In addition, it greatly supports the CoE's areas of priorities (e.g. human rights), and supports its active role in Ukraine.<sup>31</sup>

### *Strategic Culture*

As part of the Nordic countries, Finland strongly shared with its neighbors (Sweden, Denmark, and Norway) the desire to establish a **Nordic model** based on the exceptional character of their approach to economic and international affairs. The Nordic ideas of peaceful societies and bridge-builder states, international solidarism, and egalitarian social democracy are however becoming less clear according to Christopher S. Browning from the University of Warwick. In his article *Branding Nordicity: Models, Identity and the Decline of Exceptionalism*, he explains that the Nordic countries clearly lost interest in a pan-Nordic epistemic community simultaneously as the European Union adopted many of the Nordic norms after the Cold War. The Nordic model thus appears outdated, and slowly replaced by a Baltic model that surpassed its past mentor and that is better accepted due to their more neo-liberal conception of capitalism.<sup>32</sup>

<sup>25</sup> "Finland's Permanent Mission to the United Nations", *Ministry of Foreign Affairs of Finland*, March 2010. Web. Accessed June 9, 2015.

<http://www.finlandun.org/public/default.aspx?nodeid=35893&contentlan=2&culture=en-US>

<sup>26</sup> "UN Mission's Summary detailed by Country", *United Nations Peacekeeping*, September 30, 2015. Web. Accessed October 13, 2015. [http://www.un.org/en/peacekeeping/contributors/2015/sep15\\_3.pdf](http://www.un.org/en/peacekeeping/contributors/2015/sep15_3.pdf)

<sup>27</sup> "Priorities", *Ministry of Foreign Affairs of Finland*, June 2015. Web. Accessed June 8, 2015.

<http://formin.finland.fi/public/default.aspx?nodeid=49221&contentlan=2&culture=en-US>

<sup>28</sup> The Organization for Security and Co-operation in Europe (OSCE), *Annual Report 2013*, Luxembourg, 2013, p. 99-103. Web. Accessed June 1, 2015. <http://www.osce.org/secretariat/116947?download=true>

<sup>29</sup> The Organization for Security and Co-operation in Europe (OSCE), *Annual Report 2014*, July 2015. Web. Accessed September 1, 2015. <http://www.osce.org/secretariat/169971?download=true>

<sup>30</sup> "Finland", *The Council of Europe*, 2015. Web. Accessed June 22, 2015.

<http://www.coe.int/en/web/portal/finland>

<sup>31</sup> "Priorities", *Ministry of Foreign Affairs of Finland*, June 2015. Web. Accessed June 8, 2015.

<http://formin.finland.fi/public/default.aspx?nodeid=49221&contentlan=2&culture=en-US>

<sup>32</sup> Browning, C. S. "Branding Nordicity: Models, Identity and the Decline of Exceptionalism", *Cooperation and Conflict: Journal of the Nordic International Studies Association*, Vol. 42, Issue 1, 2007, p. 44. <http://cac.sagepub.com/content/42/1/27.full.pdf>

However, the previously obsolete Nordic bridging role between the West and Russia could resume in view of the recent events, depending on the Baltic States' activism and on NATO developments.

With regard to Finland, the country contributed to the Nordic **peace-driven approach** to international affairs in a similar way than Sweden, as both countries adopted an anti-militarist stance but preserved significant defensive capabilities and defense industries as deterrent means for neutrality. Recently, both increased their support for the UN, because of their shared attention to the primacy of international law in world politics. Finland and Sweden also notably contributed to civilian crisis management and policing operations in the framework of the nascent CSDP (formerly ESDP) in order to balance the then developing military dimension that they are today facing with great concern. Again, both countries are linked by their EU membership and full involvement in the CFSP (in contrast to Denmark), which they use to informally promote Nordic values in the European and International spheres.<sup>33</sup>

