

# BALTIC RIM ECONOMIES

## SPECIAL ISSUE ON TRANSATLANTIC COOPERATION

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Transatlantic relations  
under stress



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The role of business in  
government



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drivers are delivering;  
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Navigating the TTC:  
Balancing standards,  
noticing SMEs, and  
disagreeing SEPs



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# BALTIC RIM ECONOMIES

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which deals with the development of  
the Baltic Sea region.**

**In the BRE review, public and corporate  
decision makers, representatives of Aca-  
demia, as well as several other experts con-  
tribute to the discussion.**

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**Centrum Balticum**

# BALTIC RIM ECONOMIES

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CECILIA MALMSTRÖM

# Best of friends? Transatlantic relations under stress

Expert article • 3493

**A**fter the second world war, Europe and the US cooperated closely to set up global institutions that would help manage the post war challenges. Under American leadership, we built the global architecture to uphold the liberal world order standing against authoritarianism and anarchy.

NATO was formed for security against the emerging communist bloc. We saw the birth of the United Nations to foster cooperation on a grander scale. The Bretton Woods conference in 1944 laid the ground for the post war financial system with IMF and the World Bank. To facilitate open trade GATT (General System of trade and tariffs) was created in 1948, something that later became WTO. The purpose of the Marshall plan was to build a peaceful and prosperous Europe to establish freedom and democracy at the heart of global order. Overall, that was successful.

The transatlantic relationship has been one of the most significant in the world. We trade one trillion dollars' worth of goods and services every year, 3,6 billion dollar per day. More than 15 million jobs are supported by the transatlantic economy. Strangely enough, there is no trade agreement between the US and the EU. The negotiations on TTIP (Transatlantic Trade and Investment Partnership) tried to fix this when launched in 2013. Sadly enough, negotiations were never concluded and there does not seem to be a willingness from any side to reopen them anytime soon.

Since then, a lot has happened. During the Trump era the transatlantic friendship came under severe stress. The new American president did not seem to value the liberal order the US had contributed to, neither NATO nor WTO. President Trump imposed tariffs on steel and aluminium on Europe and other allies. These were motivated by national security, something that offended many Europeans. How could European countries be a national security threat? Relations became very sour.

With President Biden in the White House, there was a collective sigh of relief in Europe. In September 2021 officials from Washington and Brussels met in Pittsburgh to discuss their differences on trade. This resulted in the creation of the Trade and Technology Council. It is not a trade agreement but has ten working groups about semiconductors, climate, AI, export controls, investment screening etc. It meets on a ministerial/commissioner level twice a year. TTC is an important forum to discuss areas of common concern, but it has not delivered much concrete policy. There is definitely room for stepping up the activities here.

Russia's war on Ukraine brought the alliance even closer and we have seen a close coordination between Washington and Brussels in the support for Ukraine and in sanctions against Russia. That unity has been clear and vocal. President Biden and Commission president Ursula von der Leyen have a personal and warm relationship. She is the one the US calls when they "need to speak with Europe".

There are several challenges though. The Biden administration has a trade policy very much like its predecessor's, albeit with a less aggressive rhetoric. Trade agreements are seen as old fashioned and the notion of facilitating market access and eliminating tariffs are not on the agenda. The new mantra is friendshoring and an ever tougher line versus China, characterized by tariffs and export controls. Washington is pushing the

EU and other allies to choose sides. No efforts are being made to help reforming the WTO or reinstalling the dispute settlement system that the US destroyed by refusing to appoint judges to the appellate body.

Europeans are delighted about the massive investments being made in the green transition and carbon free technology and energy that are included in the Inflation Reduction Act. However, they are clearly concerned about the non-WTO compatibility and the focus on local content. We see the emerge of a new industrial policy with subsidies, a development that is fuelling a global subsidies' race. The promises of tax credits and other privileges for European companies moving their investment to the US, has raised a lot of worries.

The US on its side, is clearly not happy with the EU's coming carbon border adjustment mechanism which intends to put a price on carbon and address carbon leakage.

But the terrible aggression in Ukraine and the solidarity with the Ukrainian people is a strong glue that ties US and Europe together. Open disagreements would only please Vladimir Putin, which is why complaints and concerns are not voiced too publicly.

As the presidential election is approaching in the US, we see growing concern that Donald Trump will return to the White House in 2025. Already members of Mr Trumps staff and allies have flagged that Trump, if elected, could leave NATO and might insert a flat 10% tariff on all imported goods to the US. Furthermore, we know that the Republican party is likely to drastically cut the financial and military aid to Ukraine. All this leaves the European union to consider different options. Can the transatlantic relations survive four more years of Trump? ■

**Cecilia Malmström**

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ANDRIS PIEBALGS

# Energy transition and transatlantic relations: A new chapter

Expert article • 3494

The global paradigm shift toward clean energy provides a unique opportunity to elevate transatlantic relations to a new qualitative dimension. Both the European Union (EU) and the United States (US) have set ambitious targets to achieve climate neutrality by 2050. At the heart of this commitment is the pivotal transformation of the energy sector. While both aim for similar goals, the paths chosen involve diverse strategies, influencing the quality and nature of transatlantic relations.

Historically, the US's most significant successes in global challenges have stemmed from the dynamism of its private sector. In contrast, the EU is embarking on a path of carbon pricing combined with stringent regulations. While the US relies on tools and incentives presented by the Inflation Reduction Act, the EU is implementing a carbon border adjustment mechanism, strengthening the Emissions Trading System (ETS), and furthering regulations. This raises questions: Will these divergent strategies converge toward a common goal? And could a more collaborative approach spur greater innovation and efficiency in achieving climate objectives?

As the world's premier economies and major trading partners, the policies of the US and EU have the potential to set the tone for the global clean energy transition. The international repercussions of the European Green Deal and the US Inflation Reduction Act are evident. On one hand, they exemplify leadership in executing international climate commitments. On the other, investments from both regions in clean energy infrastructure can amplify the affordability of clean technologies.

However, certain provisions in the IRA, especially those emphasizing domestic content, have raised eyebrows in European countries. The IRA's focus on local production could deter investments in the European clean energy sector. The EU's proposed Net-Zero Industry Act (NZIA) and Critical Raw Materials Act (CRMA) reflect a European effort to bolster its clean energy ecosystem. Although both regions provide comparable green subsidies, the IRA's approach could challenge European competitiveness. Still, a historical analysis of EU-US energy relations suggests that collaboration, rather than conflict, will prevail.

Three priorities emerge as potential areas of collaboration: energy security and resilience, trade and investment, and capacity building with knowledge exchange.

Even before the geopolitical upheaval caused by Russia's invasion of Ukraine, energy security was a cornerstone of transatlantic cooperation. Following the 1973 oil crisis, the International Energy Agency (IEA) was established to respond to physical disruptions in oil supplies, and a regular transatlantic energy dialogue began. The diversification of energy supplies and the establishment of transparent energy markets have been central to the transatlantic energy dialogue. The creation of the joint EU-US Task Force on Energy Security in response to the gas supply crisis caused by Russia's invasion of Ukraine showcased a joint commitment to address Europe's unprecedented energy crisis. Contrary to popular belief, there were no energy supply cuts to European households during the winter of 2022, even as prices soared to record highs and reliance on Russian energy supplies decreased significantly. The substantial increase in US gas exports to the EU in 2022 greatly mitigated gas shortages. In 2022, US exports to the EU were 56 bcm, up from 22 bcm in 2021. The US has become the largest supplier of LNG, with Norway supplying a significant portion of natural gas. The focus now shifts to challenges associated with accelerating the deployment of renewable energy technology,

mitigating methane emissions, and pursuing energy efficiency. Both the EU and US spearheaded the Global Methane Pledge to drastically reduce methane, a potent greenhouse gas, by 2030. Much of the methane is released during the fossil fuel production process, making it logical to link fossil fuel supply to its environmental performance.

A coordinated transatlantic effort to increase clean energy-based power generation, electrification, and energy-efficient infrastructure reforms can address the global energy crisis and diminish fossil fuel dependence. Aligned standards and policies can streamline the flow of products, knowledge, and supply chains, facilitating cross-border trade and accelerating decarbonization. Reducing dependence on China through diversified supply chains also enhances economic security for both regions. Strategic autonomy is now gaining significant attention in both the US and Europe.

While many foundational technologies for the energy transition are ready for deployment, others require continued research and innovation. This presents another area for US-EU synergy. By pooling resources and expertise, both regions can hasten the development and commercialization of essential clean energy solutions. Sharing best practices and addressing skill shortages can greatly aid third countries in their transitions. As the EU and US nurture their clean technology sectors, aligned rules and standards will ensure that products, supply chains, and knowledge flow smoothly across borders. The evolving clean hydrogen market, in particular, demands attention. Different standards could slow the development of the hydrogen economy, increase costs, and complicate supply security.

The EU and US, as primary providers of technical assistance, can play a pivotal role in advancing the global clean energy transition. Their combined efforts contribute to global energy market stability, transparency, and the broader goal of achieving a net-zero emissions future. The EU-US Energy Council, the main forum for transatlantic energy cooperation, is instrumental in bolstering global energy markets, endorsing energy efficiency measures, and fostering technological advancements essential for attaining net-zero emissions by 2050. Strengthening energy security, hastening the energy transition, and minimizing fossil fuel dependence are vital for a stable and sustainable global energy landscape. Industry involvement in transatlantic dialogue is crucial. Under the Energy Council's auspices, high-level business forums have been held since 2019, focusing on topics like liquefied natural gas, small modular nuclear reactors, and offshore wind.

The energy transition marks a pivotal moment in transatlantic relations. Seizing this opportunity demands visionary leadership, unwavering commitment, and, most importantly, a collaborative spirit to tackle the challenges ahead. The rewards—a cleaner, sustainable, and secure energy future—are undoubtedly worth the effort. ■



**Andris Piebalgs**

Former EU Energy Commissioner, Professor  
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CONNIE HEDEGAARD

# Climate can revitalise transatlantic bonds

Expert article • 3495

**A**s a very young MP in the 1980's I worked a lot with defence and security. It was Cold War. The nuclear threat was for real. The division between East and West was the dominant international political theme, and the main political divider was whether one supported the Western Alliance or not. Whether one saw oneself as a friend of the US. Or not.

I was never in doubt. NATO provided the security umbrella, and across the Atlantic we shared values. When the Berlin Wall was torn down, it was the victory of our Western, Democratic values. Our strategy had worked. Now markets would open up, Democracy would thrive, and we had to be grateful to our big ally.

For someone with this background and this profoundly positive though certainly not uncritical look at the US and transatlantic cooperation, it was quite a hard awakening some 15 years after the revolution in Eastern Europe to work as a Minister with climate change

When it comes to the fight against climate change, for decades the transatlantic discussions have been difficult and frustrating going back to the US never ratifying the Kyoto Protocol. Because as former US President Bush pronounced it: "The American lifestyle is not negotiable".

Thus, for many years Europe had to lead the fight against climate change alone, while the US were dragging its feet and for years actually did not reduce its emissions at all. Even when back in 2008 Barack Obama was elected for President, he very early gave up trying to get climate legislation through Congress. That meant that in 2009 he and his team came more or less empty handed to the big climate conference, COP15 in Copenhagen, where the successor to the Kyoto protocol was negotiated. The world's two largest emitters - at that time the US followed by China, today in the opposite order - played what I call the "After You, Sir"-game: The US would not move its position and commit to reductions as long as China did not do the same - "After you, Sir" - while China argued that as they had not created the problem in the first place there would be no way they would commit to any targets until after the US had delivered - "After You, Sir".

Despite hard efforts from Europe to appeal to Transatlantic cooperation, the Europeans frustrated watched the US dodge their responsibility. And the gap only became even more visible, when Europe tried to impose a levy on international aviation, where China and the US fought hand in hand to block what most people today can see would make a lot of sense.

Then change came. Towards the end of the second Obama mandate the White House finally engaged in high level bilateral talks with China resulting in an agreement of what these two big emitters both were willing to commit to. Thus, the road to Paris had been paved, and in 2015 the world got the long overdue international climate agreement.

Finally, US and Europe were again on the same climate page. But then came Trump - and withdrew US from the Paris agreement. Only when 4 years later President Biden on his very first day in the White House decided that the US should re-enter the Paris agreement, the Transatlantic climate bond was again re-established and reinforced. Since then, the transatlantic

dialogue has been solid, and a lot of climate initiatives and policies to fast forward the green transition have been taken on both sides of the Atlantic. In Europe with NextGen Europe, the huge Recovery programme after Covid targeting the green transition, a strengthening of the ETS, and a number of regulatory work on EV's, buildings, energy efficiency etc. And in the US at the federal level not the least with IRA, the Inflation Reduction Act. The purpose and direction may be the same. However, instead of working together on the global price on carbon that most if not all Economists would recommend, US chose to introduce a huge scheme of more than \$700 bl. of primarily economic carrots rewarding green innovation taking place in the US, whereas Europe for almost 20 years has had a system of pricing carbon in line with the polluters pay principle. The different approaches could create potential trade issues, but it seems that the risk of a trade war over e.g. the European CBAM (Carbon Border Adjustment Mechanism) has been defused through diplomatic work and a new EU industrial policy is being designed in order to be better aligned with the US way of doing things. Finally, it seems that both sides of the Atlantic now are working on delivering on the set climate targets.

Now as the security establishment realises that climate change is a threat multiplier and thus must be taken into consideration when it comes to security policy and risk modelling it is time to update the *raison d'être* for the transatlantic cooperation. At its Madrid Summit in 2022 NATO included climate in its new strategic concept, and on both sides of the Atlantic climate seems to be integrated stronger in strategic security and defence planning.

To revitalise and update the security thinking now also with the security implications of accelerated climate change would be a both worthy and pressing new strategic priority for a transatlantic cooperation that wants to stay relevant - also in the eyes of new generations on both sides of the Atlantic. ■

**Connie Hedegaard**

Former EU Commissioner for Climate Action,  
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ERNA SOLBERG

# NATO & the impact of climate security

Expert article • 3496

**T**his August, Hans was all the rage in Norway.

Contrary to what might otherwise have been the case, *Hans* is not a play by Ibsen or this year's Nobel Prize laureate Jon Fosse, but a storm that raged across Norway and our Nordic neighbors. *Hans* led to severe flooding, landslides, and massive damage to infrastructure in large parts of Norway. A major dam was breached in Glomma, Norway's longest river. *Hans* may be the costliest natural disaster to hit Norway in modern times. And speaking of Ibsen, five shows at the *Peer Gynt*-festival had to be cancelled due to the storm. As you might expect, Norwegians do not cancel *Ibsen* lightly, and especially not due to bad weather.

