

# Seeking Renewed Relevance

## Institutions of Nordic Cooperation in the Reform Process

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**Institutionalized Nordic cooperation is currently facing doubts about its political significance. Lately, the Nordic countries Denmark, Finland, Iceland, Norway and Sweden have experienced tensions and open differences of opinion which have hampered cooperation within the joint organizations. Against this background, the intergovernmental Nordic Council of Ministers, in particular, is currently undergoing a reform process aimed at re-establishing its political relevance. Although it is increasingly being institutionalized, particularly with regard to EU issues and sensitive political topics such as migration, Nordic cooperation is only gradually being substantially strengthened. Nevertheless, this realignment has the potential to secure the cooperation's future political relevance. Old and new bilateral and multilateral partnerships could contribute to this, especially those with Germany and the Baltic states.**

The institutionalized cooperation between the Nordic countries has been undergoing an ambitious reform process since 2014. Denmark, Finland, Iceland, Norway and Sweden are thus responding to internal as well as external challenges that will largely determine the future of their joint cooperation. In particular, the influx of migrants to the region put a heavy strain on neighbourly relations. At the height of the refugee crisis, the lack of coordination and public finger-pointing weighed heavy on intra-Nordic issues (see [SWP Comments 1/2017](#)).

Externally, critical external developments have to be tackled. The Nordic countries must rebalance their relationship with their difficult neighbour Russia, both in terms of geostrategic and security policy.

On the other hand, US President Trump is questioning old certainties surrounding the political and ideological orientation of the liberal-democratic Western social model to which all Nordic countries firmly subscribe. But also, and particularly in terms of their relationship to the European Union (EU), this has thrown up some important questions. The five countries – whether EU Member State or not – have to decide how they can or want to position themselves on the future of the EU and regarding the Brexit negotiations, both individually and, where appropriate, jointly.

The current situation affects Nordic cooperation at all levels. However, official cooperation between the five parliaments and governments in the Nordic Council

(NC) and the Nordic Council of Ministers (NCM) is under particular pressure to act, as it determines the 'prevailing weather conditions' for various connections to civil society. Dedicated supporters of Nordic cooperation are critical that official cooperation would not be up to the various challenges in its current form. They suggest that only greater integration, even towards a 'Nordic federal state', would prevent it from losing its relevance. However, such an idea will remain a utopia, at least in the near future and, therefore, other ways must first be found to ensure and raise the political relevance and efficiency of Nordic cooperation.

### **Earlier reforms**

Doubts about their relevance have plagued Nordic cooperation institutions since they were established. They have had to persistently react to new internal and external challenges and adapt to new circumstances in order to maintain their importance.

Nordic cooperation was institutionalized over the course of several decades. The parliamentary Nordic Council (NC) was established in 1952, the Helsinki Cooperation Treaty adopted in 1962 and the Nordic Council of Ministers (NCM) founded in 1971. It was, therefore, increasingly organized within a contractually regulated system of rules and is now present in nearly all areas of domestic governance. Its core areas include social issues and the development of the Nordic welfare state model, culture, environment as well as research and education. Classic foreign policy, (military) security and defence policy were excluded from formal cooperation, as was closer economic cooperation because the security policy traditions, multilateral ties and economic orientations of the Nordic countries differed too considerably.

From 1992, the governments of the Nordic countries initiated changes to their cooperation policy as a consequence of the end of the East-West conflict, the changing international environment and the acces-

sion of Sweden and Finland to the EU in 1995. In particular, the added value of Nordic cooperation needed to be redefined in relation to European integration. As a result, Nordic cooperation since the mid-1990s has been based on three pillars: the continuation of traditional inter-Nordic cooperation, cooperation with neighbouring regions, in particular the Baltic states and, later, North-West Russia and relations with the EU and Europe in a broader sense. The NC then abandoned its previous committee structure based on particular fields (e.g. environment, culture, etc.) and instead founded three committees in accordance with these geographically oriented pillars. However, since the new structure was unclear, did not work well due to having too many different topics within a committee and did not correspond to the topic-oriented Council of Ministers, the parliamentary organization returned to its original committee structure back in 2001.