According to Henrikki Heikka's article *Republican Realism: Finnish Strategic Culture in Historical Perspective*, Finland moved from a pre-Cold War neutral foreign policy to an enthusiastic **European integration**, in continuity with its strategic culture, based on "a republican understanding of the country's role in defending an anti-hegemonic security order in Europe"<sup>34</sup>. Indeed, the country gave up on its neutrality and isolationism in order to gain a role in the core of Europe, as well as to be able to cooperate with NATO. In addition, it sought to engage with the two major Western powers: the EU and the USA. The author argues that this change occurred in progression with the country's **republican and realist strategic culture**, following a principle of non-domination illustrated by Finland's traditional defense of an anti-hegemonic political order in Europe. Indeed, it appears that Finland certainly sees integration within Europe as a way to prevent hegemony within Europe by distributing power and military among the different European actors (republican), and defines its strategic practices in relation to power alone, aiming to balance power as such (realism).<sup>35</sup>

#### d. Economic Policy

##### *European Union (EU)*

As Finland is a member of the Economic and Monetary Union (EMU), its economic policy is influenced by EU common interests. The country's principal aims are sustainable economic growth, improved employment, and reduced central government debt.<sup>36</sup> After being one of the most competitive economies within the EU, Finland was hit by the 2008 economic and financial crisis. Indeed, its two major economic sectors – **information technology** and **forest industries** – collapsed. It resulted in austerity policies, a potential housing bubble, and the damaging effect of the euro on its exports.<sup>37</sup>

<sup>33</sup> Ibid., p. 32-40.

<sup>34</sup> Heikka, H., "Republican Realism: Finnish Strategic Culture in Historical Perspective", *Cooperation and Conflict*, Vol. 40, No. 1, March 2005, p. 91. Web. Accessed June 10, 2015.

<http://cac.sagepub.com/content/40/1/91.short>

<sup>35</sup> Heikka, H., "Republican Realism: Finnish Strategic Culture in Historical Perspective", *Cooperation and Conflict*, Vol. 40, No. 1, March 2005, p. 91-97. Web. Accessed June 10, 2015.

<http://cac.sagepub.com/content/40/1/91.short>

<sup>36</sup> "Economic Policy", *Ministry of Finance of Finland*, June 2015. Web. Accessed June 9, 2015.

<http://vm.fi/en/economic-policy>

<sup>37</sup> Jonker-Hoffrén, P., "Finland's economy is heading for a 'perfect storm' of economic problems which risk undermining growth", *European Politics and Policy*, The London School of Economics and Political Science,



According to the 2015 European Commission's report on Finland, the country's output stabilized and net exports increased in 2014, after two years of economic contraction. Economic growth is expected to continue, thanks to a shakeout in the electronic and paper sectors, wage developments, gradual improvement in external demand, and supportive credit conditions. However, private consumption will remain affected by the weak labor market and wage moderation. According to the report, the country's external stability is not an issue anymore, and the decline of its manufacturing industries has come to an end. In addition, Finnish companies' productivity and competitiveness started rising in the region. Overall, the European Commission considers that Finland has been progressing and addressing its recommendations. Notably, it has been implementing various social and healthcare reforms, in order to control expenditures more effectively. However, some challenges remain to be addressed in order to correct macro-economic imbalances such as household indebtedness.<sup>38</sup>

### *Economic Diplomacy & Foreign Trade*

Finland pursues an economic policy aiming at promoting the country's external economic relations as a result of the global economic and financial crisis, globalization, and rising economic significance of developing countries. The objectives of this policy are: to contribute to the implementation of the Finnish strategy for external economic relations (covering trade policy, market access and trade promotion), to strengthen the image of Finland internationally, to focus on the EU's bilateral and regional free trade agreement negotiations with countries of a major economic interest for Finland, and to focus on multilateral sector-specific contractual arrangements (especially within the WTO). The US appears as a strong economic partner for Finland, notably through the Transatlantic Trade and Investment Partnership (TTIP).<sup>39</sup> Finland also had a leading role in coordinating the EU's position towards **China**, and when intensifying investments and relations with **India**.<sup>40</sup>

### e. Other Diplomatic Priorities

#### *Priorities at the European Level*

Finland takes part in the **Nordic-Baltic Cooperation** (NB8) established in 1992 (Estonia, Finland, Iceland, Sweden, Latvia, Lithuania, Norway and Denmark). It is a network that offers regular opportunities to informally discuss issues of foreign and defense policy, development assistance, and foreign trade, to achieve concrete cooperation. Annual meetings of Prime Ministers and Foreign Ministers are the main tools used. An example of outcomes of this partnership is the common Nordic embassy complex in Berlin, Germany.<sup>41</sup> The NB8 established regular cooperation with the USA through the **e-PINE format**, with the UK through the **Northern Future Forum**, and with the Visegrád countries (Czech Republic, Hungary, Poland, Slovakia).<sup>42</sup>