*Hans* took us by surprise. Lots of people lost their homes, and many have not yet been able to move back home. Even though most Norwegians are fully aware of the extensive climate change currently taking place across the globe, *Hans* could be considered a wake-up call. Climate change isn't something remote or abstract that might hit us sometime in the future. It is happening right here and now, and in many ways, it is happening faster in Norway than other parts of the world. We have no choice but to adapt. Climate adaptation has become a matter of security for us all. In the coming years, several hundred hydroelectric dams in Norway are to be strengthened to withstand the increasingly extreme weather, for instance. A costly, but highly necessary measure to meet an increasingly extreme climate.

Naturally, climate change is causing concern also among the top brass in NATO. Last year, NATO adopted its first new strategic concept since 2010. Much has changed globally and regionally since then. In the 2010 strategy, climate change is briefly mentioned only once. In the 2022 strategy, it is mentioned across the strategy, and emphasized as both a conflict multiplier and a direct security risk: "...Climate change is a defining challenge of our time, with a profound impact on Allied security. It is a crisis and threat multiplier. It can exacerbate conflict, fragility and geopolitical competition."

To fully understand the risks of climate change, we must acknowledge how closely intertwined it is with other security risks. Norway's national security and intelligence agencies are predicting a much bleaker future in the coming years. Across the globe, great-power rivalry is intensifying, and ongoing war and conflict is amplifying the international refugee crisis and humanitarian suffering. Energy and food supplies are being weaponized by authoritarian powers. To Norway, the potential threat from an increasingly aggressive, totalitarian and expansionist Russian regime, is what shapes our strategic thinking in all domains. Crises in our time are more numerous, more severe, and more complex than before. Many of these crises are connected, and to a greater or lesser extent amplifying one another. Climate change is interlinked with many of them.

Russia is weaponizing the global food supply chain to put pressure on the world to comply with its unjust demands in Ukraine. This, in combination with failing crops due to climate change, poses a direct threat to millions of people. Consequently, we must adapt not only to a changing climate, but also to the dangers of climate change as an amplifier in crisis and conflict across the globe. We need to be prepared, both by ensuring our own supplies and stores, but just as importantly by aiding in climate adaptation internationally. This is both a moral imperative and a national security matter.

Particularly for our NATO allies in the Mediterranean region, climate change is amplifying their security issues, as Europe is facing a migration crisis in the making. Climate change is one of several direct causes of increasing numbers of migrants leaving Northern Africa and the Middle East. To the Nordic and Eastern European NATO allies, Russia remains the dominant threat to our freedom, independence and security. Even so, it is our duty to acknowledge how the Mediterranean NATO allies are bound to look not only north and east when addressing their security concerns, but also south and east to North Africa and the Middle East. In the same way that we expect them to understand our security concerns, we must acknowledge theirs. Climate change remains heavily interlinked with their security concerns, and as of now, more so than ours. The Nordic countries, and Norway in particular, might experience a somewhat similar development in the coming years.

As the Arctic ice pack keeps melting at an ever more alarming speed, the Northern Sea Route is becoming navigable. For good reason, this development has been considered an emerging security issue in Norway for decades. From 2011 to 2022, the total traffic volume on the Northern Sea Route increased more than tenfold in tonnage. Recent geopolitical developments may further accelerate the traffic growth. A weakened and increasingly isolated Russian regime in dire need of foreign currency and technology, may have to make concessions to increasingly assertive Chinese interests in the Arctic. In its Arctic policy published in 2018, China proclaimed itself a "near-Arctic state", to some controversy on the international stage. Arctic matters are likely not at the top of Beijing's agenda these days, as the Chinese economy is facing severe problems propelled by an ongoing real estate crisis. Nevertheless, China has demonstrated a clear political ambition in the Arctic region that should not be ignored. This is not necessarily a military issue, but still an issue that will require increased presence, surveillance, and cooperation in the Arctic.

In sum, climate change and security are just as interlinked in the Nordic and Arctic region, as they are in the Mediterranean region. From a Norwegian perspective, Finland's recent entry into NATO vastly strengthens our own position in facing emerging security challenges regionally. Norway expects Sweden's entry into NATO shortly, and is adamant that Sweden has fulfilled all reasonable criteria for NATO membership. A unified Nordic-Baltic NATO bloc will greatly strengthen the possibilities for Nordic-Baltic cooperation across the spectrum, including addressing emerging security risks amplified by climate change. I expect we are not yet able to imagine the full extent of possible arenas for cooperation in the coming years. ■

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LENA EK

# Climate change and geopolitics: Implications for transatlantic cooperation

Expert article • 3497

Climate change was first discussed by the Nobel Laureate Svante Arrhenius in the 1890s. With a pen and calculations on paper, he understood and explained the danger and possible results of too much CO<sub>2</sub> in the atmosphere. It took quite a long time before science became interested in the phenomenon and realised the implications for nature and humanity. For a long time, geopolitics and the scientific results on climate change lived in different dimensions and very few decision-makers had the ability, or even bothered, to combine and analyse the two subjects together. However, today we see a radical shift. In an increasingly troubled world multi-lateral organisations and many states realise that geopolitics and climate change are deeply entwined. Global solutions of global challenges need a deep understanding of both geopolitics and the effects of climate change.

Resources like food and water has always been a source of conflict in the history of mankind. This is still the case in many parts of the world. Parts of Africa and Asia are of course well-known examples. Lately this has become a growing interest also for the superpowers USA, China and Russia. Vladimir Putin has for many years in political speeches talked about food as a weapon and the aggressive war against Ukraine takes place not only where minerals are to be found, but in the areas often named the breadbasket of Europe. China is investing in agricultural production in Africa and Russia. In USA is the wheat belt a constant in the political debate. The European Union and its Common Agricultural Policy (CAP) are part of the foundation and creation of the European Union. It was not only the management of minerals but also of other resources. And the starvation after WWII still marks the format of agricultural policies in the union.

Lately forests have been added to the list of unique and necessary resources for many reasons. The balance of global water systems, biodiversity, production of oxygen is some. But the realization of what natural fibres can mean in terms of products like buildings, chemicals, medicines, batteries, energy, textiles, new materials and the substitution of oil-based products has put also forest right in the area of geopolitics and climate conflicts. And right in the centre of discussions between the US and the EU.

Looking back at the multi-lateral negotiation history of Climate change there are a few lessons to learn. (And by 2050 the world will see the results and analyse the different steps that has been taken since 1890s.) Firstly, it takes time to realise the implications of human actions and to find common solutions. The establishment of United Nations and European Union as solution mechanisms are exceptions caused by a severe crisis. Will the effects of climate change be a third example? It remains to be seen. Secondly, the more detailed the proposed solutions are, the longer it takes. Many thought that the Kyoto mechanism could provide measures to handle climate emissions, but it was bogged down by more and more bureaucratic details that finally resulted in more and more countries leaving negotiations. Thirdly, when USA and Europe have been able to cooperate it has been possible to find new solutions and new majorities. Some examples are the foundation for long term loss and damage, the Climate and Clean air Coalition (CCAC) and the Paris Climate agreement. The reasons for these results are of course a common will to

cooperate to find solutions. The American policy has varied with different administrations. So has the European negotiation lines and political will. The smoothest process has been the one establishing the CCAC, probably because it was based on other parameters. Here a win-win-win situation based on economy-health-climate criteria was created. There was also a common principle established meaning that everyone should contribute, and everyone should gain from the action platforms created. Diplomats, experts and politicians had met before and had created a certain level of understanding and knowledge. The transatlantic link proves to be extremely important not only for geopolitical issues, but also in the climate context.

The latest report from UN IPCC shows a scientific unity on the raise of average global temperature and the effects caused by this. In an effort to mediate the effects of climate change, the European Union has started an internal decision-making process on a number of legislative proposals and initiatives, Fit for 55. This includes a Carbon Border Adjustment Mechanism, CBAM, aiming at protecting the internal market from carbon leakage. One might compare with when EU decided on Reach (regulation, evaluation and authorisation of chemicals), the same kind of debate took place. At that time several US states had the same kind of control and testing, but the debate was still very heated.

Another part of Fit for 55 concern regulations on sustainable forestry and control by digital tools and geo-location exercised by EU, with the aim of preventing illegal logging. At the same time the proposed EU measures will probably collide with internal policies in some countries. This has caused a lively debate in several forums globally, including the voluntary schemes on sustainable forestry, PEFC and FSC. It is doubtful that these measures will provide results if there isn't a common understanding in the US and the EU.

Our common picture of how geopolitics and climate change affect the world is today outdated. The combined effects are bigger and affect more sectors than before, simply because of multiplied events. This includes for example food production, water, security, financial markets, housing, education, insurance, defence, new technology and so on. Billions and billions are affected or has to be mobilized.

The global geopolitical and security situation today is extremely worrying. Conflicts based on access to resources are increasing instead of decreasing. Natural catastrophes, more or less caused by effects of climate change, are adding to the problems we as humanity, have to face and solve. History shows that a common understanding, cooperation and trust within the transatlantic link becomes even more important day by day. ■

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BRIAN SZWARC

# Canada and Latvia reinforce NATO's Eastern Flank

Expert article • 3498

The foundation of Canada's excellent relationship with Latvia is our extensive, ongoing, and expanding defence and security collaboration. Canada's long-term, and growing, military presence in Latvia has been accompanied by an augmentation of our diplomatic footprint across the Baltics. Our deepening engagement in the region will allow us to expand political and economic cooperation, and further strengthen transatlantic bonds during a period of increasingly complex global security.

Canada is resolute in our commitment to NATO and the collective deterrence and defence efforts along its Eastern Flank. We are standing shoulder to shoulder with our Allies against Russian aggression and are working to reinforce global stability and security.

In 2014, following Russia's invasion of Ukraine, NATO countries came together to put in place measures to strengthen collective defence capabilities in Central and Eastern Europe. Canada contributed to these measures by forming Operation REASSURANCE - a military presence in Eastern Europe to deter Russian aggression and defend NATO territory.

Since 2017, under Operation REASSURANCE, Canada has served as the Framework Nation for NATO's enhanced Forward Presence (eFP) Battle Group in Latvia. As the Framework Nation for the eFP in Latvia, Canada is responsible for leading a multinational NATO Battle Group, and for coordinating with Latvia and the contributing nations to help set the tone, pace, and vision of the eFP.

Under Canada's leadership, the enhanced NATO presence in Latvia contributes to a strong eastern flank, thereby ensuring the security of Latvia and the Baltic region, as well as to European and transatlantic security more broadly. Continuing our history as a founding member of NATO and active contributing member since its establishment, Canada's leadership of eFP Latvia is a clear demonstration of our steadfast commitment to the Alliance and of our resolve in strengthening transatlantic security.

In July 2023, during a visit to the Ādaži Military Base in Latvia, Prime Minister Justin Trudeau announced that Canada was committing C\$2.6 billion in funding to renew and expand Operation REASSURANCE. The focus of the expansion is the augmentation of the multinational combat-capable battle group in Latvia to a brigade level force. Canada will maintain its leadership role, and will force generate and lead the brigade. During his visit to Latvia, the Prime Minister oversaw the signing of a Joint Canada-Latvia Roadmap, which outlines an incremental approach to the multinational brigade's development.

Canada is working closely with the Latvian Ministry of Defence and National Armed Forces, and other NATO Allies, on the ramp up to brigade. Canada will procure and pre-position critical weapons systems, enablers and supplies in Latvia. We will also substantially increase the deployment of Canadian Armed Forces personnel and capabilities in Latvia; up to 2200 Canadian Armed Forces members can be deployed as part of the Operation.

Canada will also continue to support Latvian intelligence, cyber and space activities. Canada and Latvia are engaged in extensive and ongoing partnered cyber security activities and defensive cyber operations. On March 1, 2022, Canada's Minister of National Defence signed a Ministerial Order designating the electronic information infrastructure of Latvia and Ukraine as a system of importance (SOIs) to the Government of Canada. The SOI designations allow Canada's Communications Security Establishment agency to provide cybersecurity assistance to help protect designated entities outside Canada. This was the first time a Minister has designated SOI entities outside of Canada.

The expansion of Canada's military posture in Eastern Europe has been accompanied by an augmentation of our diplomatic presence. We have converted Canadian offices in Estonia, Lithuania, and Slovakia into full embassies with resident ambassadors. The Embassy of Canada to Latvia has been strengthened with additional personnel. These investments further enhance Canada's engagement in the region and will allow us to pursue deeper political and economic cooperation. In 2022, Mélanie Joly, Canada's Minister of Foreign Affairs, welcomed her counterparts from Estonia, Latvia, and Lithuania to Canada. The meeting was the first in what is set to become an ongoing exchange in a "3+1" format.

Alongside our Baltic Allies, Canada will continue to support Ukraine as it defends itself against Russia's full-scale invasion. We will stand with Ukraine for as long as it takes to achieve peace on Ukrainian terms, and will be with Ukraine as it rebuilds.

Going forward, Canada is committed to expanding all aspects of our relations with the Baltic states based on our shared values, and our commitments to democracy and the international rules-based order. Canada is proud to support Latvia and NATO allies as we strengthen Operation REASSURANCE. We will continue to work closely with our partners towards a more peaceful and prosperous world. ■

**Brian Szwarc**

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KRISTIAN L. NIELSEN

# Transatlantic relations from Trump to Biden (and back again?)

Expert article • 3499

Russia's war on Ukraine has galvanized transatlantic relations, and may yet rip them asunder. The tumultuous Trump years were a nadir for the transatlantic alliance. Donald Trump did not endear himself to many by labelling NATO 'obsolete' and the EU 'a foe'. Joe Biden's presidency has been a return to more normal times. The US and the Europeans have put away the threats of trade wars, and are slowly approaching a consensus on how to deal with China. Yet, however tragic, the Russian war has also been a major factor in the improved relationship.

The war restored a sense of common purpose, as both Europe and the US rallied in support of Ukraine. It demonstrated once more the need to jointly check Russian aggression. The war also resolved a number of contentious issues within the EU, not least the ongoing debate over energy policy and the dependence on Russian supplies. Germany in particular, having thus far run roughshod over their neighbours' concerns over the Nord Stream 2 pipeline, also ignoring significant US opposition to the project, was chastised and shamed into backing down.

Germany's commercially driven approach to Russian relations was discredited, as was the personal diplomatic approach of France's Emmanuel Macron. These two countries rethink of their past positions brought them closer to that of the US and of the Eastern Europeans who had long sounded the warning on Russia's intentions. The general consensus in Europe remains solid on helping Ukraine, Viktor Orban of Hungary being the main *Putin-versteher*, possibly joined by newly elected Robert Fico in Slovakia. However, these two together will not be able to change much; their countries are not strong enough to drive major change, and they are both too dependent on goodwill from other Europeans. The election of Donald Tusk in Poland, ending eight years of EU-sceptic populist rule, has further strengthened the Atlanticist, pro-Ukraine center.

