



POLICY PAPER

A NORTHERN AGENDA FOR AN OPEN AND SECURE EUROPE

NORDIC-BALTIC PERSPECTIVES ON EUROPEAN SOVEREIGNTY AND STRATEGIC AUTONOMY

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INTRODUCTION

Until recent years, academic and policy debates on European integration rarely addressed notions such as the autonomy or (even less) sovereignty of Europe. This changed with the launch of the European Global Strategy in 2016, when strategic autonomy emerged as a much-disputed concept in the field of European security and defence. More recently, especially in response to Covid-19, the focus of these discussions has shifted from the field of defence to the economy, while encompassing an increasingly broad range of issues and becoming more global in scope. What started as a dispute over Europe's vision for the future, with a strong focus on the transatlantic relationship and the dependence of European security on the US, has to some extent turned into a recognition of the urgent need to respond to global changes that surround Europe today, notably the rise of China and tightening great power competition. The unique importance of the transatlantic relationship for Europe

This paper explores ongoing debates about ways to strengthen Europe's autonomy from the perspective of the six Nordic-Baltic EU member states

remains, but the pandemic exposed the paralysing impact of US-Chinese rivalry on international cooperation, the weakening position of the US as a global leader, the increasingly assertive posture of China in efforts to strengthen its global influence, and Europe's vulnerabilities stemming from global interdependences.

All these changes have contributed to a sense that Europe needs to be more capable of determining and defending its interests and values on the global stage, with partners whenever possible, but when necessary alone. This paper explores ongoing debates about ways to strengthen Europe's autonomy from the perspective of the six Nordic-Baltic EU member states.¹ It outlines the key issues for this group of countries in a number of fields, including defence, foreign policy, trade and industry, digital, and health. There are, of course, differences between the EU policies of the six countries, and they do not act or wish to be seen in the EU as a coalition.² Finland stands out in the Nordic-Baltic group as the most committed to deepening integration in all areas including defence, having largely left behind the historical constraints posed by its non-membership of a military alliance. The Baltic states generally seek to be adaptive to EU consensus (insofar as it exists) but at the same time their positions are most strongly shaped by the transatlantic relationship and the indispensable role of the US in addressing their existential security concerns. Sweden and, especially, Denmark have their own deep-rooted reservations regarding further integration, expressed in their non-membership of the eurozone and Danish opt-outs from not only the euro, but also the Common Security and Defence Policy (CSDP), some aspects of Justice and Home Affairs, and EU citizenship.

Unavoidably, these general positions are reflected in Nordic-Baltic attitudes towards European strategic autonomy. Finland has been most forthcoming in several aspects of the debate, and the Baltic states have been most keen to stress that the EU's strategic autonomy must not weaken the transatlantic bond, while Sweden and Denmark have expressed limited support and outlined their own conditions for greater European sovereignty. The very concept of strategic autonomy has been received with scepticism, especially by the Baltic states and Sweden. Yet the concept is not about to

¹ Denmark, Finland and Sweden; Estonia, Latvia and Lithuania.

² Piret Kuusik & Kristi Raik, *The Nordic-Baltic Region in the EU27: Time for New Strategic Cooperation* Tallinn: Estonian Foreign Policy Institute/International Centre for Defence and Security, 2018.

disappear; hence it is important for the Nordic-Baltic states to be able to shape the ways in which it is further implemented. This paper seeks to contribute to the Nordic-Baltic and European discussions on the EU's strategic autonomy by highlighting the shared interests of the six countries and proposing positions for these and other like-minded countries to be promoted together.

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1. DEFINITIONS

The term “strategic autonomy” is not clearly defined and is contested in the European debate. It is sometimes used interchangeably with the concept of “European sovereignty”, which gained prominence especially after president Emmanuel Macron’s 2017 Sorbonne speech. Some have argued that autonomy is one condition for sovereignty, which also implies other state-like features.³ However, the French interpretation of European sovereignty is very similar to what the term “strategic autonomy” seeks to convey, namely that Europe should develop capacities that allow it to act independently from other actors if the need arises.

Several member states with close US ties have been concerned about the association with decoupling that the word “autonomy” inevitably raised in Washington DC. An op-ed signed by the German defence minister, which called strategic autonomy an “illusion”, is a prominent example of the scepticism that the term attracts in security circles.⁴ Instead, the alternative term “strategic responsibility” underlines the objective of European partners to increase military burden-sharing in the transatlantic

context.⁵ Similarly, “strategic sovereignty” seeks to avoid debates on transatlantic decoupling and instead emphasises the need for the EU to create vital capacities on a range of policies.⁶ With regard to economic policies, the European Commission—alongside member states with liberal economic thinking, such as the Nordic-Baltic countries—was concerned that strategic autonomy might signal an overly protectionist international trade agenda. Instead, it started using the term “open strategic autonomy”. The concept expresses on the one hand the EU’s preference for free trade and, on the other, its aim to push distinct values and interests, for example regarding greenhouse gas emissions or data protection standards.