Meanwhile, the intergovernmental NCM initiated a number of structural changes, such as an annually rotating Council Presidency among member countries, in order to better coordinate its activities. It established information offices in the Baltic state capitals and in St. Petersburg and reduced the number of official committees operating under its umbrella. At the time, structures were also created to better coordinate EU policies in the Nordic countries, but they did not work and were soon abandoned. A subsequent major reform in 2005-2006 was to reduce the number of ministerial councils from 18 to 11, partly through mergers. During the same period and again in 2010 the secretariat was restructured.

The most recent NCM reforms were launched in February 2014. The ministers for Nordic cooperation presented their four visions of future cooperation under the heading, *Tillsammans är vi starkare* (Together we are stronger). On the one hand, they continued two classic, inward-looking ambitions: a borderless Nordic Region (especially in terms of further removing border obstacles such as different

taxation, etc.) and an innovative Nordic Region. On the other hand, the vision of a visible Nordic Region focuses attention outside the area. In response to growing international interest in Nordic experience and solutions, the Nordic social and cooperation model is to be profiled more strongly throughout the world. Furthermore, the ministers for Nordic cooperation declared the vision of an outward-looking Nordic Region, thereby underlining their ambition to intensify Nordic cooperation with regard to global issues and within international organizations.

### **Current state of the reform process**

Based on these visions of the future, the NCM initiated a process of modernization aimed at highlighting and strengthening the political relevance of the cooperation, making it more effective and opening up new fields of cooperation. NCM Secretary-General, Dagfinn Høybråten, secured a mandate to submit corresponding proposals. In spring 2014 he presented his report, *Nyt Norden* (The New North) with 39 recommendations. The ministers for Nordic cooperation then adopted a catalogue of reforms covering four areas: ministerial cooperation, the Secretariat to the Nordic Council of Ministers, budgeting and project level.

The changes to cooperation between the particular ministers were aimed at giving ministerial meetings a stronger strategic focus. Rather than get embroiled in small-scale administrative issues, ministers were to focus more on relevant policy issues in their respective fields and their long-term implications for Nordic cooperation. In particular, the reform agenda identified a more systematic dialogue on international and EU policy issues as a significant field of cooperation for the future, which will now operate under the auspices of the NCM.

In order for the Secretariat of the NCM to function more effectively, the changes specifically upgraded the position of Secretary-General. For instance, he was permitted to set the NCM's procedural rules

and meeting agendas. Furthermore, the budgeting process for NCM institutions was to be made leaner and more flexible. In addition, it set itself the aim of better linking and evaluating the numerous NCM projects and programmes.

The first phase of the reform process has brought about many changes to the way the NCM operates. However, the ministers for Nordic cooperation soon felt compelled to expand their modernization agenda and do more to emphasize the relevance of their cooperation for politics, business and civil society. The background to this was the deterioration in relations with Russia following the crisis in Ukraine, which had an impact on the involvement of the NCM in North-West Russia. In addition, the considerable migration movements that directly affected all five Nordic countries, as well as the EU's legitimacy crisis, increased the pressure on them to take action. These developments provided both new challenges and opportunities for Nordic government cooperation, as well as for regional cooperation and integration in general. In the spring of 2016, Secretary-General Høybråten presented his *Nordens tid er nu* (The Nordic Region's time is now) report, commissioned by the ministers for Nordic cooperation as the basis for further reforms.

It includes a number of more traditional key issues, such as developing the North into the world's most integrated region, strengthening Nordic commitment to sustainable growth and increasing dialogue with its citizens. Some ministerial councils were also reorganized structurally. For example, the former council for the environment was expanded to include climate in order to give mutual Nordic climate change initiatives more importance and embed them institutionally. Moreover, the intention was to allow the NCM to function more flexibly. It means that one-off informal ministerial meetings may be convened and ad hoc ministerial councils established. Such ad hoc councils may, within a limited period of time, deal with a specific field of cooperation not covered by the existing system of division.

The ministers for Nordic cooperation have made direct use of the increased flexibility by setting up an ad hoc council for digitalization (see below). Unlike the original proposal, an ad hoc ministerial council for the integration of refugees and immigrants was not established, but an informal ministerial meeting in autumn 2016 launched a Nordic cooperation on integration programme. The aim of this special multi-sectoral programme is to intensify dialogue and cooperation between the Nordic governments in this field.