NATO was strengthened through the accession of Finland (hopefully to be joined soon by Sweden), which was a marked turnaround for an organization that Macron had not too long ago described as experiencing 'brain death'. Clearly no more. The European members finally started taking defence seriously, investing more in their militaries, thereby taking some of the sting out of one of the perennially thorny transatlantic issues. The war also settled, for the time being at least, the perennial debate over the role of the EU's military posture. Several initiatives have been taken to bolster the EU's military crisis management capacity, yet the war has reaffirmed NATO's centrality as the main provider of hard security.

Yet, it is in the 'civilian' parts of the EU's foreign and security policy competences that the notion of strategic autonomy makes the most sense. Indeed, the EU already plays a large role in economic assistance to Ukraine, and it will undoubtedly take the lead in reconstruction efforts once the war ends. Together with the member states' individual efforts, it equals the assistance from the US. Moreover, some of the projects being launched in the sphere of military-industrial policy may well be Europe's biggest contribution to joint security. If the EU members, with the support of the Commission succeed in upgrading and consolidating their armaments industries it will benefit NATO too. However, there should

be no illusions as to the mountain that needs to be climbed before the EU members can produce, say, ammunition in the quantities needed for the war in Ukraine. Conversely, it will only be achieved in the framework of the EU.

The political chaos in the US Congress in October shows that the current sense of common purpose may be short-lived. Although help for Ukraine was only a minor factor in the ousting of the Speaker of the House, it was one of the issues being held hostage by the Trump-supporting Freedom Caucus. Among this segment, aid for Ukraine has become controversial, not least since Donald Trump himself has long ago come out in opposition to further assistance. Given political polarization, it is far from certain that Joe Biden, the Democrats, and the more moderate wing of the Republicans will be able to steer a steady course heading into an election year. It may soon strain relations, if Europeans, already struggling as it is, have to shoulder a greater part of the burden in supporting Ukraine militarily.

The real nightmare scenario, of course, is that Donald Trump returns to the presidency. Not only will few cherish a return to his unpredictable style of foreign policy. Given his past statements of admiration for Vladimir Putin, it is unlikely that Trump will continue Biden's policy. That will leave the EU to contain Russia on its own, which it will struggle to do. It will also once more renew the debate on the future of NATO, of which Trump has continued questioning the value. Both developments would drastically worsen Europe's strategic situation. Moreover, it is hard imagining either development happening without leading to major recriminations both within Europe and across the Atlantic.

While the ambition of greater strategic autonomy is worthwhile, and must be pursued, it is doubtful whether Europeans are ready to have the ambition tested in short term. A disinterested America, a Russia that cannot be contained, and an ever more assertive China; those will not be ideal circumstances. Whatever the ambition level, the fact remains that the EU is the junior partner in the transatlantic alliance. The response to Russia's war on Ukraine has underlined that, even as it galvanized the alliance. Joe Biden did much to restore a semblance of normality to transatlantic relations, and his actions have been essential in addressing Europe's most pressing security problem. Yet much is riding on his ability to remain in office beyond January 2025, lest transatlantic relations destabilize once more and European security takes a turn for the worse. ■

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ARND BAUERKÄMPER

# Transnational exchange between German and American philanthropic organizations

Expert article • 3500

Some of the oldest European charitable foundations were formed on German territory as early as the Middle Ages. Charity was to save souls and serve God, and donors aimed to preserve the memory of their benevolence after their death. In the 16th century, wealthy merchants like the Fugger family in Augsburg, too, donated in order to be remembered. Christian charity was increasingly replaced by the efforts of economic elites to enhance their social status. At the same time, monarchical rulers (like kings and dukes) continued to support artists and scholars at their courts. In the late 18th century, Enlightenment thinkers inspired citizens to organize support for the poor by providing for training of workers. As these efforts largely foundered in Germany, the more stringent Elberfeld System for defining and combating urban economic deprivation emerged in the 1850s.

At the same time, the number and size of foundations increased tremendously with industrialization and the wealth it generated. The new bourgeoisie of rich entrepreneurs and businessmen (*Wirtschaftsbürgertum*) as well as the educated classes of the *Bildungsbürgertum* (for instance teachers, professors and high-ranking civil servants) shared a commitment to the ideal of selfless support for their communities in Imperial Germany. At the same time, their philanthropic engagement was due to vested interests, as they sought to displace the traditional patrician notables in German cities and to raise their status as Germany's new urban elite. In the late 19th and early 20th centuries, trusts and other broad-based philanthropic institutions supported housing, health and social programs in major German cities such as Leipzig, Hamburg and Berlin. Yet the role of the state in social policies grew, partially crowding out bourgeois relief efforts.

Altogether, Germany had become a model of philanthropy around 1900, inspiring urban philanthropy and patronage in the United States of America. By and large, the direction of exchange reversed in the twentieth century. The two World Wars resulted in the gradual rise of the US as a global power and economic preeminence. Business magnates Andrew Carnegie and John D. Rockefeller established their large foundations in 1910 and 1913, respectively. According to their conception, "scientific philanthropy" was to create the knowledge for policies that were to promote the well-being of mankind. After the Second World War, the Ford Foundation, too, significantly expanded its international programs. By contrast, the Nazi dictatorship, the military defeats of 1918 and 1945 as well as its economic repercussions (especially inflation) and the partition of the country from 1949 to 1990 lastingly reduced the financial resources and undermined the political preconditions of German philanthropy.

In their support for the (West) German recipients, US foundations oscillated between internationalist idealism and vested interests. They espoused liberal democracies while promoting policies in favour of American governmental, economic and cultural elites and their

institutions. Yet many recipients in the Weimar Republic and the Federal Republic of Germany (FRG) did not unanimously share the liberal internationalism of US philanthropic organizations. In fact, the latter frequently clashed with the particular aims of many recipients as well as national traditions of philanthropy in Germany. This led to multiple conflicts and misunderstandings in the transatlantic relationship. Moreover, the impact of American foundations on Germany has been less due to the size of their funds (which were limited) rather than the networks and the "politics of knowledge" that they promoted.

Not least, the record of US philanthropic organizations' activities in the asymmetrical transatlantic exchange is mixed and characterized by successes as well as severe setbacks. In particular, the foundations' commitment to reform agendas and their optimistic belief in progress led them to underestimate the danger of an illiberal backlash by radical nationalists and the National Socialists, who challenged the notions of international understanding and global cooperation as well as the ideals of peace and reconciliation in Weimar Germany. After the foundation of the FRG, however, intellectual communities on both sides of the Atlantic shared the hope that science could transcend politics. This expectation was closely connected to a profound belief in modernization and progress, infusing US foundations to promote democratization and liberal economic policies in Germany.

All in all, the transatlantic exchange between German and American philanthropic organizations has been asymmetrical. Whereas Germany dominated the transatlantic relationship in the 19th century, large US foundations proved superior after 1914 and even more so after 1945. In the last resort, overriding political and economic conditions shaped the exchange between German and American philanthropy throughout modern history. ■

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LUDVIG FILHM

# Aligning Swedish security policy to NATO

Expert article • 3501

The application by Sweden to join NATO in May 2022, marked the end to the country's military non-alignment policy. Sweden has been a member of NATO's *Partnership for Peace programme* since 1994, *Enhanced Opportunities Partnership (EOP)* since 2014, and has been a *Host Nation* of NATO since 2016, allowing the country to increase its abilities to provide and receive military support from NATO in war and crisis situations. The country has also for a long time been participating in NATO activities, exercises and operations. However, it was first after Russia's full-scale invasion of Ukraine in February 2022, as well as Finland's decision to join NATO, that Sweden seriously addressed the membership question and at the end decided to apply for membership in the alliance.

Since Finland's accession is already completed, the coming Swedish accession will have the impact that all five (5) Nordic countries will be members of NATO, which will have a huge effect for the collective defence of NATO territory especially in Northern Europe and around the Baltic Sea.

The main reason for Sweden to apply for NATO membership was, of course, the benefit of being covered by NATO's security guarantee in Article 5 of the Founding Treaty. Anyway, when becoming a member of NATO, it is crucial not just to ask what NATO can do for us, but even more important, to ask what we can do for NATO. As Secretary General of the Swedish Atlantic Council, an organization that has raised our voice for Swedish NATO membership for many years, I will share some reflections on the Swedish debate about our country's contribution to the implementation of NATO's strategic concepts.

Sweden will be a strategically important and active member of NATO that contributes to the alliance's collective defence to the fullest. The Swedish Government and the Armed Forces have clearly pointed out a direction for Sweden to participate in NATO without **red lines** regarding how extensive the coordination between Sweden and NATO can become. This is wise as it provides the best possible conditions for Sweden and NATO to jointly examine how Sweden best can contribute to common security and find the right synergies for Sweden and NATO allies as providers of security in Northern Europe and especially in the Baltic Sea.

Sweden's geographical position will certainly be of importance when determining areas to operate in and operations to focus on. Coordination with Finland, the other Nordic countries, allies around the Baltic Sea, the United Kingdom and other partners of the Joint Expeditionary Force (JEF) and the USA will naturally have a vital strategic significance.

Especially increased Nordic cooperation will be crucial since the Nordic neighbors already have a close military cooperation due to its common interests of security in the region. The Nordic countries' Armed Forces and governments also have expressed a common will to strengthen coordination of air force, marine and ground forces. The five Nordic countries should all be part of the same command structure and operation area; in this way, the conditions for joint defence planning increase, which would strengthen the countries' joint ability to operate in the Nordic region and the surrounding area. As Swedish Major General

K. Neretnieks has expressed, it would be a powerful instrument, if, for example, the Nordic countries air forces could operate as one air force, and the marines as one marine, in operations in the area. An increased Nordic coordination will be a strong contributor to security also in NATO's eastern flank. To strengthen the defence of the eastern flank even more, Sweden should also contribute to the military presence in, for example, the Baltic states, through NATO Enhanced Forward Presence (EFP). Contributing to security in the Baltic states will be a top priority for Sweden.

Sweden should contribute with competence and resources to all military disciplines in NATO's domain. Some areas where I believe Swedish contribution would be of great importance are the rapid response forces such as the Allied Response Force (ARF), air policing, Standing NATO Maritime Group (SNMG) and, as previously mentioned, the EFP. With a small but rather modern Armed Forces, Sweden will be a contributing factor to a stronger common defence.

Lastly, Sweden will also be an active part in the future development of NATO. As one of many supporters of Ukraine, Sweden will as a NATO member keep on working for an increased support to the Ukrainian armed forces in their fight to retake their territories invaded by Russia. Sweden is also likely to be a driving force for the enlargement of NATO in accordance with the Open Door Policy of the alliance; therefore, Ukrainian membership will probably be a priority for Sweden. In an unstable time the transatlantic link needs to become stronger, and with Sweden in NATO, the link will be strengthened while the conditions for a secure Europe and North America will increase. ■



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AUDRIUS SKAISTYS

# Deepening cooperation between Lithuania and NATO

Expert article • 3402

**T**his article is to be published on the eve of 20th anniversary of Lithuania's membership to NATO. Considering the topic of this article, it is important to mention the beginning of cooperation between Lithuania and NATO, when Lithuania wasn't yet part of this organization.

## **Lithuania makes its choice based on free will and determination to keep states independence as long as possible**

When the last Soviet (Russian) army troops left Lithuania in August 31st 1993, it was the right time to start official talks to NATO. In early 1994, (on 4th of January, to be precise) an official letter to NATO asking for Lithuania's membership to Alliance was handed over. Lithuania began its journey full of adventures towards full pledged membership of Alliance.

Prior to entering Alliance Lithuania actively participated in the NATO PfP (Partnership for Peace) program, and by learning interoperability through practice, our country helped to end two wars in the Balkans: Bosnia and Herzegovina, and in Serbia and Kosovo. And afterwards Lithuanian troops went to Afghanistan where they helped to fight terrorism. The only time NATO has invoked our collective defense clause, Article 5, was after the terrorist attack on the United States, 9/11/2001. And Lithuania, together with NATO countries, has participated there to prevent Afghanistan from becoming a safe haven for international terrorists, a place where they can train, prepare or organize terrorist attacks. Lithuania became a part of the Global Coalition and began participating in operations against terrorism in 2002, the year we were officially invited to become NATO member country. You will never come up with a more realistic Membership Action Plan (MAP)!

Lithuania has purposefully sought to become a member of the Alliance for more than 10 years by carrying out reforms and other actions necessary for membership. On March 29, 2004, after Lithuania became a full member of NATO, fighter jets of NATO countries landed at the Šiauliai Air Base (Lithuania), and they continuously rotate and perform the NATO air police mission in the Baltic States, and the airspace over the Baltic states (Lithuania, Latvia and Estonia) with economic zones in the Baltic Sea has been well protected for almost 20 years.

## **Membership in NATO marked by 20 years of transformations**

Since 2004, Lithuania strongly cooperated with the other members of the Alliance. As new challenges and opportunities appeared, the Alliance changed and adapted, along with the Lithuanian National Defense system. Lithuania, as new NATO member country started to lead Ghor province (Afghanistan) reconstruction group (PRG) in 2005 and did this job until 2013. During this period, more than 2500 Lithuanian soldiers were accomplishing this mission, gaining serious credits as a reliable partner country.

In response to Russia's increasing energy blackmail, the Alliance established the NATO Energy Security Competence Center in Lithuania, which has been operating since 2012.

Lithuania effectively contributes to strengthening energy efficiency and the fight against other unconventional challenges.

## **The Regional Defense Plan is of vital importance**

After Russia's annexation of Crimea in 2014 and the destabilization of Eastern Ukraine with military aggression, the allies realized that the traditional military threats in Europe that were considered extinct have not disappeared. NATO condemned Russia's aggression in Ukraine, suspended practical cooperation with Russia and took steps to strengthen deterrence and defense.

Alliance responded by implementing a huge reinforcement of what we call collective defense. NATO's rapid reaction forces were strengthened, and a special rapid reaction force - VJTF (Very High Readiness Joint Task Force) was created in 2014. Exercises were intensified to improve deterrence in the eastern part of the Alliance: NATO air police in the Baltic countries are reinforced with two additional contingents (in Latvia and Estonia): small command posts - NATO Force Integration Units (NFIU) - were established in the countries of NATO's eastern flank (one of them in Vilnius); and for the first time in NATO history, four forward force battalions have been established in Baltics and Poland. NATO forward battalions are ready to respond immediately to emerging threats together with national forces.