Despite the discussion on semantics, it is important to recognise that strategic autonomy reflects an actual shift in the way that the EU and its member states adjust their policies to a more competitive international environment. Strategic autonomy does not imply a decoupling from alliances and the rest of the world, but rather describes the ability to be self-determined in pursuing and managing alliances and partnerships. It reflects a constant process in which the EU is assessing and reacting to its external dependences. Hence, strategic autonomy can be defined as the ability of the EU and its member states to manage their interdependencies with third parties with the aim of ensuring the well-being of their citizens and implementing self-determined policy decisions.⁷

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³ Giovanni Grevi, “Strategic autonomy for European choices: The key to Europe’s shaping power,” Discussion Paper, European Policy Centre, 19 July 2019.

⁴ Annegret Kramp-Karrenbauer, “Europe still needs America,” Politico, 2 November 2020.

⁵ Elina Libek, “European Strategic Autonomy: A Cacophony of Political Visions,” *Diplomaatia*, 19 December 2019.

⁶ Mark Leonard & Jeremy Shapiro, “Strategic sovereignty: How Europe can regain the capacity to act,” Policy Brief, European Council on Foreign Relations, 25 June 2019.

⁷ Niklas Helwig, “EU Strategic Autonomy: A Reality Check for Europe’s Global Agenda,” FIIA Working Paper 119, Finnish Institute of International Affairs, October 2020.

2. SECURITY AND DEFENCE

European ambitions for strategic autonomy first emerged on matters of security and defence. The 1998 St Malo Declaration, which kick-started the development of what would later become the Common Security and Defence Policy (CSDP), called for “the capacity for autonomous decision-making and action”. In recent years, the EU has especially focused on military capability development and introduced a host of initiatives, most prominently the Permanent Structured Cooperation on defence (PESCO) and the European Defence Fund (EDF) to support research and development in defence technology.

Compared to the early years of the CSDP, only a few operations and missions were launched in the last decade, often limited in size and mandate. To tackle the sluggish operational progress and shortcomings in the planning and implementation of missions, the EU introduced a Military Planning and Conduct Capability (MPCC) for non-executive training missions and a European Peace Facility to cover joint operational costs. However, the actual military posture of the EU remains very limited and the existing defence initiatives will take more time to produce significant results.

The progress on EU defence matters will to a large degree depend on more coherent member state views on tasks and ambitions for the CSDP

The progress on EU defence matters will to a large degree depend on more coherent member state views on tasks and ambitions for the CSDP. Recent initiatives, such as the French-led European Intervention Initiative (EI2) outside the formal EU structures, or the German-French-initiated Strategic Compass as part of the CSDP, seek to facilitate a joint threat assessment and strategic outlook between member states.

Despite the activism since the 2016 EU Global Strategy, the EU’s progress on defence and security matters seems to have reached a plateau. Further advances would require

efforts in capitals to agree on a shared understanding and strategic purpose of EU strategic autonomy on defence, which remains a sensitive issue due to the prioritisation of NATO and the transatlantic alliance by several member states.

Differing views on the role of the EU as a defence actor are apparent in the Nordic-Baltic region. As members of NATO, and due to their proximity to and history with Russia, the Baltic states broadly share an emphasis on military deterrence and collective security. They stress that the commitment of the US for European security is indispensable in the foreseeable future. From a Baltic perspective, strategic autonomy should be focused on areas where the EU can provide added value to their regional defence efforts, for example through joint capability programmes or coordination on hybrid threats in relation to its Eastern neighbour. Baltic states’ participation in PESCO projects is focused on territorial defence capabilities, such as military mobility. Baltic governments welcome European commitments to increase defence spending and capabilities as well as a solid contribution to the European pillar of NATO.⁸ At the same time, it should be noted that Estonia was among the first countries to join EI2 and has participated in French-led operations in Mali. Rather than sharing the same understanding of European autonomy, these moves reflect the recognition that it is important to have strong security cooperation and show solidarity with key European states.

As NATO outsiders, Finnish and Swedish views on European strategic autonomy are less preoccupied with possible conflicting commitments in the military alliance, even though they do not see the EU as a viable replacement for NATO either. The two Nordic neighbours have different outlooks on the EU as a framework for defence cooperation. Finland has been more supportive of recent EU defence initiatives. Helsinki’s pragmatic approach towards military alignment shines through in its strong support for implementation of the article 42(7) on mutual assistance in the Treaty on the European Union (TEU) and its engagement with regard to closer EU-NATO cooperation

⁸ Piret Kuusik, “Through the Looking Glass: The Nordic-Baltic Region and the Changing Role of the United States,” Analysis, Estonian Foreign Policy Institute / ICDS, June 2020.

on hybrid threats.⁹ Sweden's tradition of non-alignment is stronger and it is wary of the EU's defence capability initiatives due to the possible distorting effects on national planning processes, budget resources and defence industries.¹⁰ Both Finland and Sweden have a focus on national defence capabilities and planning, which makes their support of EU strategic autonomy contingent on safeguards for national defence industries, including non-discrimination of SMEs in the defence sector in the implementation of the EDF.

Denmark's opt-out from the CSDP excludes the country from participation in the EU's military operations and the PESCO initiative. Despite its status as a CSDP onlooker, however, Denmark has in recent years moved closer to the European defence agenda.¹¹ Being part of the single market, its industry can seek EDF funding for defence research and development.¹² In contrast to its Baltic neighbours, Denmark is more concerned about Europe's strategic autonomy in the southern neighbourhood and has underlined the need to strengthen European capabilities to counter threats in that region. Denmark's participation in the E12 and stepped-up efforts to assist France in the fight against terrorism in the Sahel not only are a way to deepen security cooperation, but also reflect the Danish interpretation of strategic autonomy, which is focused on concrete actions.