Finally, the catalogue of reforms recommends a more prominent role for the heads of government in formal cooperation, including greater policy-making powers. The European Council serves as a model for this. Traditionally, only ministers meet in the NCM, but not prime ministers or foreign ministers. However, they regularly get together in more informal meetings. Both formats should be more closely linked and the heads of government should be more involved in ongoing NCM projects in order to give formal cooperation more political weight. To achieve this, recommendations have been made for the systematic use of hitherto irregularly applied instruments, such as declarations by prime ministers and cooperation initiatives formulated by them.

Unlike the NCM, the parliamentary Nordic Council has not initiated any far-reaching structural reforms since changing from its topic-based committee structure back to its tripartite structure. However, the main focus of the NC in the last couple of years has been on how to revive political debate at the annual council meetings. In order to make discussions between parliamentarians and with representatives of governments more politically relevant, the NC increasingly tackled politically sensitive issues. MPs debated controversial issues such as migration, foreign and security policy and the Nordic relationship with the US following the election of Donald Trump. Furthermore, the meetings are to be more efficient and focussed in future.

In fact, more systematic engagement with such issues can be a way to increase the political relevance of parliamentary cooperation. In this regard, the NC is increasingly playing the role of initiator. However, its initiatives have so far only been taken up to a limited extent at the intergovernmental NCM level, which is reluctantly and only unsystematically dealing with sensitive issues. In any case, the NC can generally only make non-binding recommendations to the NCM. In this context, it would therefore be necessary to elevate the NC in relation to the NCM in order to achieve more concrete changes and to more firmly anchor these topics in the institutions' catalogue of cooperation.

The NCM cooperation programme on the integration of migrants, launched in 2016 (see [SWP Comments 1/2017](#)), is a real step in this direction. The NCM also felt compelled to engage with at least some of these issues due to heated debates at the NC. However, the purpose, objectives and relevance of the programme only came into being on the basis of the lowest common denominator and remain unclear. Achieving a consensus for greater cooperation on actual migration and asylum policy, including an intra-Nordic distribution key and joint minimum criteria for accepting refugees, was virtually unthinkable. However, the consequences of differing opinions within the NCM and the NC as well as between them for Nordic cooperation are also evident in another important area: Nordic cooperation at the EU level.

### **Controversial cooperation at the EU level**

Plans were already in place to establish Nordic cooperation on EU issues when Finland and Sweden joined the EU in the mid-1990s. However, with the inclusion of Denmark, the three Nordic EU countries were at pains from the outset to avoid any appearance of wanting to form a 'Nordic bloc'. Nevertheless, they used informal meetings of Nordic ministers and prime ministers to

discuss issues in advance of important EU Council meetings and, if necessary, to agree on a mutual position where their interests converged. As a result, Iceland and Norway, though not members of the EU but of the European Economic Area (EEA), were thus able to indirectly raise concerns about EU legislation with the help of their partners. At the same time, however, their non-membership was also an obstacle to closer Nordic EU cooperation because it was always important to take into account the interests of Iceland and Norway which sometimes differed significantly from those of the Nordic EU members. Yet, EEA membership, which is common to all five countries, requires agreement and coordination on common interests.

In practice, therefore, Nordic-EU cooperation has never been self-evident. In some cases, general EU attitudes and specific positions differ considerably, even among the three Nordic EU Member States. For example, Finland welcomes and fully implements traditional measures for ongoing EU integration. In contrast, Denmark is more focused on national interests and would like to limit general EU cooperation to a core set of policy areas (see [SWP Comments 42/2016](#)). Sweden positions itself somewhere in between the two. As a result, interest among the Nordic countries to always and readily coordinate national EU policies has never been particularly pronounced.

However, against the background of greater regionalization tendencies following the Brexit vote, more and more politicians in the North called for strengthening Nordic cooperation within the EU, citing growing interest in regional solutions due to the current problems of European integration and cooperation.