The most recent 2022 NATO's strategic concept was adopted in June 29, 2022 at the NATO Summit held in Madrid, in a document redefining the main tasks and principles of the Alliance, along with the values, the changing security environment and the strategic goals of the Alliance for the next decade. Lithuania actively participates in every new initiative, particularly by learning lessons from Russia-Ukraine war, understanding the importance of technological superiority, while also understanding the difficulty of bringing back occupied or annexed territories, that have been mined and well protected.

Collective defense is of primary importance for Lithuania, due to the growing capabilities and threat of Russia, as we have a border with Russia – Kaliningrad (formerly Königsberg) and Belarus, ruled by an autocratic regime which is more and more dependent on Russia. The geography and military power imbalances in the region imply that we need to strengthen Lithuania's defense capabilities, while also seeking to improve the deterrence and defense of the entire Alliance, so that Russia is not tempted to take advantage of regional force superiority or faster decision-making.

Thus, we welcome the decision of Finland and Sweden to become members of Alliance. This strengthens our region security with smooth integration into Regional Defense Plans that has been discussed during Vilnius NATO Summit on 11-12 of July 2023.

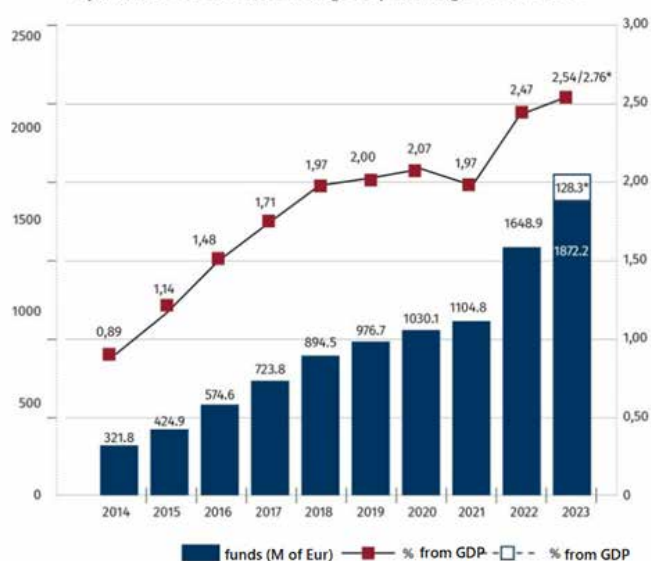
## **NATO presence in Lithuania and Lithuania's presence in NATO must increase**

Lithuania clearly assumes that the existing battlegroups are not big enough, so increases in defense funding aims to facilitate the fastest possible settlement of the German brigade in Lithuania. Lithuania wants the US to maintain its military presence in Europe and that the contingent of US troops be permanently stationed in Lithuania.





Dynamics of defence budget spendings 2014-2023

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A strong, united, and capable Alliance to respond to emerging threats is important for Lithuania. We are making every effort to strengthen it. Lithuania allocates and will allocate 2.5 percent of GDP to defense spending and we see this as an important commitment of our country to our allies, from whom we expect the same.

Lithuanian land, sea, air and special forces units are constantly assigned to stand-by and, as required, participate in the NATO Rapid Reaction Force and the VJTF, thus essentially contributing to collective defense, crisis management or the execution of international operations.

SIMON KOSCHUT

# Passionately aligned: NATO as an emotional community

Expert article • 3503

**E**motional communities encompass various spheres of our lives, whether we consider a religious congregation, fervent supporters of a specific sports team, or even military personnel. What binds these diverse communities together on a conceptual level is their collective grasp of fundamental emotional assessments and the suitable modes of their manifestation. Within a church congregation, individuals share positive sentiments like generosity and empathy, while striving to conquer detrimental feelings such as avarice or self-centeredness. Devotees of Manchester United unite through their spirited display of affection and esteem for their team, alongside an occasionally intense aversion to rival factions. Al Qaeda forms an emotional community where its members exalt and grieve for martyrdom, finding cohesion in their forceful expressions of anger and animosity towards Western liberal principles. The members of the EU bear a shared emotional legacy of sorrow and trauma stemming from the ruinous consequences of two major conflicts. All these social groups can be interpreted as emotional communities, wherein individuals adhere to shared norms for articulating and appreciating, or belittling, akin or interconnected emotions. Within NATO, members actively promote and prioritize affirmative emotions such as compassion, pride, gratitude, and empathy, while diminishing adverse sentiments like fear, anger, and hostility. In contrast, beyond the transatlantic security framework, participants might openly exhibit unfavorable emotions when confronted with perceived dangers.

Emotion norms, which refer to the culturally and socially accepted ways of expressing and managing emotions (for example, one should feel sad at a funeral or happy at a wedding), can have implications for various aspects of NATO, including its decision-making processes, member interactions, and overall cohesion. Here is how emotion norms might matter for NATO:

- *Interpersonal Relations and Trust:* Emotion norms play a significant role in building and maintaining trust among NATO member states. Effective communication and understanding of each other's emotions can enhance cooperation and collaboration. Misunderstandings or misinterpretations of emotions could potentially lead to strained relationships and reduced cooperation.
- *Decision-Making:* Emotion norms can influence how member states express their opinions, concerns, and preferences during NATO discussions and decision-making processes. Different emotion norms might impact how assertive or diplomatic member states are in presenting their viewpoints, which could affect the outcomes of negotiations and agreements.
- *Conflict Resolution:* Emotion norms can influence how conflicts and disagreements are managed within NATO. Cultural variations in expressing and handling emotions could impact the effectiveness of conflict resolution strategies, such as mediation and negotiation.
- *Crisis Response:* During times of crisis, effective emotional communication and understanding are crucial for swift and coordinated responses. Emotion norms can influence how member

states convey their urgency, commitment, and willingness to cooperate during crises. For example, in the event of an outside attack against a community member, all members expect each other to react with the appropriate emotional expression (sympathy with the 'attacked'/anger at the 'attacker').

- *Public Perception and Support:* Emotion norms can shape public perceptions and attitudes towards NATO actions and initiatives. The emotional tone and messaging used by NATO leaders can impact public support or opposition to various policies, operations, or engagements.
- *Alliance Cohesion:* Emotion norms can contribute to or detract from the overall sense of unity and cohesion within the NATO alliance. Members who feel their emotional fears or concerns are not being understood or valued might feel marginalized or less committed to the alliance's goals.
- *Cultural Sensitivity:* NATO is composed of member states with diverse cultural backgrounds. Emotion norms can help facilitate cultural sensitivity and understanding among member states, reducing the likelihood of misunderstandings or conflicts arising from cultural differences.
- *Public Diplomacy:* Emotion norms can affect how NATO communicates its mission, values, and achievements to the public. Emotionally resonant messaging can enhance public support and bolster the alliance's image.

It is important to note that while emotion norms can influence NATO's dynamics, they are just one of many factors that shape the alliance's functioning and interactions. NATO's primary focus is on matters of security, defense, and political cooperation among member states, but cultural and emotional considerations can still play a significant role in shaping the overall environment within which these activities take place.

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KRISTA MULENOK

# NATO-EU Roundtable: Engaging young people since 2013

Expert article • 3504

In a rapidly evolving world where global security challenges seem to multiply by the day, involving young people in discussions related to foreign and security policy has taken on a new level of importance. Recognizing the potential of youth to contribute fresh ideas, perspectives, and energy to address these challenges, Estonian Atlantic Treaty together with NATO PDD and Friedrich Ebert Foundation started a groundbreaking initiative – the NATO-EU Roundtable on engaging young people with foreign and security policy.

NATO-EU Roundtable is a multi-disciplinary annual conference focused on active participation of emerging leaders and young professionals from all over the world. Plurality of ideas is what leads to great discussions and solutions in the world. This is the main point of NATO-EU Roundtable – bringing together students and experts from all over the world with differing opinions within different age groups, ethnicities and genders. Historically, the Roundtable has enjoyed the presence of participants from 28 different nations, not all of them are NATO members. We have had all age groups represented from 17-70.

This year, the event took place for the eleventh time, being framed up by the same objective to enhance the knowledge of young people in the field of foreign and security policy by discussing the working principles of NATO as well as important current topics related to the framework of positive interrelations between NATO and the EU.

Since 2013 our aim has been to bring together students interested in international politics and security experts to continue the dialogue between decision-makers and the future generation. We wanted to facilitate an event where young people could learn more about the workings of NATO and the EU. The effect of this would be to keep them engaged throughout the event. Asking questions, proposing solutions and making connections to solve the complicated problems we face. When we put together 2023 agenda, we wanted to engage young people on the NATO 2030 Initiative, the EU Strategic Compass, the war in Ukraine and the emergence of China on the world stage.

The goal of the conference is to improve the dialogue between different regions in the course of which the young professionals have the opportunity to share their ideas and knowledge about the topics. In our view, it is necessary that young people from various countries have the opportunity to form new relationships with others and to have an efficient communication between themselves.

In the previous years, the event has annually been bringing together more than 100 young professionals. In 2023 the event was a great success, the conference was opened by President Alar Karis. In 2022 the event came at difficult time for Europe as Russia's inhumane war against Ukraine had begun just over a month ago. The engagement and interest in the event was inspiring – Estonia's Prime minister Kaja Kallas opening the event and the following speeches and panels solidifying the understanding that Ukraine is not alone and Europe is united with NATO to combat the ever growing threat of Russia. This showed to the event's attendees (students, university tutors, officials and young professionals) that they need to get engaged in myriads of different debates, which are happening during

the event by the presence of leading decision-shapers and –makers. The holistic approach of the event by having panel discussions on the first day and following it up with a North-Atlantic Council simulation on the evening of the first and continuing on the second day creates an atmosphere where dialogue can be substantially increased, leading towards creating a range of broad networks and discussing *nouvelle* ideas on solidifying existing security-focused mechanisms.

The NATO-EU Roundtable has also highlighted the role of youth in addressing pressing global challenges, such as climate change, cybersecurity, and terrorism. Young people are passionate about these issues and often at the forefront of grassroots movements advocating for change. The roundtable emphasized the importance of harnessing this passion and channeling it into constructive policy initiatives that tackle these challenges head-on.

The NATO-EU Roundtable on engaging young people with foreign and security policy serves as a beacon of hope in an increasingly complex world. It recognizes that the involvement of young people is not just a desirable option, but an absolute necessity for organizations like NATO and the EU to remain relevant and effective. By acknowledging the importance of digital diplomacy, promoting education and awareness, actively involving young individuals in decision-making processes, and addressing global challenges, these organizations are taking significant steps toward creating a more inclusive, innovative, and sustainable approach to foreign and security policy. In an era of unprecedented interconnectedness, the voices and ideas of young people may well hold the key to a safer and more prosperous future for all. ■



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MIKKEL RUNGE OLESEN

# From the Arctic to the Baltic and back again

Expert article • 3505

Since the days of World War II, the northern parts of the Kingdom of Denmark - Greenland and the Faroe Islands - have commanded special attention from the US, with the Thule Airbase in Greenland being of particular importance. This has given rise to the notion of the 'Greenland card' and, to a lesser extent, also the 'Faroe Islands card' as a Danish way to leverage its position in the US. Recently, the value of the Arctic "cards" has grown as a result of the changing geostrategic situation in the Arctic. Indeed, we have seen an increased Russian military presence in the Arctic, driven by the dramatic breakdown of Russia-Western relations after Russia's annexation of Crimea in 2014 and the Russian invasion of Ukraine in 2022. The past decade has also seen a growing Chinese interest in the region proclaiming itself a "near-Arctic" power. Most importantly, however, the US approach to the region shifted from 2019 and onwards towards a focus on the region as an arena for great power competition.

As the strategic value of Greenland and the Faroe Islands has increased, so too have Washington's expectations for Danish security policy in the region. Most importantly for the US has been the question of situational awareness. For years, Denmark's ability to detect Russian airplanes in Greenlandic or Faroe airspace had been lacking. The same was true for detecting Russian submarines in the Greenland-Iceland-United Kingdom gap (the GIUK gap). While not initially a serious priority for Denmark, new US interest in Russian activities in the Arctic from 2019 made finding a solution to these shortcomings acute. As a consequence, Danish Prime Minister Mette Frederiksen, a social democrat, announced in December 2019 that Denmark would invest an additional 1,5 billion DKK in surveillance capabilities in the Arctic. Making more of such investments will be necessary.

The importance of the US leadership role in NATO is hard to overstate. The US is not only the supplier of last resort when it comes to security in NATO and the credibility of article five. The voice of the US is also crucial for the direction of NATO in general and for setting priorities in NATO. For Denmark, maintaining good relations with the US has therefore been a key priority for decades. Located at the entrance to the Baltic Sea, the key concern in Denmark is Russia, widely regarded as the only direct great power threat to Denmark. For the same reason, a key concern for Denmark has traditionally been to direct the focus of the US and NATO towards the Baltic Sea region. The Russian annexation of Crimea 2014 and invasion of the rest of Ukraine in 2022 have served to bring a region that had been down prioritized after the successful entry of the Baltic States into NATO and the EU in 2004 to the very top of Danish strategic considerations once again.

To be sure, Denmark's standing in the US goes beyond its "Arctic cards". For years, Danish reputation as a useful and steadfast ally has been underscored by Danish participation in US and NATO coalitions abroad in places like Kosovo, Iraq and Afghanistan. This military activism has also served to compensate for Denmark's traditionally relatively low defense spending, which is only recently beginning to rise. However, US appetite for over-the-horizon military interventions in the style of the 2000's and

the 2010's is declining, further contributing to the importance of the Arctic for US-Danish relations. As the 'Greenland card' and the 'Faroe Islands card' have risen to prominence, the question now becomes whether they are Denmark's to play or if Greenland and the Faroe Islands themselves could leverage their newfound strategic value? The 'Greenland card' in particular has been singled out by especially Greenlandic politicians as an asset for a future independent Greenland.