The six countries are more likely to support measures promoting strategic autonomy that are focused on increasing European capabilities

All the Nordic-Baltic EU member states have close partnerships with the US, either through

⁹ Matti Pesu & Tuomas Iso-Markku, "[The deepening Finnish-Swedish security and defence relationship: From operative cooperation to 'strategic interoperability'?](#)", FIIA Briefing Paper 291, Finnish Institute of International Affairs, 10 January 2020.

¹⁰ Björn Fägersten (ed.), [The Nordics and the New European Security Architecture](#) (Stockholm: Swedish Institute of International Affairs, 2020).

¹¹ Signe Marie Cold-Ravnkilde, Christine Nissen & Adam Moe Fejerskov, "[The Franco-German axis prompts new Danish strategy](#)", DIIS Policy Brief, Danish Institute for International Studies, 15 October 2018.

¹² Kristian Sjøby Kristensen & Niels Byrjalsen, "[Armament and Transatlantic Relationships: The Danish Perspective](#)", ARES Comment 59, Armament Industry European Research Group, 9 July 2020 (accessed 6 April 2021).

NATO or, in the case of Finland and Sweden, in the form of intensifying bilateral transatlantic cooperation between their militaries and industries. Hence, the six countries are more likely to support measures promoting strategic autonomy that are focused on increasing European capabilities but do not create obstacles to smooth military or defence industry cooperation with the US. This could already be seen in respect of Finnish and Swedish support for third-party participation in PESCO and, to some extent, the EDF. A possible role for the US in the PESCO project on military mobility would be a positive example of how close involvement of the US can support European strategic autonomy from a Nordic-Baltic perspective.

3. FOREIGN POLICY

The turn towards a multipolar world, with increasing geopolitical and geo-economic competition, as well as divergence in foreign-policy positions of the EU and the US during the presidency of Donald Trump, have highlighted the need for a stronger EU foreign and security policy. Accordingly, the discussion on strategic autonomy in the field of defence has spilled over to EU foreign and security policy.

In this context, the US withdrawal from the Iran nuclear deal (JCPOA) in 2018 and its reimposition of sanctions against Tehran with extraterritorial impact on EU businesses underlined the need to work towards more autonomous EU foreign-policy capacity as well as European economic sovereignty.¹³

Another example of extraterritorial sanctions imposed by the US is the Nord Stream 2 pipeline (NS2). This is a more contradictory case, as some EU countries, including the Baltic states, have strongly opposed the pipeline and therefore been supportive of the US position, although in principle extraterritorial sanctions are seen as problematic. On both Iran and NS2, the US position might change under the Biden administration, which is making an effort to restore the JCPOA and potentially

¹³ Barbara Lippert, Nicolai von Ondarza & Volker Perthes (eds.), [European Strategic Autonomy: Actors, Issues, Conflicts of Interests](#) (Berlin: German Institute for International and Security Affairs, 2019).

reach an agreement with Germany on NS2 as part of a broader effort to renew transatlantic cooperation.

Nevertheless, these cases have pushed the EU to find ways of sheltering EU businesses from the extraterritorial impact of sanctions. The EU has activated its blocking statute, which aims to nullify the application of foreign laws to EU operators. In addition, France, Germany and the UK initiated the INSTEX mechanism to facilitate European trade in food, medicine and medical devices with Iran. These measures have, however, had a limited impact given the structurally privileged position of the US in the global financial system and world economy. In this respect, strengthening the external role of the euro as well as sharpening the tools available to the European Commission have been highlighted in terms of the EU's strategic autonomy.¹⁴ Under the current Commission, DG FISMA aims to increase the use of the euro as an investment, reserve and debt-issuance currency. It also aims to enhance the resilience of the EU's financial infrastructure in general and by focusing on the enforcement of EU sanctions by member states and throughout the Union's financial system.

While the new US administration clearly opens up possibilities for enhanced transatlantic foreign-policy coordination, Washington is first and foremost interested in what Europe can bring to the table on foreign- and security-policy matters. However, EU member states are divided on a number of major strategic issues, such as how to approach Russian and Chinese assertiveness and human rights violations. The Baltic states are willing to follow a more forceful response, in line with the US administration.

Forging the EU's strategic autonomy in foreign and security policy could potentially enhance the Union's position as Washington's key strategic partner, as well as enable the EU to promote its interests vis-à-vis the US. This will, however, require more efficient EU foreign-policy decision-making. In this context, the political direction and the unanimity rule of decision-making are currently being discussed among policymakers and experts.

¹⁴ Niklas Helwig, Juha Jokela & Clara Portela (eds.), *Sharpening EU sanctions policy: Challenges and responses in a geopolitical era*, (Helsinki: Finnish Institute of International Affairs, 2020).

In terms of political direction (or leadership), Germany and France have proposed a European Security Council (ESC) to strengthen European foreign policy.¹⁵ While the membership of the ESC and its relationship with formal EU structures has been left undefined, the proposal has been seen as opening up possibilities to collaborate with the UK on major foreign- and security-policy matters following Brexit.¹⁶ The UK's reluctance to discuss any formal arrangements for EU-UK cooperation in foreign and security policy speaks to London's preference for informal and flexible formats such as the E3 (Germany, France and the UK). London's recently published "Integrated Review of security, defence, development and foreign policy" largely emphasises bilateral relations with regard to Europe.