Particular importance was attached to a proposal in autumn 2015 for the NC and the NCM to establish a joint office in Brussels. The aim was to strengthen the Nordic voice in the EU by making both organizations more visible in Brussels and intensifying contacts with the Nordic Members of

the European Parliament (MEPs). However, this idea did not find consensus within the NCM. Apparently, governments were concerned that a new joint institution of this kind would undermine the importance of national permanent representations. The parliamentary NC was also deeply divided over the question of a Nordic EU office. Although sceptics were aware of the need for increased EU cooperation, they saw no added value in a new and costly structure. They believed instead that existing cooperation channels between the NC and Nordic MEPs should be strengthened on EU issues.

Eventually, however, those in favour of the office came up with a compromise. Instead of an office, they suggested sending one person to act as a liaison to Brussels on behalf of the NC. Her task is to improve coordination between the NC and the Nordic MEPs and to develop contacts with Nordic and relevant stakeholders. This project is still more experimental than substantial which is reflected in the position initially being limited to two years.

Although the NCM rejected the idea of joint representation in Brussels early on, it continued to promote greater Nordic EU cooperation primarily through intergovernmental channels. Prepared by the Finnish NCM presidency in 2016, the Norwegian chairmanship in 2017 fleshed out the initially very vague ambitions. It identified three topics in which the Nordic governments' interests in greater cooperation within the EU were particularly strong: energy, climate and environment and digitization. The cooperation should seek greater visibility and increased Nordic influence on these topics. Following on from this, the 2018 Swedish NCM presidency is aiming to influence the targeted EU Energy Union to promote Nordic interests. Above all, the Swedes want it to achieve greater energy efficiency and a faster transition to renewable energies.

Furthermore, there have been efforts for some time now to ensure all councils of the NCM treat EU issues more systematically. In addition, a more coordinated implementa-

tion of EU legislation in the individual countries is often a recurrent concern to avoid creating new border barriers due to different implementation (see [SWP Comments 42/2016](#)).

However, in addition to ambiguous content, it is not currently clear how these demands should be implemented structurally. Initial efforts to achieve this included, for example, the formation of a multidisciplinary EU team in the NCM Secretariat which was to have a coordinating effect. So far, however, discussions on Nordic EU cooperation have only taken place on an abstract level in the relevant ministerial councils. While the NCM Secretariat strives for a more concrete implementation of the guiding principle of more EU cooperation, it frequently encounters latent scepticism or open resistance from individual governments.

In public, practical issues are often cited here, suggesting for example that the councils need more time to adapt to the new direction. On closer inspection, however, there are two more deep-rooted reasons for their reserved stance. Firstly, Nordic governments have widely diverging views on the function and future of the EU. As a result, once again, only a minimum of consensus was reached in identifying three priority topics for greater EU cooperation. In contrast, politically sensitive but currently more urgent topics in the EU context, such as migration, security and Brexit remain off the cooperation agenda.

Secondly, this scepticism also hides a sense of disquiet on the part of Nordic governments that they will eventually have to bestow more rights and competencies on the NCM in order to achieve more effective cooperation within the EU. This could lead to a loss of national competencies. Resistance to the planned EU office demonstrated how reluctant governments are to support such inclinations.

It is still unclear whether and, above all, how substantial Nordic EU cooperation will be under formal NCM patronage. It may be that barriers to cooperation prove so insur-

mountable that Nordic governments rely again, or continue to rely, on informal meetings. In such meetings, they can at least conceal the different positions more easily and reconcile them with the help of non-binding declarations.

### **Increasing internationalization**

Since the Nordic Region's international environment has changed considerably in recent years and international developments are having a major impact on the area, greater internationalization of Nordic cooperation is essential. Embracing the vision of an outward-looking Nordic Region, Nordic cooperation in other multilateral formats may help give the Nordic voice more weight and influence.

In this context and in terms of intensified Nordic/EU cooperation, deepening its cooperation with Germany would be particularly important. Bilateral relations with Germany have become significantly more important for all five Nordic countries in recent years and will continue to do so against the background of Brexit. A close partnership with Germany has both appeal and potential, also for the Nordic countries as a group. In particular, there are connecting factors from the closer Nordic/EU cooperation being sought. While not all EU dossiers are suitable for closer cooperation with Germany due to diverging interests, as with Nordic/EU cooperation, greater collaboration on energy, environment, climate and digitalization would also be interesting from a German perspective. Together with Germany and possibly other like-minded partners, the Nordic countries may be even more successful in promoting and progressing these issues at EU level. This would also counteract any impression that they are a purely Nordic block.