As the Danish Constitution states that security policy is the prerogative of Copenhagen, exclusive use of these cards would likely require independence. On the other hand, the two Arctic nations should be careful not to overestimate their strategic value, as it is unlikely to equate the approximately 4 billion DKK that Greenland currently receives from Denmark in yearly transfers (the Faroes receives a much smaller yearly transfer). Still, there may be other ways for them to benefit. Since 2020, the Greenlandic and the Faroe ministers of foreign affairs have been allowed to participate directly in several meetings between Copenhagen and Washington. The Faroes managed to use these meetings to begin negotiating a partnership agreement with the US on a wide range of issues, including trade. This could point the way forward for how the Greenland and the Faroe cards may be played in the future for the good of the entire Kingdom of Denmark. ■

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# Nordic challenges and cooperation on military affairs

Expert article • 3506

With Finland and Sweden's decisions to join NATO and Denmark's decision to lift its defense opt-out, the Nordic countries have come together as military allies within NATO and as partners in the EU's defense initiatives for the first time. Collectively, the Nordic nations possess robust military capabilities on land, at sea, and in the air. This collective strength enables the Nordic countries to assume significant security responsibilities and provide credible deterrence in the Baltic Sea region. Presently, the Baltic Sea area and the High North continue however to rely heavily on the presence of NATO and US forces in the Baltics, as well as the investments made by the United States in military infrastructure and bases crucial for maintaining credible deterrence.

In NATO, countries can 'pay' for protection in different ways: 'Input indicators' largely relate to investments in territorial defense, ensuring that no one gets a free security ride. Output indicators pertain to participation in various out-of-area operations, where members share risks through military engagements and commitments to out of area operation.

The debate in the Nordic countries has primarily revolved around the input side, emphasizing military investments, the reinforcement of military forces, and capacity-building in the Baltic Sea region. Less attention has been given to the Nordic countries' future commitments to output indicators. Following Russian aggression, the Nordic countries are increasingly expected to contribute to the defense of the Eastern and Southern flanks by supporting weaker and more exposed NATO and partnership countries.

Furthermore, due to the new division of labor between NATO and the EU, Europeans will need to assume a greater role and take on more responsibility for broader European security, including countering extremism in the Sahel, migration problems in North Africa, deterrence in the Black Sea region and the Arctic. While Sweden and Finland have participated in various EU-led operations over the past decades, engagement in NATO operations under U.S. leadership takes on a different character, as participation as a partially payments for the security guarantee will assume a different character compared to the peacekeeping operations under UN leadership and the EU-led operations. Denmark and Norway already have a long tradition and extensive experience in participating in such operations while Sweden (and to some extent Finland) has already made some experiences through the partnership program and through involvement in the Balkans, Afghanistan, and the Libya coalition.

The Nordic countries will however face ever growing demands to participate in EU, NATO, and, to a lesser extent, UN operations as the security situation around NATO and EU borders deteriorates rapidly. This will place pressure on meeting the dual demands of delivering on both input and output indicators for the Nordic countries. The increased demands for input contributions will certainly consume many resources in the years ahead, particularly the Danish defense requiring significant investments. Coupled with the high ambitions to support and equip Ukraine in its struggle against the Russian aggressor, future deployments and stabilization efforts will impose significant constraints on the armed forces.

This raises the obvious question of what the Nordic countries should focus on in the future as participation in out of the Nordic area operations will increase in the future. Different historical experiences and strategic cultures mean that it might take time and that significant political efforts are needed to realize the potentials. Here it has been highlighted that the other Nordic countries have viewed Denmark as less engaged in Nordic military and security policy cooperation which have been characterized by a close and substantial cooperation between the Finnish, Norwegian, and Swedish militaries, which will require time and effort for the Danish Armed Forces to catch up with.

Common external threats have however pushed the countries toward a shared threat assessment which may open the way for more cooperation and coordination. One future option could as it has been suggested in the Danish security rapport from 2022 be to consider a reform of NORDEFCO, which has played a pivotal role in Nordic military and security policy cooperation, primarily due to the close bilateral Swedish-Norwegian and Swedish-Finnish defense collaborations. With the integration of the Nordics into the EU and NATO, it would be natural to shift NORDEFCO's role from operational and joint projects toward a forum for Nordic coordination and policy development within the EU and NATO. ■



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# Calibrating Poland's commitments to national security

Expert article • 3507

The starting point for any deterrent strategy is capability. In other words, one has to possess the military means, forces, and resources to execute the threats in case deterrence fails - war constitutes the failure of deterrence. As the Russian occupation of Ukraine continues, Poland is in a state of transition, calibrating its deterrence posture in 3 dimensions including its conventional, nuclear, and cooperative/political spheres.

It is safe to say that during the first half of the previous decade, the Baltic Sea region had already seen an aggressive and assertive Russia eyeing at the security vacuum left in the northeastern flank. Today, neither the reality nor the motivation has changed. Living to its promise of restoring its military capability in the northeastern flank, Polish investment in the defense sector has attracted wide attention across Europe and the Atlantic. With the United States and South Korea by her side, Poland intends to pursue a renewed strategy of denial and containment of the Russian forces still stationed in Ukrainian territories. The modernization plans of the Polish Armed Forces were included in the "Development Program of the Armed Forces for 2021-2035" ([Program Rozwoju Sił Zbrojnych na lata 2021-2035](#)), which was adopted in the second half of 2019. On this note, Poland intends to garner a qualitative superiority in case of military confrontation, including that of its armed ground forces.

## Conventional deterrence

Since 2017, Poland's main military shopping spree has predominantly focused on acquiring American armament, and more recently, this preference has shifted towards South Korea. Since the start of the war in Ukraine, Warsaw has ordered 250 U.S.-made Abrams tanks and HIMARS launchers but its most recent arms deals with South Korea include the procurement of newer combat vehicles such as the [K2 'Black Panther' tanks and K9 Thunder Howitzers](#). The signed agreements with the US now certify Polish companies as suppliers to US entities, impacting the research, development, and testing capabilities of the Polish industry, and further mobilizing the domestic defense-industrial base. A technological leap in the production process across the Atlantic is thus taking place. More recently, the transatlantic bond has strengthened with the US concluding an unusual direct loan [agreement](#) of \$2 billion in Foreign Military Financing (FMF) to support Poland's defense modernization.

Ultimately, the transatlantic bond served to materialize the Development Program, and the second phase of the Wisła program intended to further equip the Polish deterrence strategy in the eastern flank. On a similar note, the Polish Navy is to acquire the newest versions of Orka submarines from South Korea intended to secure the Baltics. With Sweden expected soon to become a NATO member, the Baltic Rim is surely to become the focal point of military containment by conventional deterrence. Such mobilization will effectively turn the Baltic region into a "[NATO lake](#)", freeing most of the Russian future activities in the northern flank.

Notwithstanding, the Polish propensity to rely on the US for its defense capabilities can create asymmetric dependencies. Needless to say, a rising hegemon will not be able to be considered a hegemon if it has to depend on another hegemon for its own security. While it is true that the US has an interest in supplying military equipment to Poland, South Korean interests are more pragmatic. Bringing an Asian giant to Europe and boosting competition in this commercial domain, is a move that several European capitals might not be ready to cope with (Paris, Berlin, London).

## From conventional to nuclear deterrence

Detering a nuclear state with conventional weapons solely is asymmetric and thus, extremely difficult. For this reason, as the strengthening of Polish forces materializes, enabling a nuclear strategy is gaining important momentum. In direct response to Russia deploying tactical nuclear weapons in Belarus, Poland has [expressed](#) an interest in stationing US nuclear weapons in Polish territory. A potential opportunity that if properly executed, could bring Poland closer to the US.

Concomitantly, the adaptation of the F-35A Lightning II to carry B61-12 (thermonuclear bomb) is a proposition that requires careful consideration. Therefore, Poland's quests for a more active role in NATO's nuclear-sharing mission would entail tailoring its F-35As arsenal to function as dual-capable aircraft. Once aircraft become operational and in service, further cooperation would see the US and Poland training jointly in coordinated exercises.

## Political and cooperative dimension

The exit polls of the October 2023 elections favouring the Civic Coalition leader Donald Tusk could improve U.S.-Polish relations, as well as the ties between Warsaw and Brussels. With its new government, Poland will also become a more eager player in European politics. The outcome of the recent Parliamentary elections and the mobilization of its military and defense reforms, has afforded Poland a groundbreaking playing card with the U.S.. Notwithstanding, the new administration could see a reversal of the deeply conservative policies including elements of the defense investment plans set forth by the Morawiecki's administration.

Poland's commitment to technological self-reliance and cutting-edge hardware figures the complexity of defense spending. Whether Warsaw can maintain such a high level of spending over the longer term is a major concern for the next administration. The financial commitment to maintain the cost of operation, maintenance, training, and repairs of the newly procured equipment is to be equated with a combination of conventional with potential nuclear deterrence.





**Conclusion**

Poland is undertaking a national military leap focusing on the modernization of its military equipment, ground forces, and infrastructure. Undergoing a major modernization of its existing equipment and expansion of its military arsenal and personnel (wanting to [recruit](#) about 150,000 troops in the next decade, which will bring its army from the current 128,000 active personnel and 36,000 territorial defense troops to 300,000 soldiers by 2035.).

As a rising geopolitical pivot, Poland's revised military procurement and defense expenditure is genuine and determined. Driven by its history and regional aspirations, Poland aims to enhance its conventional deterrence by protracting a strategy of denial in the eastern and Baltic flanks. However, the costs of sustaining 4.5% of GDP (or above) on defense spending are less observed. Therefore, should Poland be expected to become the guardian of the East, it is yet to be seen how exactly Poland will cope with a steady influx of migrants, rising inflation and an unspoken and pending rule-of-law consideration involving the independence of its judiciary. ■

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MAGNUS RANSTORP

# The transatlantic relationship in counterterrorism cooperation

Expert article • 3508

**T**he transatlantic relationship plays a vital role in addressing contemporary security challenges, particularly in the realm of counterterrorism. The partnership between the United States and its European allies has evolved significantly over the years, impacting counterterrorism cooperation in both positive and challenging ways.

NATO, a significant transatlantic security alliance, has played a pivotal role in the global war on terrorism. The invocation of NATO's Article 5 after the 9/11 attacks led to a unified response, with NATO member states providing military support in Afghanistan. European countries have also contributed troops, equipment, and logistical support to various counterterrorism operations, strengthening collective military capabilities and efforts. Overall the transatlantic partnership in countering terrorism has never been as intense as it is now.

Since 2014 the US and NATO-led Global Coalition against ISIL has grown into an 86-member force from countries and organisations around the world. This important coalition has led to significant success in counterterrorism. It achieved the territorial defeat of ISIL in Iraq and Syria while it has taken out or captured ISIS leadership. Yet the threat of ISIL and jihadi movements have proven to be a multiheaded hydra which reappear in conflict theaters such as emerging terrorist threats in Afghanistan and Sahel. The interconnected security, demographic, economic, and political challenges in the Middle East, North Africa and Sahel regions, which pose serious transnational and humanitarian challenges, require concerted strategic counterterrorism efforts.

The transatlantic relationship facilitates the exchange of crucial intelligence on terrorist threats, helping to prevent large-scale attacks and dismantle terrorist networks. Notably, the "Five Eyes" alliance, comprising the United States, the United Kingdom, Canada, Australia, and New Zealand, has demonstrated exceptional information-sharing practices, enhancing global counterterrorism capabilities.

The transatlantic partnership fosters cooperation among law enforcement agencies, such as Interpol, Europol, and the Federal Bureau of Investigation (FBI). Joint initiatives enable the tracking and apprehension of terrorists across borders, making it challenging for them to find safe havens. For example, when the FBI shared a list of more than 4,500 individuals detained in northeastern Syria with Europol, this information was integrated into the Schengen Information System, enabling European countries to recognize if these individuals made attempts to cross borders. Battlefield evidence and collection as well as sharing of biometric data further strengthens border security and investigations. Furthermore, the close collaboration between Europol and U.S. agencies supports investigations and information exchange, which have led to the arrest of individuals involved in terrorist activities.

The transatlantic relationship provides also a diplomatic platform for addressing global terrorism challenges. Both the United States and European nations work together in various international forums and organizations, advocating for resolutions, sanctions, and actions against terrorist organizations and state sponsors of terrorism. These combined diplomatic efforts have led to United Nations Security Council resolutions and other international agreements aimed at combating terrorism on a global scale.

The transatlantic relationship on counterterrorism do face significant challenges in a number of areas.

Social media amplifies extremist messages. But there are significant differences between the EU and the U.S. when it comes to addressing hate speech. Whereas the EU outlaw hate speech and can pressure social media companies to remove such content from their platforms within one hour, the U.S. prioritise First Amendment rights of freedom of speech which place few restrictions on hate speech. This affects the ability to tackle extremist ideologies and the perpetuation of conspiracy theories that fuel radicalisation.

The resurgence of right-wing extremism is a major concern in both Europe and the U.S. The far right Capitol Hill siege on January 6, 2021, was an inflection point for extremism in America which continue to reverberate and represent a grave danger to U.S. democracy. In Europe, the far right groups are mobilising and expanding their international connections and coordination through social media. While some individual European states, most notably Germany and the United Kingdom, have designated a few rightwing extremist groups, the EU terrorist list contain no far right groups. Similarly, the U.S. government have only designated one white supremacist group, the Russian Imperial Movement. Placing far right groups on terror lists could be helpful in tackling the financing of terrorism and contain their transnational connections. The convergence of far-right terrorism threat in both Europe and the United States presents an opportunity for further enhanced cooperation.

In the pursuit of counterterrorism, there have been concerns about potential violations of civil liberties and human rights, particularly regarding U.S. practices such as extraordinary renditions and the operation of detention facilities like Guantanamo Bay. EU states have advocated closure of Guantanamo while the U.S. has encouraged European states to repatriate foreign terrorist fighters (FTFs) and their families who travelled to join the Islamic State's so-called Caliphate. At least 2,000 male FTFs are held in detention centers in northeastern Syria and over 10,000 third country national women and children.

The horrific massacre of Israeli civilians on 7 October 2023 and the war between Israel-Hamas in Gaza have unleashed anti-Semitic, anti-Israeli and deep polarisation within our Western societies that is an absolute priority to confront. This is a shared transatlantic problem that is a difficult issue but needs to be jointly and urgently addressed among Western states.

The transatlantic relationship's role in counterterrorism cooperation is characterized by its strengths and challenges. As the threat of terrorism persists and evolves, the United States and its European allies must navigate these complexities while striving for continued cooperation and unity. Open and honest dialogue, along with a commitment to shared values and objectives, are essential in addressing these challenges and further advancing transatlantic counterterrorism efforts. The transatlantic relationship remains a critical asset in the global fight against terrorism and the protection of shared security interests. ■

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# Project VORMSI

Expert article • 3509

**D**eep knowledge is to be aware of disturbance before disturbance, to be aware of danger before danger, to be aware of destruction before destruction, to be aware of calamity before calamity."  
—Sun Tzu, The Art of War

In a globalizing society, regular cyber security information exchange between organizations and countries is an important foundation of cyber protection. Cyber-attacks do not necessarily occur regionally. Attacks that start in one region can easily spread and directly or indirectly affect other regions, with potentially global implications. Information exchange and cooperation between governments and organizations is crucial for both regional and global cyber security.