Nordic-Baltic EU members share an interest in keeping the UK engaged in European foreign policy, but also a concern related to their own inclusion in and access to key foreign-policy coordination processes. Against this background, the composition of the ESC and its relationship with the CFSP is a topical concern for them, should the idea of the ESC move ahead in the near future. At the same time, increasing cooperation among the E3, also encouraged by the UK's reluctance to connect directly with the CFSP, raises concern about the inclusion of smaller member states.

With regard to EU decision-making, the Commission has proposed extending qualified majority voting (QMV) to certain foreign-policy fields, namely the EU's human rights policy, implementation of sanctions policy and launching civilian missions. This proposal aims to address the recognised challenges to efficacy of the unanimity rule, yet it has received a lukewarm response from the member states. While Finland and Sweden have signalled support, Denmark has remained somewhat sceptical, and the Baltic states seem to oppose it.¹⁷

¹⁵ See Federal Government of Germany, "[Meseberg Declaration: Renewing Europe's promises of security and prosperity](#)," Presse- und Informationsamt Der Bundesregierung (Press and Information Service of the Federal Government), 19 June 2018.

¹⁶ Luigi Scazzieri, "[Towards a European Security Council?](#)," CER Insight, Centre for European Reform, 27 November 2019.

¹⁷ Nicole Koenig, "[Qualified Majority Voting in EU Foreign Policy: Mapping Preferences](#)," Policy Brief, Hertie School, Jacques Delors Centre, 10 February 2020.

Given the inclusivity problems related to ESC and informal forms of European foreign-policy cooperation, streamlining CFSP decision-making could, however, be a shared objective for the Nordics and Baltics. Yet the above analysis shows that it is not easy to find ways to strengthen the cohesion and effectiveness of EU foreign policy or even reach a common position among the Nordic-Baltic countries, which are in principle supportive of a stronger, more unified Europe in global affairs.

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While the problems are largely political, and the possibility of resolving them by institutional fine-tuning surely has its limits, decision-making structures do contribute to the political dynamics and could enable better realisation of shared interests. In addition, there is a need to strengthen shared situational awareness of key risks and threats, a matter currently discussed in the context of the EU's strategic compass to guide its actions in foreign and security policy. Nordic-Baltic collaboration in this process could turn out to be valuable.

4. TRADE AND INDUSTRY

The growing economic and geopolitical competition between the US and China has prompted the EU to reassess its trade and industry policies. Its traditional assumption of an international, mutually beneficial free trade agenda does not translate well into an international environment where the rules-based and multilateral system is increasingly challenged, and states more and more use economic tools in the pursuit of their geostrategic goals.¹⁸ In consequence, it has become difficult to insulate the EU's single market and trade agendas from geopolitical concerns.

In addition, the Covid-19 pandemic has highlighted the need to reassess the EU's dependences in order to tackle risks and challenges related to disruptions in global value and production chains. Diversification of operations and logistics, even relocation of production to the EU or closer to it, have been flagged as potential ways to enhance the EU's economic strategic autonomy and resilience.

These challenges have given new impetus to the ongoing policy debates surrounding the EU's trade, competition and industrial policies. The Franco-German consensus on working towards an intra-EU environment conducive to "European Champions"—globally competitive businesses also in terms of their size and reach—has, however, faced some scepticism in the Nordic-Baltic region, which has traditionally highlighted the value of a strict competition policy enforced by the independent European Commission as the pathway to European competitiveness and prosperity. All Nordic and Baltic EU members have taken part in the Friends of the Single Market group of 19 EU members co-chaired by Spain and Finland. The group has highlighted the need to preserve a robust competition policy within the framework of the single market.

Moreover, Nordic and Baltic countries, in particular Sweden, have raised concerns about the ongoing review of EU trade policy.¹⁹ In this context, the aspiration towards open strategic autonomy has been linked also with heightened protectionist trends in the post-Brexit EU characterised by increased Franco-German steering. At the same time, member states that support liberal and open trade policy, such as the Netherlands, have accepted that EU economic activity can no longer be separated from its geopolitical activity.²⁰ These dynamics result from the increasingly competitive global milieu characterised by systemic rivals such as China, yet they also draw on domestic political pressures to manage climate change, social issues and national security concerns. The

¹⁸ Henrique Choer Moraes & Mikael Wigell, "[The emergence of strategic capitalism: Geoeconomics, corporate statecraft and the repurposing of the global economy](#)," FIIA Working Paper 117, Finnish Institute of International Affairs, 30 September 2020.

¹⁹ European Commission, "[Commission sets course for an open, sustainable and assertive EU trade policy](#)," Press Release, Brussels, 18 February 2021.

²⁰ "[Spain-Netherlands non-paper on strategic autonomy while preserving an open economy](#)," Permanent Representation of the Netherlands to the EU, 24 March 2021.

ongoing debate on strategic autonomy in trade has exposed complicated questions related to the balance of offensive and defensive trade measures, as well as the linkage of trade policy to the broader set of EU strategic and policy objectives.