Existing contacts have the potential to be used more systematically and effectively, not only between central governments but also at various other levels, such as parliaments (meetings between the Nordic Council and the Bundestag have already been

taking place on an ad hoc basis), regions/*Länder* and cities. Schleswig-Holstein, in particular, has a keen interest in good and close neighbourly relations with the Nordic countries and was awarded observer status in the Nordic Council in 2016 precisely for this purpose. Regular Nordic-German formats facilitate exchange, mutual learning and concrete cooperation in the face of joint challenges, such as migration and refugee integration.

Close cooperation with the Baltic states of Estonia, Latvia and Lithuania is traditionally an important part of Nordic cooperation. The NCM's current reform agenda seeks to strengthen and systematically integrate the Baltic states into the work of the NCM through the existing annual meetings between the Nordic and Baltic prime ministers and foreign ministers (Nordic-Baltic 8, see [SWP Comments 40/2015](#)). As a result, the two cooperation platforms are to be more closely linked on issues of common interest. The Nordic cooperation ministers also achieved this ambition in the summer of 2017 by installing an ad hoc ministerial council for digitalization. The Baltic states were expressly invited to participate in the new council. Initially until 2020, joint measures are to be adopted together in order to work towards a unified Nordic-Baltic digital market.

However, it is unlikely that the Baltic states will be included directly in the NCM or the NC in future. This is due to the pronounced core identity that is shared by the five Nordic countries only. In their understanding, Nordic cooperation is based heavily on historical-cultural and linguistic commonalities.

Nevertheless, the internationalization of Nordic cooperation is not limited to the immediate neighbourhood. For example, in mid-2017 the NCM agreed to strengthen cooperation with China in areas such as sustainable growth and clean energy sources. Overall, in recent years, there has been a clearer sense of mission on the part of the Nordic countries to expand the image and

benefits of their cooperation throughout the world.

### **Conditions for success and outlook**

Latest in the autumn of 2015, during the refugee crisis, it became clear that institutionalized Nordic cooperation risked becoming irrelevant if it did not address the sensitive issues of 'high politics'. At the same time, the NC and NCM suffered from not being awarded greater powers and that the highest political level was not sufficiently involved. Moreover, the 2014 vision of a borderless Nordic Region, in particular, was in sharp contrast to the reality of controls reintroduced at the inner-Nordic borders from 2015 onwards. This posed a serious credibility problem for Nordic cooperation.

In response, the second reform report in particular underscored the future relevance of Nordic cooperation in two dimensions: an internal dimension in the sense of increased flexibility, politicization and new topics for intra-Nordic cooperation, as well as an external dimension consisting of more EU cooperation, greater internationalization and old and new multilateral partnerships.

Progress has been made in both dimensions, such as the establishment of new ad hoc councils, focussing on key topics for EU cooperation and the NC liaison to Brussels. The Brussels liaison is not a revolution, but perhaps the nucleus for further EU cooperation, insofar as it is linked to existing, even informal, forms of cooperation.

It is important for current and future reforms to set clear, realistic and workable goals that take into account the national, regional, European and international context. In addition, there is a need to regularly review and amend the objectives and/or timelines. Agreed reforms to achieve objectives must be implemented quickly and consistently. In the past, many meaningful reform proposals were tabled but never implemented. It is also important to clearly communicate the reforms and the desired

and actual changes that accompany them, both internally and externally. International partners must be able to adapt to the new structures and embrace them.

Ultimately, Nordic cooperation and its institutions need, on the one hand, a transfer of competences and resources on the part of governments in order to achieve substantial benefits. On the other hand, governments must be convinced of the relevance of the new committees/fields of cooperation and must build trust in them. Both sides need each other and can provide mutual support – however, this process is not automatic but depends on the concrete benefits and, indeed, drawbacks of cooperation in practice.

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