Cyber security information exchange builds upon the notion of situational awareness on the battlespace. Dr. Mica Endsley, Chief Scientist of the United States Airforce, one of the key developers of the discipline, in her 1995 publication "Toward a theory of situation awareness in dynamic systems" defines the situational awareness as "the perception of the elements in the environment within a volume of time and space, the comprehension of their meaning, and the projection of their status in the near future". She also describes in detail the three levels of situational awareness formation: perception, comprehension, and projection. In essence, outlining steps from simple monitoring and recognition to data synthesis (pattern recognition, interpretation) to the projection of future planning activities.

Although today there are quite many endeavors developing platforms for cyber situational awareness (see for example EDA project ECYSAP) or more specifically for information exchange of cyber information (e.g. NIS2 directive-based activities pursued by ENISA and the European Commission), it has not yet become a standard or a standardized practice - there are no universal message formats and processes, various protocol and security issues need to be resolved. This includes the sensitivity and detail of the information to be exchanged; reaction rates and processes in active attacks.

In 2016, the US and Estonian defense ministries signed a defense research and development agreement, the purpose of which was to launch a cyber threat information exchange system between the US Air Force and the Estonian Defense Forces. To this end, in 2019, the Estonian Center for Defense Investments signed a framework agreement with Cybernetica AS, an Estonian IT research and development company.

The project was named VORMSI, referring to both an Estonian Island, but also to key characteristics that the to-be system would need to encompass. More specifically, the cooperation partners in Estonia and the USA focus on the development of the following artefacts:

- Collect information on existing and existing processes, standards, technologies, etc., also develop novel messaging formats;
- Reach a common understanding of the meaning of cyber situational awareness (what information, how should be exchanged);
- Propose optimal technical solutions (existing or new) that take into account the necessary functionalities, security guarantees, limitations, etc.;
- Create a solution that would enable initial exchange of information between parties;
- Create documentation, standards, reference solutions that can be used by other partners to join the information exchange;

Today NATO alliance has no standardized message formats for cyberspace-related information. This means that information-sharing, as well as the proper automation tools to enable on-time, efficient information and intelligence sharing is challenging. Namely, the message protocol APP-115 includes standards for all other domains, but does not include cyber. James Reilly, U.S. Air Force Research Laboratory cyber message standardization project manager has commented that "NATO Article 5 calls for collective defense and we need standardization of our cyber data exchange formats to enable collective cyber defense."

The 6-year project "Project VORMSI" has lasted for four years. COVID-19 pandemic slowed the progress down somewhat, but today the partners are determined to remain within the original timeline. We are roughly at the midway point of the project – a minimal viable product has been presented, integrations with local systems has risen to the focus. The software is being put in use in numerous trainings and cyber exercises. This will continue to be done in the coming year(s).

U.S. Air Force Lt. Col. Charles Gruver, 275th Cyberspace Operations Group director of operations has stated at one of his interviews "The relationship we have built over the years with the cyber professionals in the Estonian Defense Force has been an incredible asset as we move through the process of creating an information sharing platform that will eventually have benefits to our NATO partners and beyond". "The work we are doing now will help the United States and our allies exchange cyber information in an efficient and effective manner during peace time or during active cyber threats." The ultimate goal being exactly that – a cyber threat exchange system for the allied countries. ■

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# The US - Baltic defence R&I partnership

Expert article • 3510

Cooperation between the US and the Baltic States in defence research and innovation (R&I) is a mutually beneficial two-way street that commenced with the formation of bilateral security relations with the US after the collapse of the USSR. In 1993, the US National Guard's State Partnership Program established a partnership between Estonia and the Maryland National Guard, Latvia and the Michigan National Guard, and Lithuania and the Pennsylvania National Guard. This provided the necessary networks for cooperation, including defence R&I. US-Baltic defence R&I cooperation intensified with the accession of the Baltic States into NATO in 2004, the development of their respective defence industries and the changing international security situation. The beginning of the US-Baltic Dialogue in 2016 was a significant milestone which addressed a wide range of regional security concerns, including technological solutions.

This cooperation benefits the armed forces, defence industry companies, research centres and other actors on both sides, contributing to overall NATO capabilities. Firstly, joint defence R&I initiatives add to the technical advancement and interoperability of allies so that the armed forces of NATO member countries can effectively communicate and operate alongside one another. For example, a company in Latvia called *Exonicus* has developed a virtual trauma simulator. It has entered into contracts with the US Department of Defence (DoD), developing a virtual reality trauma simulator for the training of US military medics while developing a version of the simulator which has been adapted for NATO member states with funding also from the European Defence Fund and Latvian Ministry of Defence. Another outstanding example is Estonia's *Spacedrip's* automated wastewater reuse system, which won second place in the US Army's *xTech Program's xTechInternational 2022* competition.

Secondly, both sides benefit from cross-pollination of creative intellectual solutions for defence R&I. One example of this took place when engineers from Michigan Technical University and Riga Technical University came together to exchange ideas on the construction of vehicles that can move over different terrain. Thirdly, the US is looking to identify places where it can invest. The defence industries in the Baltic States are attractive because their reputation for innovation is growing in the region. In recent years, the governments of the Baltic States have contributed to the enhancement of the legal framework and overall environment to enable the development of the defence industry. Estonia's *Cybernetica* is one example of an investment project which received funding from the US Defence Advanced Research Projects Agency in 2020 to develop privacy-enhancing technology for communication between the public and private sector.

Fourthly, Baltic States defence industry companies are looking for new markets. For example, the *UAV Factory*, established in Latvia in 2009, merged with *Jennings Aeronautics* in 2022 and was rebranded as *Edge Autonomy*. It now has offices in both Latvia and the US. In 2022, *Edge Autonomy* announced a deal with the US DoD to provide the US Army with Penguin UAVs. The ability of Baltic companies to operate in the US is one of the competitive advantages, increasing support from national governments and providing opportunities on a European scale as well.

Finally, for the US, the Baltic States' location provides a unique opportunity for developing and testing defence technology in proximity to the strategic threat. An outstanding example is the leading 5G test environment in Europe established at the Ādaži Military Base by *Latvian Mobile Telephone* (LMT), the Latvian National Armed Forces and the Ministry of Defence in 2020. The US is interested in using this 5G test environment because it has several advantages — the development is taking place within the framework of a military base, the presence of the NATO enhanced forward presence battle group which provides a multinational environment, and the opportunity to test scenarios related to interoperability. Latvia can also get the necessary additional support relatively quickly.

The current geopolitical situation has stimulated US-Baltic defence R&I cooperation because the full-scale Russo-Ukraine war has accelerated demand for modernization. The first US-Baltic Defence Industry Day was held in Riga in 2022. The second US-Baltic Defence Industry Day took place in Vilnius, where the US DoD informed participants from Estonian, Latvian, and Lithuanian industries about opportunities provided by the Foreign Comparative Testing Program and the overall principles involved in doing business with the US DoD.

Cooperation between the US and the Baltic States is also multilateral. For example, Lithuania's Regional Cyber Defence Centre, "the main platform for cooperation with the US on cyber defence," was established in 2021. It has five members – the US, Lithuania, Ukraine, Georgia, and Poland. Defence R&I cooperation between the US and the Baltic States also occurs through international organizations such as the NATO Allied Command Transformation. The US-Baltic defence R&I partnership has increased and has become more systematic in recent years. ■

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# Transatlantic security as a political-economic challenge

Expert article • 3511

Collective defence is generally about politics (and strategy) as much as about economics. The commitment of NATO allies to the alliance, for instance, has been extensively examined in the defence economics literature within the framework of free riding. In fact, the present geopolitical environment, characterized by heightened threats to NATO member states and European security more broadly, along with shifting dynamics in transatlantic cooperation, provides a compelling basis to continue engaging with the debate on the free riding behaviour. Furthermore, this debate is related to a more recent discussion on defence-industrial cooperation among European allies – another important area of tensions between high and low politics –, which may yield further implications for transatlantic security.

The notion of free riding does not have a universally agreed-upon definition, even within the pertinent defence economics literature. For instance, one may opt for a definition that associates such ally behaviour with either the share of GDP allocated to defence or absolute military spending. In the first case, a free riding ally is the one that underperforms with respect to the agreed objective. In the second scenario, it is the one that tends to systematically scale down its defence spending if other allies, especially the US, increase their own.

Regardless of the definition used, evidence of free riding in NATO, particularly among European allies, underscores insufficient investment in defence and, consequently, suboptimal provision of collective security. The need for increased targeted resources has only been obvious in the context of elevated geopolitical tensions, especially since Russia's full-scale invasion of Ukraine. Notably, in July 2023, the goal of 2% became the "floor" level of the defence spending objective of NATO allies. Reacting to Russia's aggressive policy and war, Europeans have already boosted their defence budgets. Based on NATO's data, for instance, while the average annual real change of defence spending of NATO Europe (and Canada) has been positive since 2015, the estimated figure for 2023 stands out as unprecedented (more than 8%). Between 2019 and 2023, additional four allies, including Finland, have become members of the "2% club", bringing the total count to 11 (estimated).

Such efforts will hardly suffice, though. Certain allies may be expected to remain below the 2% objective. Inflating military spending is a challenging endeavour, often requiring redistribution within national budgets or an increase in public debt, which is a process with EU fiscal rules attached to it. Russia's war, indeed, galvanized European governments to boost their defence budgets. However, one should consider the possibility that such political resolve may be out of breath, meaning that there is only so much individual governments can do without jeopardizing other specific policies. A promising policy approach in this context is consolidating the EU financing of defence-related activities and enhancing the efficiency of defence investments through EU-level initiatives. Recent noteworthy developments, particularly the European Defence Fund and collaborative procurement initiatives (e.g., EDIRPA), align with this rationale, as they offer financial incentives for cross-border projects, while also – and inherently so – facilitating efficiency gains, such as cost savings.

The European defence market has remained highly fragmented, with national governments, for instance, prioritizing their domestic production and still (relatively) independently developing or acquiring military capabilities. This has led to a notable lack of coordination at the broader EU level. The consequences of suboptimal cooperation, including duplication of investment efforts and the persistence of multiple parallel weapon systems, have been forcefully argued to lead to wasteful expenditures. It has been more recently observed, for example, that, following Russia's war, uncoordinated efforts led to increased prices in the defence market, with EU member states competing against each other. Scarce defence funds were thus once again not optimally used.

Political inclinations in EU capitals often steer them away from deeper defence integration. Yet economic constraints draw them closer together. Recent EU defence-related advancements, notably in the areas of defence research, development, and capability acquisition, were, in fact, mainly concerned with efficiency gains rather than inspired by member states' political will, which implies an additional shift of loyalty to the EU level. The EU as a market-oriented solution to challenges in the defence sector hardly guarantees such a shift; however, political commitment largely determines the success of the former. Member states might therefore be encouraged to think about how to more comprehensively incorporate the EU level into their defence policies, recognizing its increasingly significant role in transatlantic security. ■

*The views expressed in this contribution are those of the author.*

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# The Baltic Sea region and the emerging economic security agenda

Expert article • 3512

**A**fter years of increasing talk about rising global geo-economic competition, the notion of economic security became entrenched in the transatlantic security cooperation agenda in 2023. While it mostly takes place outside NATO, the discussion on economic security is profoundly transatlantic: the concepts and potential areas for cooperation were clarified at bilateral level among Alliance partners, in US-EU talks, and in G7 – of which six are NATO members. Regardless of the format, the transatlantic partners agree on the need to increase resilience of supply chains, protect critical infrastructure, control leakage of sensitive technology, address unfair competition, and counter economic coercion.

While these goals are mostly discussed without mentioning specific countries, it is clear that the conversation centres around risks posed by China and Russia. Russia's weaponization of energy, China's dominance of the supply chains of certain critical goods, and Beijing's increasing use of civil-military fusion are key issues driving the debate. NATO Vilnius Summit declaration mentions Russia's economic coercion and claims that China uses its economic leverage to create strategic dependencies. Washington's recent decisions to expand export controls and review certain outbound investments, as well as the EU's similar initiative to assess risks related to critical technologies, are motivated in large part by Beijing's use of civil-military fusion strategies.

Economic security concerns related to Russia and China are neither new nor distant to the Baltic Sea region. Due to their proximity to Russia, some of Baltic Sea countries were among the most exposed to the economic fallout of the war, and many had historically faced significant energy dependence on Russia. Beijing's backing has helped Huawei assume dominance in 5G technology, squeezing Swedish and Finnish 5G providers. Lithuania is arguably the most prominent case of China's economic coercion against an EU member state.

More broadly, some of the Baltic Sea countries have long traditions of national economic security policy. Finland is known for its 'comprehensive' approach to encompass economic and civil resilience: Helsinki mandates strict protection of critical national infrastructure and the maintenance of sufficient reserves of strategic goods. Historically, Sweden has also subscribed to a similar approach, although it had divested from security policy in recent decades. Lithuania, meanwhile, has had a dedicated economic security department within its Ministry of Foreign Affairs since the 1990s and was among the first EU member states to adopt a FDI screening framework.

Despite their experience, most Baltic Sea countries are wary of the growing language of economic security. Though all recognize that geo-economic concerns are gaining strength in the global economy, most Baltic Sea states remain strong proponents of free trade and economic openness. Given their structural position as small, largely export-oriented economies with limited fiscal capacity, the Baltic Sea countries are concerned that the growing use of restrictive instruments or the embrace of national industrial policies may fragment the multilateral trade system, escalate protectionist tendencies, and – in the EU – undermine the single market.

With the notable exception of Lithuania, which actively advocates for the adoption of further restrictive instruments, included on outbound investment, Baltic Sea countries have thus mostly focused on trade

diversification and, in the EU context, the further deepening of the single market. Though these goals are prominent in the EU's new economic security strategy, the EU has struggled both in concluding trade deals and in removing the remaining barriers in the single market – mostly due to domestic constraints in select member states. Given the adverse global environment and the upcoming elections in Europe, opportunities to advance on either front may be rare.

At the same time, it is highly likely that the transatlantic effort to strengthen economic security will continue to accelerate – especially as regards to building the West's 'technological edge' over China through industrial policy. Faced with this prospect, there are several routes the Baltic Sea countries may take. First, they may follow Lithuania and embrace the economic security agenda focused on restraining China whilst expanding bilateral economic ties with other Indo-Pacific economies. Another is to hold the line: focus on defending free and fair multilateral trade and limiting the inevitable calls for state intervention. This position will have its backers among other export-oriented countries and the European Commission – but it will largely be a reactive one. More importantly, neither option guarantees that the Baltic Sea economies will successfully transition to the emerging geo-economic order.