The return of the US to multilateral fora opens up possibilities to work together towards reform of the WTO and a deeper bilateral EU-US trade relationship. However, envisaged EU difficulties in ratifying the recently concluded Comprehensive Agreement on Investment (CAI) with China and the EU-Mercosur Free Trade Agreement underline the challenges related to the further liberalisation of trade through FTAs. EU measures imposed on Chinese entities under EU's human rights sanctions regime, and Chinese countersanctions, have added to the tensions between the aim to liberalise trade, on the one hand, and the EU's geostrategic interests and values on the other.

A key question will be whether it is possible to improve the EU's capacity to wield its economic power and build up resilience without compromising too much on the free-market principles that are the foundation of the single market and EU trade policy. Possible measures include to concentrate defensive efforts on a very limited set of critical industries, including new technologies such as 5G networks, and to further develop non-distortive measures such as research and development funding for new technologies. This approach seems to underpin the recently published UK Integrated Review.

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That is, strategic autonomy should be used to secure an open and rules-based global trading system while also enabling the EU to promote its values, defend its interests and address security concerns. Against this backdrop, the Nordics and Baltics could jointly contribute to the debate on the external implications of the EU's Green Deal by highlighting that the envisaged Carbon Border Adjustment Mechanism(s) should be developed not as protectionist measures but as a tool to further incentivise a shift towards carbon neutrality and to address a number of potentially emerging challenges to a level playing field.

5. DIGITALISATION

The competition-based free market and liberal economic logic runs through the Nordic-Baltic countries' EU policies, making them like-minded partners in trade and industrial policy as well as in digital affairs. For them the EU's global power is, to an important extent, built on the idea that, by combining European economies, a large entity will emerge which is competitive on the global stage. Ergo, the region consistently focuses on the need to further develop the single market—to make it more open, up to date and coherent. “A strong and integrated internal market is a [sic] best guarantee for the Union's strategic autonomy”, says the Finnish government's latest report on EU policy.²¹

From a Nordic-Baltic perspective, the current fragmentation of the single market is the number one issue hindering the strive towards digital sovereignty. Differing rules in member states, the limited ability to provide cross-border services and a lack of mutual recognition between different digital systems in Europe are the primary areas in which the region would like to see developments. This pragmatic approach came to the fore in the recent statement by Danish, Estonian, Finnish and German leaders, in which they asked the European Commission to map

²¹ Finnish Government, [Government Report on EU Policy: Strong and united EU – towards a more sustainable European Union](#) (Helsinki: Publications of the Finnish Government, 2021), 17.

Europe's strengths and weaknesses, apply a comprehensive approach to digitalisation and create a viable system for measuring success and failure in digitalising Europe.²²

fields such as the single market, education, and financial markets. In EU-speak, the region emphasises the need to take a comprehensive approach to digitalisation.

What seems to irk the region is the grand talk about digital sovereignty and a lack of nitty-gritty and burdensome work on legislation, implementation, feedback and correction

What seems to irk the region is the grand talk about digital sovereignty and a lack of nitty-gritty and burdensome work on legislation, implementation, feedback and correction. European Commission president Ursula von der Leyen talked in her State of the Union speech in September 2020 about the next wave of technological innovation—artificial intelligence and supercomputers.²³ As Europe missed the first wave of technological advances, it is understandable that Brussels believes that catching the second wave is a priority. During Andrus Ansip's time as a European Commissioner, a great deal of legislation on digitalisation was put into motion and passed.²⁴ However, this does not mean that the work is done. There is a need to analyse the implementation, identify the bottlenecks and reduce them. This cannot become secondary to pursuing long-term goals for the future.

The region's somewhat pessimistic view of Europe's ability to take an independent course from the US and China is due to the lack of a wider ecosystem that supports innovation and channels it into viable sources of economic growth. To name a few issues: a lack of financial support for start-ups, difficulties in scaling up companies, research and innovation not turning into economic growth, and the low level of science skills. Hence, the Nordic-Baltic countries highlight the need to focus not only on digitalisation but also the surrounding policy

The overall North-South divide in the EU also exists in digital affairs. The gap in digital performance continues to be large, with the difference between the top (Finland) and bottom (Bulgaria) standing at roughly 30%.²⁵ This results in discrepancies over how committed or capable member states are in pushing the digital agenda. The Northern member states are at the forefront, while the South tends to lag behind. It was long the aim of the Nordic-Baltic region to incite interest and engagement from Germany in driving the EU's digital agenda. Today, those efforts have borne fruit and Berlin is actively joining the conversation.

Specifically, in the digital sovereignty debate differences exist between France and the Northern countries. As is often the case, while sharing the same goal, France and the Nordic-Baltic region tend to approach potential solutions differently. As in trade and industrial policy, the protectionist streak in French positions irks the Northern free marketeers and traders. France is undoubtedly driving the debate on European sovereignty, including in digital and industrial affairs, while the Nordic-Baltic region is a step behind in bringing its positions into the discussion.

The differences in political will to embrace digitalisation and increase digital skills across the EU make it more difficult to overcome the fragmentation of the single market and create cross-European systems and solutions. Bridging the digital divide will feed into the European market becoming stronger, and in turn more competitive and less dependent on the global stage—the ultimate objective of the debate on European sovereignty.