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September 10, 2015, Web. Accessed June 9, 2015. <http://blogs.lse.ac.uk/europpblog/2014/09/10/finlands-economy-is-heading-for-a-perfect-storm-of-economic-problems-which-risk-undermining-growth/>

<sup>38</sup> European Commission, "Country Report Finland 2015", *Commission Staff Working Document*, Brussels, February 2015, Web. Accessed June 9, 2015. [http://ec.europa.eu/europe2020/pdf/csr2015/cr2015\\_finland\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2015/cr2015_finland_en.pdf)

<sup>39</sup> "Priorities", *Ministry of Foreign Affairs of Finland*, June 2015. Web. Accessed June 8, 2015. <http://formin.finland.fi/public/default.aspx?nodeid=49221&contentlan=2&culture=en-US>

<sup>40</sup> "Finland" *European Foreign Policy Scorecard 2015*, European Council on Foreign Relations, 2015. Web. Accessed November 4, 2015. <http://www.ecfr.eu/scorecard/2015/countries/finland>

<sup>41</sup> The year 2015 will focus on energy security, media in relation to Russian-speakers, the conflict in Ukraine, and the Eastern Partnership.

<sup>42</sup> "Foreign Policy and Security Policy", *Ministry of Foreign Affairs of Denmark*. Web. Accessed June 2, 2015. <http://www.um.fi/public/default.aspx?contentid=327345&contentlan=2&culture=en-US>

Finland also pursues an **Arctic policy**, with principles and objectives established in the national *Arctic Strategy* of 2013. The stated spheres of interests include regional sustainable development, maritime industry and shipping, sustainable mining, transports, energy, welfare of local population, technology and innovation, research, education and training, environment, as well as stability and security, which are to be tackled by means of regional and interregional cooperation.<sup>43</sup> The overall targets of Finland are to encourage multilateral Arctic cooperation, to take part in the EU's Arctic policy-making, and to establish Finland's profile as an expert in Arctic issues.<sup>44</sup>

#### *At the Global Level*

Apart from European security, the CFSP, the multilateral system, and external economic relations, Finland's Ministry for Foreign Affairs focuses on global sustainable development, poverty reduction, and human rights. The country's **Development Policy Programme** of 2012 established guidelines for development cooperation. It set up four priority areas: promotion of human rights through a democratic and accountable society, promotion of employment through an inclusive green economy, sustainable natural resources management and environmental protection, and human development.<sup>45</sup>

Finland's main partner countries for development cooperation are Ethiopia, Kenya, Mozambique, Nepal, Zambia, Tanzania, and Vietnam. Its main instruments are the Official Development Assistance (ODA) public funding from the OECD, and the Finnish Development Policy Committee, which conducts evaluation and monitoring activities.<sup>46</sup>

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**Author** *Sophie L. Vériter, Vesalius College (VUB).*  
**Language Revision** *Joseph Aumuller, University of Denver.*

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<sup>43</sup> Finland's Prime Minister's Office, "Finland's Strategy for the Arctic Region 2013", *Government resolution on 23 August 2013*, August 23, 2013, Web. Accessed June 10, 2015.

<http://vnk.fi/documents/10616/334509/Arktinen+strategia+2013+en.pdf/6b6fb723-40ec-4c17-b286-5b5910fbecf4>

<sup>44</sup> "All activities A-Z", *Ministry of Foreign Affairs of Finland*, April 2015. Web. Accessed June 10, 2015.

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<sup>45</sup> Ministry for Foreign Affairs of Finland, *Finland's Development Policy Programme, Government Decision-In-Principle 16 February 2012*, February 16, 2012. Web. Accessed June 10, 2015.

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<sup>46</sup> "All activities A-Z", *Ministry of Foreign Affairs of Finland*, April 2015. Web. Accessed June 10, 2015.

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