A third potential path is to shape the wider debate on industrial policy and economic security by spearheading regional industrial policy suitable for the Baltic reality. As small economies with specialized strengths, the Baltic Sea countries can gain significantly from closer regional cooperation of their industrial, innovation, and research ecosystems: e.g., Finland and Latvia both exhibit considerable potential in quantum and, as they focus on different segments of the value chain, may find many opportunities for synergy. To avoid betting on the wrong technology, regional cooperation must be both forward looking and wide enough in scope: Estonia's early decision to focus on a broad suite of digital technologies and pursue a collaboration-based model of industrial policy can offer instructive lessons in this regard.

Certainly, enhanced regional cooperation does not mean closing in from the rest of Europe or the world. Due to its size, any potential Baltic Sea industrial ecosystem would inevitably be a part of broader EU or global value chains. The point of moving fast with a regional industrial ecosystem, rather, is to strengthen the relative position of each Baltic Sea country in the debates on the future of geo-economic order, to minimize vulnerability of being 'picked apart' individually, and to fill the discursive space with examples of what kind of industrial policy can create sustainable value and economic security. ■

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LIGA SMILDZINA-BERTULSONE

# The role of investment and trade in fostering economic security

Expert article • 3513

Under the current geopolitical circumstances, economic security, and investment attraction, particularly, investment from the key strategic partner – the United States – has become crucial for the entire Baltic region. The role of the Baltic region in the global arena increased after Russia's invasion of Ukraine and the turmoil next to their borders. Latvia, along with its Baltic neighbors remains among the most committed NATO members striving to stop Russia's aggression and support Ukraine in its fight for democracy, independence, and the rule of law.

The concept of economic security has become a popular subject matter for public policy making both in the U.S. and Europe referring to people's ability to meet their basic socio-economic needs and the interplay among national security, access to and production of essential products, services, technology, and innovation.

Trade and investment flows are a telling factor of the interaction between any two countries. While the U.S. remains the largest trade and investment partner of the EU, so far only a relatively small fraction of these massive flows has translated into the bilateral trade and investment relationship between the U.S. and Latvia. The most obvious reasons are the small size of the market and the geographic location, which can be viewed both as an advantage – the center of the Baltic states and a well-connected logistics hub, and a disadvantage – the periphery of the EU in demographic decline.

To look at how investment and trade contribute to a nation's – and in this case Latvia's – economic security, let's first consider some data.

After Latvia's accession to the EU in 2004, the inflow of foreign direct investment (FDI) steadily grew, reaching its highest peak in 2022, totaling in EUR 22.6 bn or about 3.7% of GDP. While more than 80% of Latvia's FDI originates from the EU with top investors Sweden, Estonia and Lithuania, the United States occupies a relatively small number of the total FDI – slightly below EUR 300 mil. of all accrued U.S. FDI. However, the U.S. FDI is on the rise with most investments made into Latvia's finance and trade sectors, as well as a growing number of startups. Over the last decade, Latvia's FDI outflows to the U.S. started literally from scratch, now having reached the total value of EUR 60-70mil. On the business front, the U.S. had invested EUR 157 mil. in 340 Latvian companies, mainly in the financial and startup industries.

Because of the country's location, it is not surprising that the top two trading partners for Latvia are relatively small markets of its neighbors Lithuania and Estonia, followed by more prosperous markets like Germany, Poland, and Sweden. In 2022 Latvia's value of exports constituted EUR 21.27 bn, increasing by nearly 30% y-o-y and hitting an all-time high of the total external trade value.

In terms of bilateral trade, the U.S. became the 11th largest trading partner for Latvia reaching EUR 1.5bn in the total trade turnover for goods and services. Although trade between the two countries has a lot of room for improvement, in the last year Latvia's exports with the U.S. increased by 50% and imports by a staggering 65%. Latvia's exports to the U.S. exceeded imports by almost double making up 3.7% of its total export volume. Latvia's largest exports to the U.S. are wood, beverage and tobacco, computers and electronics, optical products, transportation, and machinery manufactures.

The data suggests that momentum is gaining for Latvia to continue to expand upon its trade with the U.S. and promote investment opportunities in several sectors with the highest potential for growth such as energy, biomedicine, global business services, life sciences, innovation, electronics, and technology.

While military security and defense cooperation with the U.S. has been the cornerstone of Latvia's national security, the role of economic security until recently has been somewhat neglected. So far, its national economic policy has failed to address the importance of more vocal and forthcoming activities that encourage investment from key strategic partners. Another challenge that affects the investment climate is scarce workforce availability that needs to be urgently and complexly addressed to retain the attractiveness of the economy.

Purely from a security perspective, the presence of U.S. investment and trade is extremely important in the Eastern flank countries. Several ongoing platforms, including the EU-U.S. Trade and Technology Council, and the Three Seas Initiative, speak to strengthening transatlantic economic cooperation, but more should be done in prioritizing the U.S. as a full-range partner, including from the economic perspective. The willingness to proactively promote U.S. investments is a small but important step on the road to unlock immense opportunities that hold promise not only for accelerated economic growth, but, even more importantly, could considerably contribute to the common security. ■

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Executive Director  
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ALEXANDRA PASTERNAK-JACKSON &amp; ELSA KORPI

# A new era in multilateralism through transatlantic centers of excellence

Expert article • 3514

**W**e trust our readers need few reminders of the crises that have faced the world over the past several years. In the long shadow of the Covid-19 pandemic, Europe is battling inflation reminiscent of the 1970s and fears of a new euro crisis. Ukraine's invasion has sent shockwaves through the European Union and its partners, and stakeholders across the transatlantic community have rightly interpreted the war as a fight for the democratic values that unite us.

The \$7.1 trillion transatlantic economy has been remarkably resilient through these challenges, and foreign affiliates are its foot soldiers. U.S. affiliates spent \$31.6 billion on R&D in the EU in 2020, while European investments accounted for over half of total foreign U.S. R&D investments at \$71.4 billion. In 2022, the U.S. emerged for the first time as Finland's largest trading partner when factoring together trade, foreign direct investment (FDI), and foreign affiliate sales. Services trade between Finland and the U.S. has grown in the double-digits for three consecutive years, and Finland has more than doubled its net U.S. FDI inflows since the 1990s.

## Multilateral institutions are essential to the future strength of the transatlantic partnership

Our shared economic resilience did not happen overnight: it was built through decades of legwork by diplomats, civil servants, and business leaders.

This fact highlights the concerning threats to the multilateral world order. Failing institutions and frustrations with them are leading to increased geoeconomic protectionism that Finland and other smaller EU member states simply cannot afford. Our economies depend on coalitions that bring in investments, create jobs, and drive innovation. Finnish companies show unprecedented interest in the U.S. market and the Biden administration's industrial investments in particular.

Crucially, business depends on a predictable operating environment to continue innovating. The growing importance of the digital economy means that companies are reliant on harmonized regulations that make operating across jurisdictions possible. The future of our interconnected economies hence depends on strong multilateral policymaking.

## Transatlantic centers of excellence can be our path to a new era in multilateralism

For Europe and the U.S. to emerge from these headwinds as an even stronger community, we support establishing transatlantic centers of excellence. First proposed by Mikael Wigell (FIIA), these centers bring together transatlantic capital and talent to solve some of the biggest problems of our time. Here, we outline a vision for three critical areas.

### 1. Industrial policy

A lack of coordination between governing bodies has shifted our attention from opportunities to mending reputational damages.

The Biden administration's Inflation Reduction Act (IRA) is unfortunately a prime example. Rather than sharing the economic tools of statecraft, we have been left fearing an impending subsidy war. Had U.S.

officials been able to discuss tax issues with EU policymakers in the IRA's drafting stages, exceptions for the EU could have been baked in the same way they were for Canada and Mexico. Creating a recognized platform for future dialogue is essential.

### 2. Green transition

EU companies are already major investors in the U.S. energy sector, while U.S. companies are some of the largest purchasers of renewable energy in Europe. Both the IRA and the EU Green Deal have shown governments' willingness to develop infrastructure and invest in the development of next-generation technologies.

Centers of excellence can combine these tailwinds with engineering capacity to solve pressing questions about alternate energy sources. The strategic management of Chinese competition is a further reason to invest in transatlantic coordination.

### 3. Digital health

Forty percent of the global datasphere will be in the health by 2025, and the industry valuation is projected to reach \$550 billion by 2027. The proliferation of available genetic and health data, as well as ways to process it, hold significant potential for scientific innovation.

Efforts such as the Transatlantic Data Privacy Framework are therefore not just about privacy, although this is a critical concern. They are also about the ability of researchers to forge collaboration and develop the next generation of medical treatments. Moreover, working together on health innovation would guard against a future where these innovations and industry growth are weaponized against economic security. Health data is Finland's crown jewel, and our government should seize this opportunity for transatlantic leadership.

Amcham Finland is a politically independent, non-governmental, and member-funded business organization supporting transatlantic business.

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MAI-LIIS BARTLING &amp; LEELO LINASK

# American-Balts punch above their weight

Expert article • 3515

**W**e have entered a dangerous new age, where flouting international rules and norms has become the new normal. In this world, trans-Atlantic cooperation between the U.S. and the Baltics is critical, even while Europe is stepping up in completely new ways to address its own collective defense. The U.S. remains recognized as the #1 strategic partner of the Baltic nations and, indeed, European nations more generally, even as these countries work toward developing a broader international network of partners.

In this dangerous new world, it is our view that Baltic unity and cooperation must also remain strong. In the U.S., Baltic unity and cooperation go back many years. People from these countries have a shared history, and a shared sense of geography and threat perception, based on proximity to Russia. Our families have been touched in similar ways and have common historical touchpoints and memories. This means that Baltic Americans have been the voice of experience, calling out the actions of the bad actor to the east, even when others have been more sanguine. Far from being "paranoid," as Balts on both sides of the Atlantic had been sometimes described, they are now seen as having been prescient, instead.

U.S. Balts also have in common their respective strong diaspora communities who have remained engaged with their homelands. In many ways, our community organizations have mirrored each other, including cultural groups, schools, youth activities, and political action. These community organizations have endured for over 75 years. During the 1980s, ties were refreshed working for the end of Soviet occupation. Cooperation during the '80s was also trans-Atlantic. When homeland Balts coordinated actions, for example the Baltic Way, Baltic Americans looked for how they could support and amplify such actions. And there was shared joy among U.S. Balts, too; in the 1990s, as all three countries moved quickly to take advantage of a new age and new freedoms.

In the U.S., working together has meant that Estonians, instead of telling congresspersons they represent 30,000 Estonian Americans, can point out that they are part of a larger group of Baltic Americans that number nearly one million. For an even larger show of strength, we demonstrate that Baltic Americans are part of a coalition of central and eastern European-heritage Americans who number more than 20 million. There is collective strength in size, and size matters. A clear voice resonates, and our combined voices are united and strong.

Baltic Americans have also worked together to build institutional continuity, which also matters. The central organizations of the Estonians, Latvians, and Lithuanians in the U.S., in a farsighted act, worked together to establish the Joint Baltic American National Committee (JBANC) in 1961. The three organizations still collectively steer and fund it. Its Executive Director is Estonian, and the board presidency rotates among the three parent organizations. An extremely effective organization, JBANC works to get congressional and public support for legislation related to Baltic security. A highly significant example, in 1997, the presidents of the Estonian, Latvian, and Lithuanian national organizations in the U.S. testified before the Senate Foreign Affairs Committee to voice Baltic Americans' support for NATO expansion. Over the past two years, in the face of Russia's 2023 invasion of Ukraine, JBANC has been tirelessly making the case for Ukraine defense, humanitarian aid, and sanctions against Russia. It has also helped mobilize protest actions among Baltic Americans who have turned out with flags and signs to rally against Russian brutality. As more than one appreciative Ukrainian has stated, "We don't have to explain it to the Balts, they understand."

JBANC coordinates and organizes visits to congress each year during the annual Baltic Advocacy week and has been instrumental to the existence of a robust and bi-partisan House Baltic Caucus. Additionally, Latvian Americans, through the American Latvian Association (ALA), have built a system for mobilizing letter writing campaigns at just the right moment and making just the right points; members of the Estonian-, Latvian-, and Lithuanian-American communities as well as their supporters make good use of these tools. The long history of building Baltic institutions in the U.S. has also included the Association for Advancement of Baltic Studies (AABS), where scholars have come together for decades to provide focus to the Baltic as an area of study. On the west coast, at Stanford University, the Green Library's Baltic Collections is a recognized trove for scholars and lay people interested in the Baltics. On the east coast, Yale University continues to expand its Baltic Studies Program at the MacMillan Center, bringing in students from the regions and welcoming more senior Baltic scholars to teach and conduct research.

What else can we do together at this moment? In Europe, the Baltics and other EU members are working together in new ways on collective defense. On our side of the transatlantic divide, we must bolster commitment in the US congress, within our own communities, and among the broad American public, to transatlantic security and to the trans-Atlantic relationship itself. Even while the ultimate goal is strategic capability in Europe, there is no substitute yet for a US role and aid.

Without a doubt Baltic security is strengthened when the advocates abroad have a positive view and strong connection to their homelands, be these academic, business, cultural, familial, friendship, or other ties. The Estonian government, too, has recognized the value of cultivating these connections and has built new bridges through such programs as e-residency, Global Estonian, and other programs. Strong connections help battle misinformation and generate still more opportunities for working together.

The last two years have seen unprecedented cooperation and support between the US and EU in the face of Russian aggression in Ukraine and Europe more broadly. How do we sustain this level of support? Balts on both sides of the Atlantic are an almost indefatigable resource on these issues. They understand the high stakes: the fundamental working of the rules-based world. Their continued investment, support, cooperation, and mutual understanding is in all of our interests, and, if maintained, will help light the way for a brighter day. ■

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HEIDI L. STEIGER

# The role of business in government

Expert article • 3516

**D**espite the conflicts which have erupted worldwide in the last several years, and despite the differences we may have as people and as nations, I have always believed that the opportunity exists to apply best business practices to government policy in order to inform and solve problems of government – particularly as it relates to national security. For the last 40 years, such an organization has existed in the United States, and it is called Business Executives for National Security (“BENS”). Our founder was Stanley Weiss. The business leaders he initially recruited to BENS were corporate leaders with a passion for our country but who also believed national security should be run as well as our country’s best corporations.

As a nonpartisan, not-for-profit organization based in Washington, DC, BENS currently has members across the country who come together in several important ways. These business leaders want to develop new ways of addressing national security challenges facing the United States. BENS also helps to provide expertise and resources to help governments and military forces achieve their goals more efficiently in times of peace and war.