The second part of the digital sovereignty debate revolves around values: fair economic competition, freedom of speech, the right to privacy, and openness. Here, the Nordic-Baltic region sees the US largely as a partner sharing European values, not as a foe or competitor, despite differences between US and European

²² Government of Estonia, "[Saksamaa, Taani, Eesti ja Soome valitsusjuhid: Euroopa digitaalne suveräänsus tagab meile võimekuse oma tulevik ise määrata](#)" [Government Leaders of Germany, Denmark, Estonia and Finland: European Digital Sovereignty Ensures the Ability for us to Determine our own Future], press release, 2 March 2021.

²³ European Commission, "[State of the Union Address by President von der Leyen at the European Parliament Plenary](#)," Brussels, 16 September 2020.

²⁴ Andrus Ansip was the European Commissioner for Digital Single Market and Vice President of the European Commission between 2014 and 2019.

²⁵ European Commission, "[The Digital Economy and Society Index \(DESI\)](#)," 18 December 2020.

views on matters such as privacy and security. This view rests not only on belief in the overall importance of the transatlantic relationship, but fundamentally on deep pragmatism. The US has dominated the world of IT so far, resulting in structural advantages that are difficult to turn back. Many American technology giants have become such an integrated part of Europeans'

The Nordic-Baltic region sees the US largely as a partner sharing European values, not as a foe or competitor, despite differences between US and European views on matters such as privacy and security

lives that a hypothetical exclusion from the European market would disadvantage European citizens and businesses. Thus, for the Nordic-Baltic countries, the aim of digital sovereignty is not about decoupling from the US market; rather it is about finding an agreement with the US regarding the tech industry while also maintaining the European approach to people's privacy, transparency and security.

With the new administration in the White House, this no longer sounds like utopia. The Biden administration is stepping back from the previously held US position and re-joining the OECD negotiations on global digital taxation.²⁶ Meeting in the middle will require compromises on both sides, which will not be easy. The Nordic-Baltic countries believe that, by and large, there is no escaping that.

Looking to the other side of the world, the rise of China's tech industries raises the Nordic-Baltic region's security consciousness. The Chinese digital industry's different set of values and principles makes finding the balance between economic gain and security more difficult. The debate around Huawei and 5G exploded suddenly, exposing this exact dilemma. Most notable was how unprepared the member states and the EU were, with clear national positions only starting to take shape recently. Weighing up the economic, business, security and geopolitical arguments showed

how discussions about tech developments and their impact are no longer the privilege of the few, but rather a far-reaching part of today's politics and society.

For the Nordic-Baltic countries, finding the balance between protection and openness is the optimal aim. The region understands the

French push to protect the EU, to support European companies, and to dream of an EU that is free to decide for itself. However, this cannot happen at the expense of fundamental EU values such as an open economy and free markets and trade, or losing a close friend like the US. Thus, finding a balance between protecting the EU's market, people and businesses

and maintaining openness, competition and cooperation with like-minded partners has become the ultimate interest of the Nordic-Baltic countries regarding digital sovereignty.

6. HEALTH

Covid-19 exposed the EU's vulnerabilities and the limits of member states' cooperation and coordination in the health sector. As a result, a broad consensus has emerged across the EU on the need for a stronger common health policy as an aspect of strengthening European autonomy. Furthermore, the global pandemic has turned health into a security issue that needs to be addressed in Union-wide strategic discussions. There are no distinct Nordic-Baltic regional positions in this field, but below is a short overview of the main issues on the EU agenda, with some highlights on Nordic and/or Baltic perspectives.

Thus far, the Nordic-Baltic countries have shown no appetite for enhancing the EU's competence in the health sector

The prospect of strengthening the EU's health competences and developing a "European Health Union" has been raised by Commission president von der Leyen.²⁷ It has also been proposed that this issue be addressed at

²⁶ Sam Fleming, Chris Giles, Miles Johnson, James Politi & Aime Williams, "US removes stumbling block to global deal on digital tax," *Financial Times*, 26 February 2021.

²⁷ European Commission, "State of the Union Address."

the Future of Europe conference. Thus far, the Nordic-Baltic countries have shown no appetite for enhancing the EU's competence in the health sector.²⁸ As laid out in the Treaty on the European Union, the EU's role in this field is to complement national policy. This is done by supporting and coordinating the actions of member states. Hence, discussions in the EU have been focused on strengthening common health policy in the framework of current treaties.

The crucial lesson learned from Covid-19 is the need to strengthen the EU's early-warning and crisis-preparedness capacities, so as to better anticipate health risks, undertake coordinated preventive measures among member states, and coordinate national crisis-management activities when a health crisis emerges. The Commission is working on measures such as strengthening the European Centre for Disease Prevention and Control (ECDC) and the European Medical Agency (EMA) and creating a strategic reserve of medical equipment under the rescEU initiative.

The ECDC was created in 2004 with the mission "to identify, assess and communicate current and emerging threats to human health from communicable diseases". The Centre relies on data provided by national authorities; it has no powers to inspect or gather information at source. During the first wave of Covid-19, it encountered difficulties in gathering adequate, timely data from all member states.²⁹ From the latter's perspective, it was not a priority in an acute crisis situation to provide data to the ECDC, so there were problems over delays. Member states focused on their own, differing, information-gathering mechanisms in order to provide information as quickly as possible to their governments to support national crisis decision-making.

For example, the Estonian experience during the first weeks of the pandemic was that the ECDC was too slow in providing overviews of the spread of the virus within the Union and globally. The national authorities were faster in gathering and constantly updating data on the

spread of the virus and crisis measures taken in other countries. Gathering such information was one of the main tasks of the Estonian foreign ministry, including embassies abroad, during the first months of the pandemic. Prompt and up-to-date information was important for the government when taking decisions on national measures.³⁰ Comprehensive data from the ECDC were, however, obviously useful and became a more important tool for member states when the most acute phase of the crisis had passed. The ECDC's resources have been strengthened and its capacity improved, but there are limitations in its mandate. The Commission has proposed strengthening this and also the European Ombudsman has made proposals aimed at strengthening the ECDC's ability to deal with health crises in future, e.g. by creating a stronger integrated surveillance system at EU level based on modern technology and improving public communication.³¹

The European Medicines Agency has also played a vital role in the pandemic and needs to be strengthened. It is responsible for authorising the marketing of medicines, including treatments and vaccines for Covid-19, across the EU and the EEA. As the issue of vaccines has become politicised in the context of global great power competition, it is a matter of European autonomy to have a reliable, impartial body that approves the safety and effectiveness of new products.

Another major area for improvement concerns security of supply, on which Covid-19 revealed serious shortcomings in crisis preparedness across the EU. In the spring of 2020, Finland emerged as the only country that had substantial strategic reserves, although it also faced problems with using and replenishing them.³² Finland has been seen as a model for developing security of supply in other member states and

²⁸ See, e.g. Finnish Government, Government Report on EU Policy.

²⁹ European Ombudsman, "[Decision in strategic inquiry OI/3/2020/TE on how the ECDC gathered and communicated information during the COVID-19 crisis](#)," 5 February 2021.

³⁰ Kristi Raik (ed.), Piret Kuusik, Maili Vilson & Frank Jüris, [Koronakriis ja väljakutsed Eesti välispoliitikale](#) [Coronacrisis and challenges to the Estonian foreign policy] (Tallinn: Estonian Foreign Policy Institute/International Centre for Defence and Security, 2020).

³¹ European Ombudsman, "Decision in strategic inquiry OI/3/2020/TE."

³² See Harri Mikkola, "[Covid-19 testaa Suomen huoltovarmuuden](#)" [Covid-19 tests Finland's security of supply], FIIA Comment 4/2020; Deloitte, [Selvitys koronakriisin aikana toteutetun valtioneuvoston kriisijohtamisen ja valmiuslain käyttöönoton kokemuksista](#) [Report on experiences regarding the government's crisis management and use of the Emergency Powers Act during the corona crisis] (Valtioneuvoston selvityksiä, 2021).

at the EU level.³³ However, member states have pursued different solutions to strengthen their national reserves. EU-level rescEU reserves are enhanced as a complementary measure. rescEU stockpiles are currently hosted in nine member states, including Denmark and Sweden in the Nordic-Baltic region, from where equipment can be delivered to countries where it is needed most.³⁴

Furthermore, greater health autonomy requires reducing the vulnerabilities caused by Europe's reliance on global supply chains and the production of medicines and medical equipment in third countries. The main solutions are diversification of supply chains and, again, improved reserves. To some degree it is also possible to stimulate production in Europe.

A related challenge has been procurement of vaccines. The European Commission's strategy of joint procurement was undertaken as an effort to show solidarity, but has been heavily criticised in public for its relatively slow pace.³⁵ The joint procurement mechanism was created in a hurry and ran into many difficulties. In many member states—not just the largest but also, for example, Estonia—questions were raised in public debate about whether national procurement would have been preferable. In early March, Denmark and Austria announced a separate “vaccine alliance” with Israel, while several Eastern member states had individual contacts with Russia or China about purchasing vaccines.³⁶ Member states have also disagreed over export controls, with Denmark among those pushing for tougher controls to limit vaccine exports, while Sweden, among others, opposed such measures. It is too early to pass final judgement on the EU's performance, but institutional weakness and lack of political unity

have been visible in the procurement process. As an institutional step, a more systematic and transparent joint procurement mechanism will be needed in future. Strengthening political unity is a more challenging task.

The pandemic also highlighted the need to invest in R&D and to protect the EU's strategic industries in the health sector against hostile foreign takeovers. The cybersecurity of medical

As an institutional step, a more systematic and transparent joint procurement mechanism will be needed in future. Strengthening political unity is a more challenging task

organisations and pharmaceutical companies emerged as a serious concern due to increased cyber-attacks that they experienced during the pandemic.³⁷ At the same time, the development of digital health services received a strong boost. Both cybersecurity and digital health services are areas in which the Nordic-Baltic countries can maintain a pioneering role.

Both cybersecurity and digital health services are areas in which the Nordic-Baltic countries can maintain a pioneering role

These challenges show that the EU's capacity for autonomous decisions and actions in the health sector is closely related to its political, economic, industrial, technological and digital sovereignty. As long as member states are not ready to transfer greater competence in health matters to the EU level, the Union's role remains complementary to national policies. The above analysis indicates that there is a lot more that can actually be done without changing the division of competences.

³³ Henri Vanhanen, “COVID-19 and European security of supply: Growing in importance,” *European View* 19(2), October 2020, 146–153; “Viro hakee Suomesta oppia huoltovarmuutensa takaamisessa – puolustusministeri Luik: ‘Yhteiset hankinnat mahdollisia’” [Estonia seeks lessons from Finland to ensure its security of supply - Minister of Defense Luik: ‘Joint procurement possible’], *Yle Uutiset*, yle.fi, 9 June 2020.

³⁴ “European Civil Protection and Humanitarian Aid Operations,” Factsheet, rescEU, last updated 11 January 2021.

³⁵ Jillian Deutsch & Sarah Wheaton, “How Europe fell behind on vaccines,” *Politico*, 27 January 2021.

³⁶ Sam Jones & Richard Milne, “Austria and Denmark forge ‘vaccine alliance’ with Israel,” *Financial Times*, 1 March 2021.

³⁷ “Attacks on biotech and pharmaceutical industry escalate,” *Help Net Security*, 20 November 2020.

CONCLUSIONS AND POLICY RECOMMENDATIONS

It is likely – and desirable – that efforts to make Europe more capable of taking care of its interests in an increasingly competitive and multipolar world will hold a central place in EU policy-making for years to come. This paper has highlighted a number of shared interests of the Nordic-Baltic countries to be pursued jointly in the EU framework, so as to make sure that the European sovereignty agenda takes into account Northern European views on regional security, open economy and digital society. Differences between the six countries' EU policies remain. However, there are important commonalities based on a shared understanding of the importance of the transatlantic relationship for European security, especially security in the Baltic Sea region; the commitment to free trade and an open economy as the basis for the single market as well as EU trade and industrial policies; and the aspiration to remain pioneers in technological innovation and the development of digital society across Europe.

The Nordic-Baltic states, together with other like-minded countries, can gain from promoting the following shared positions together, as they seek to shape further steps towards a more sovereign Europe.

SECURITY AND DEFENCE

- Member states need to use the opportunities provided by the strategic compass and the European Intervention Initiative to pool their national strategic cultures and build the strategic and political basis for joint action.
 - The further development of strategic autonomy should not create unnecessary barriers to smooth military cooperation with the US, including between defence industries. EU-NATO and EU-US cooperation remains central in the development of strategic autonomy.
 - The EU, in cooperation with NATO, can provide added value by further strengthening its capabilities to counter hybrid threats in the information and cyber space.
- Increased defence industry cooperation in the single market should not create disadvantages for vital defence SMEs in the Nordic-Baltic countries.
 - Member states should develop more precise objectives for the implementation of PESCO projects. Military mobility, which is the most important PESCO project for the Nordic-Baltic region, could be further strengthened by US participation.

FOREIGN POLICY

- Explore and utilise the emerged possibilities to forge transatlantic collaboration with the new US administration in major foreign- and security-policy matters, including closer coordination of sanction regimes, e.g. on Iran and Russia. The EU's recently established human rights sanctions regime also opens up possibilities for transatlantic cooperation with the US, the UK and Canada.
- In spite of the difficult post-Brexit political context, continue highlighting the utility of closer EU-UK cooperation in foreign and security policy in the longer-term perspective.
- Enhance the effectiveness of CFSP decision-making by strengthening a shared situational awareness among the member states on major foreign- and security-policy challenges.
- Work towards a shared approach to the proposal for a limited expansion of qualified majority voting in the CFSP.

TRADE AND INDUSTRY

- The EU's strategic autonomy in trade should prioritise an open and rules-based global trading system, while also enabling the EU to promote its values, defend its interests and address security concerns.
- Consider measures to improve EU strategic autonomy on trade and industry that have a limited distorting effect regarding competition in the single market. R&D funding schemes or new policies on mergers need to ensure fair competition also for SMEs.
- Learn from the positive lessons of the 5G toolbox of risk-mitigation measures that combined a detailed EU-level framework with individual assessments and policies

on the national level. To what extent can lessons learned be applied to risk mitigation in other industries/technologies?

- In line with the Commission approach to “open strategic autonomy”, the EU should continue to promote reform of the WTO rulebook and concentrate on standard setting together with the US and other close and like-minded trade partners.

DIGITISATION

- Link the objective of digital sovereignty to the development of the single market. Digital development and innovation need to serve and contribute to a well-functioning single market, which is a basis for the EU’s economic power on the global stage. There are several elementary gaps that need to be filled, the most pressing being e-commerce, mutual recognition of identification, interoperability of systems and digital literacy.
- Intensify regional cooperation in the digital sphere, as the idea to implement digital systems at the regional level and later expand them to the European level is a viable model for progress and further integration in the EU.
- Promote transatlantic cooperation in digital affairs. US dominance in tech and digital

affairs is extensive and, despite differences, the US is the EU’s closest value-based global ally.

- Actively promote, and provide feedback to the European Commission about, legislation passed and its implementation. In the field of technology, change happens fast, and legislation needs regular updating and review.

HEALTH

- Reduce Europe’s reliance on medical goods originating from third countries by diversifying supply chains, back-shoring some production and strengthening stocks at both member state and EU level. Encourage other member states to learn from Finland’s experience in securing strategic reserves and security of supply.
- Coordinate and exchange best practice among member states on measures to strengthen the cybersecurity of medical organisations and pharmaceutical companies.
- Strengthen the EU’s institutional capacity to coordinate member states’ health policies, and develop early warning systems and capacity for comprehensive data gathering and analysis.

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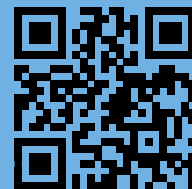
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