There are several ways we do this. First, there are member events where government leaders discuss their plans and priorities in order to solicit recommendations that mirror how corporations would tackle similar problems relating to logistics, technology, cybersecurity, risk management, and talent recruitment – just to name a few. Secondly, BENS organizes a number of trips each year – both national and international – where a group of usually 25 or so members can visit military sites of various kinds. These trips allow participants to understand how our national security operates in action. Third, various departments within the federal government come to BENS with a specific project. The staff of BENS then puts together a team of business professionals who have the background necessary to work on the request. After research and meetings, a final paper is delivered. For example, BENS has done projects for Homeland Security, Treasury and various branches of the military. Finally, BENS has formed councils for Resilience, Energy, Competitiveness, and Technology and Innovation. Members of these Councils work at the strategic level.

Imbedded in all these activities is the belief that we should be nonpartisan in order to be a trusted and neutral partner. We employ strict ethics which prohibit members and staff from lobbying or engaging in any type of business development activity that would benefit a particular member or company. We also encourage feedback from government partners so that we can provide even better recommendations going forward.

It is my understanding that such an organization does not exist within the European Union, NATO or any other type of European entity. I would suggest that forming such a group –either by country or within a broader context would go a long way towards better unity and economic as well as universally beneficial outcomes.

In summary, business executives can play a significant role in national security by collaborating with the government and providing expertise, resources, and technologies that enhance security efforts. This collaboration can take many forms, including public-private partnerships, joint initiatives, and information sharing. Additionally, many businesses have their own security measures in place, which can complement and strengthen government efforts. However, it is important to balance security needs with individual freedoms and privacy concerns.

The more of these organizations which can exist in democratic countries, the more able we will be to protect our people, our institutions and our freedoms. ■

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PETER DAHLEN

# The New North

Expert article • 3517

Eleventh in GDP within the EU and ninth in population, Sweden, a free trade champion and an open economy is a compelling trading partner. In an era characterized by global political and economic unrest, it has become crucial for nations to forge alliances with like-minded states committed to navigating the great transformations of our age. The relationship between the U.S. and Sweden dates back to 1783 when Sweden became the first power in Europe to offer its friendship to the United States. Over the course of the ensuing centuries, this bilateral spirit of amity and commerce has not only endured but thrived, with the countries being closely aligned on the issues steering our world into the future - digitalization, the green transition, and life science innovation. The relationship is a stand-out example of global cooperation and progress in an interconnected world.

The increase in Foreign Direct Investments between the United States and Sweden underscores this dynamic economic collaboration. Recent data shows substantial growth of U.S. FDI to Sweden — a nearly threefold increase between 2021 and 2022, jumping from \$16 billion to \$47 billion. Cumulatively, the FDI flows between the two countries amount to \$118 billion. This flourishing investment climate shows financial backing of the shared values that underpin the relationship. Moreover, the United States and Sweden are number two and three respectively in the Global Innovation Index, leading to robust commitments in sustainability, digitalization and life science development.

Sweden placed second in the UN Sustainable Development Report, and is at the forefront of green development. The *Sweden - U.S. Green Transition Initiative*, a joint effort of several Swedish state agencies and the Embassy of Sweden in Washington D.C. aims to foster Swedish-American partnership on sustainability. By strengthening research and development, promoting innovation, and enhancing trade, the project seeks to establish Sweden as a pivotal partner in the U.S. green transition and to cultivate an innovative environment that shares new green technologies and climate solutions worldwide. Business collaboration between American and Swedish enterprises is crucial for the initiative, facilitating knowledge sharing and increased access to novel technologies in industries such as renewable energy, green buildings, and electromobility.

Notably, the American Chamber of Commerce in Sweden's *Bright Green Summit*, which kicks off in November, highlights opportunities and serves as a platform to collaborate across industries, governments, academia, and society to provide the education, policies, products, and services necessary to combat climate change on a global scale.

Digitalization offers enormous potential as well, with Sweden having one of the most advanced digital economies in the EU. Sweden is committed to leveraging the opportunities offered by technological innovation and fostering a digital-friendly environment, enabling new and groundbreaking solutions across many industries. To realize these ambitions, fostering an innovation-friendly environment must be a top

priority for policymakers in Sweden and at the EU level. Currently, some cutting-edge digitization initiatives are hindered by a lack of regulatory clarity in Sweden. What is more, the introduction of non-tariff barriers to trade on certain aspects of digitization harms EU competitiveness and unfairly disadvantages foreign investors. Ultimately this slows digitalization and denies access to cutting-edge solutions and life-saving treatments to consumers and patients alike.

The potential economic and innovative gains that could be achieved through the liberalization of digital policy on the EU level would have a meaningful impact on the technology and life science sectors. These industries are characterized by their pioneering research and development efforts in areas such as pharmaceuticals, medical devices, and biotechnology. Streamlined and freer access to data could significantly improve real-world outcomes for patients while removing regulatory red tape to facilitate the timely development of cutting-edge treatments. This, in turn, would further ensure the leading position of Sweden as a life science nation.

Sweden's strong economic partnership with the U.S. stands as a testament to the development of broader political and technological cooperation between the two nations. By going from strength to strength, the trade relationship between the U.S. and Sweden has proven to be a model for the future of bilateral trade partnerships - innovative, green, and collaborative. However, navigating the policy landscape of these issues can be challenging. American businesses present in the Swedish market should seize this moment and make their voices heard, including by engaging with a trade association such as the American Chamber of Commerce in Sweden. ■

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MIKAEL HALLBÄCK

# The U.S. market opportunities in changing geopolitics

Expert article • 3518

The United States is Finland's most important trading partner outside the EU, and its significance is rapidly growing. According to a survey by the Finland Chambers of Commerce, improved relations with the U.S. and the NATO membership benefit nearly 60 percent of exporting companies. Finland's total exports to the U.S. last year exceeded 11 billion euros. Notably, Finland's service exports to the U.S. have tripled in eight years and now represent a fifth of Finland's total service exports. When considering not only trade but also investments and innovation cooperation, the economic weight of the United States has surpassed Sweden and Germany in importance for Finland among individual countries.

A tense and uncertain geopolitical situation fuels even stronger interest towards the U.S. markets in Finland, as Russia remains in shadow for years, or even decades, and China raises uncertainty and suspicion. Global trade is seeking a new order, and companies must now assess their geopolitical risks more actively from their own business perspective. Transatlantic cooperation is deepening, which is also evident in the increasing collaboration between the EU and the U.S. However, protectionism in the U.S. continues to strengthen, with "America First" thinking prevailing. It is crucial to emphasize that cooperation strengthens competitiveness, and that protectionism weakens the ability to compete with China. Unlike the U.S., Finland cannot support investments in the same manner. The strength in investment competition lies in the fact that Finland, particularly the Western coastline, offers renewable, clean energy for industrial investments. One could say that investing in Finland equates to investing in responsibility and sustainability. The competition is fierce, and Finland is competing with its own strengths.

Numerous U.S. states are implementing massive green transition and digitalization projects, and at the federal level, agreements have been reached on substantial support packages targeted at green transition investments and climate change adaptation. Finland has entered into collaboration agreements with five different states, whose project plans and interests align with what Finnish companies can offer. The market is enormous and individual states would correspond to major economies, with California and Texas, for example, ranking sixth and ninth among world economies. Leading US corporations are also setting ambitious sustainability goals. Companies like Apple, Amazon, and Microsoft have pledged to become carbon-neutral or achieve 100% renewable energy use. This commitment to sustainability creates opportunities for suppliers of clean technologies and services. The U.S. climate investments present a significant opportunity for Finnish businesses to participate in the growing market for green solutions.

The future looks bright in Finland, Ostrobothnia. The Ostrobothnia companies are tackling the biggest and most pressing global challenges and contributing by solving them. Currently, around 13,000 people work in the EnergyVaasa cluster in Ostrobothnia region, and the expertise, products, solutions, and services are world-class. The region holds a potential worth billions of euros for major industrial investments, and thousands of new jobs are on the horizon, particularly in the battery

industry, green hydrogen, and offshore wind power. These are remarkable opportunities and more will follow. Furthermore, Kokkola in the northern part of the region is developing into a significant hub for battery industry chemicals and minerals, while hydrogen production is growing in the southern parts of the region in Kristiinankaupunki. The entire region is strongly connected to future energy-related investments and expertise, and there is a demand for it.

Finnish companies must find new growth markets to replace Russia. This shift towards sustainability presents a significant opportunity for Finnish companies to leverage their expertise and innovative solutions. In conclusion, the green transition in the United States is a monumental undertaking driven by government policies, consumer preferences, and corporate responsibility. Finnish companies possess the expertise and innovation required to excel in this evolving landscape, whether through clean energy technologies, circular economy practices, sustainable transportation solutions, or energy efficiency advancements. However, to fully harness this opportunity, Finnish businesses must be prepared to navigate regulatory challenges, fierce competition from domestic and international players, and cultural differences. U.S. support packages with domestic content requirements do not make the situation easier, but the market's opportunities are immense. We recently heard news that a hydrogen technology growth company from Ostrobothnia entered into a preliminary agreement to supply equipment to a large gas company in the United States. This is just one example of many and more to come. With the right approach and strategic partnerships, Finnish companies can play a pivotal role in shaping a more sustainable future for both the US and the world. ■

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KRISTIINA HELENIUS

# The transatlantic market drivers are delivering; the regulatory framework should follow

Expert article • 3519

In August, Washington celebrated an anniversary. The Inflation Reduction Act is now one year old.

Inflation Reduction Act is a silly and misleading name for the largest and most ambitious economic restructuring the United States has ever attempted, but the results are anything but silly. In twelve months, the economy had added 170,000 high-paying jobs and was expecting to gain 1.5 million more. In the second quarter of 2023, the U.S. economy grew by 2.4% and there are 1.6 jobs available for every unemployed worker.

For a long time, the European Union reprimanded the USA to get serious about climate change. Now that it has, Europe thinks America might just have gone a bit too far and, especially, too U.S.-centric.

To me, that is just quarrelling between an old married couple.

The transatlantic economy is the backbone of the global economy. At 7.1 trillion dollars, it makes up one third of the global GDP. No market is as intertwined and sophisticated as the transatlantic one.

With the Inflation Reduction Act, CHIPS Act, and Infrastructure Law, the United States is introducing 2,000 billion dollars in new federal spending over the next ten years. This is the cornerstone of President Biden's economic thinking or "Bidenomics." The strategic goal is to ensure America's position as the leading power and innovator and keep China at bay. The spending is likely not going to stop even with a new occupant in the White House. There is no way, of course, to guarantee anything in the tumultuous world of U.S. politics, but right now the smart money is betting that climate policy is here to stay.

The United States and Europe are entering a new trade era. For Nordic companies, this means a new operating environment.

As Finland and Sweden cut ties with Russia and decided to join NATO, they gained clarity about their direction and alliances. This is true of especially Finland. There is no more political second-guessing or sitting on the fence. The message is clear.

Thankfully, the United States needs and wants what Nordic businesses have to offer. The defense industry is a great example. The 613-billion-dollar behemoth consists increasingly of space technology, cyber-security, AI, 5g and 6g, and quantum computing.

Emerging technologies are now used in both, civil and military endeavors. That enables companies with top technology to reinvent themselves as defense providers and do additional business in the defense ecosystem.

President Biden is aggressively home-sourcing chip-making and turning vehicles electric: the goal is that electric vehicles make up two-thirds of U.S. auto sales by 2032.

The focus of transatlantic economy is now more existential than before. Issues like climate and tech will grow more intertwined with trade. Granted, high stakes could make trade disputes more difficult to resolve.

So far, we already know that the United States became Finland's largest trading partner for the first time, last year. Massive investments are pouring into efforts to battle climate change. The U.S. and Europe are each other's primary source and destination for foreign direct investment.

Tightening relationships and inter-dependency, momentum, and disrupting markets are an unusually good place to be standing on.

Happy birthday, Inflation reduction act. ■

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ALARI PURJU

# The economic ties between the USA and the Baltic Sea Region

Expert article • 3520

In May 2023, I published [a report](#) in the BSR Policy Briefing series of the Centrum Balticum Foundation. The report analyzes the economic interaction between a group of countries on the coast of the Baltic Sea on one side and the United States of America (USA) on the other side. Baltic Sea Region States (BSR) comprise the Nordic states Denmark, Finland, Norway and Sweden, the Baltic States Estonia, Latvia and Lithuania, and the large European economies Germany and Poland with only some regions located on the coast of the Baltic Sea. Russia also belongs to the BSR, but it has invaded Ukraine and excluded itself from several regular relationships with the other BSR countries and not included into discussion.

All the BSR countries which belong to the EU, have their economic interactions with the USA regulated by the respective EU-USA legal framework. At the same time, the BSR countries still have their individual international trade structure, resource patterns and economic strengths and weaknesses. These assumptions design also the individual international trade and investments patterns of the respective countries.

In absolute terms, Germany has the largest exports and imports values in trade of goods with the USA. Germany's exports values to the USA are above 100 billion EUR annually, which makes the country an important player in comparison with the other major American and Asian trade partners. The USA's share in Germany's exports was 8-10% and in imports 5-7% during a period of 2020-22. Germany's share in the USA's exports was 3.5% and in imports 4.5% of the total US's exports and imports and Germany was respectively the 7th and the 5th most important USA's foreign trade of goods partner in 2022. The USA's share was larger in Germany's exports in chemicals, followed by the machinery and transport vehicles group.

From the Nordic countries, Denmark has with 9.7% in 2022 the largest share of exports to the USA in its total exports of goods. A relatively high share belongs to chemicals and in the chemicals group, the subgroup of medicinal and pharmaceuticals subgroup accounted for approximately half of the chemicals group and from that subgroup, 49.6% of total exports of that subgroup went to the USA. In Sweden's total exports, the USA was the destination for 9.2% of exports in 2022. Approximately 40% of Sweden's exports to the USA were machinery and transport vehicles. In Finland's exports, the share of exports to the USA was 6.6% in 2022. The combined product group of other manufacturing industries contributed 38% of Finland's total exports to the USA, followed by the group of machinery and transport vehicles which accounted for 32%. In Norway's total exports, the share of the USA was 2.7 and the largest share was food products and in that group, fish and fish products accounted for 90% of the value of that product group. In exports of Estonia, Latvia, Lithuania and Poland, the USA share accounted for 2-9% and in imports 1-7% during the period 2020-22. In Poland's exports to the USA, machinery and transport vehicles was the most important product group. In Estonia's exports to the USA electronics components created 70% of the total exports and it was the department of the global electronics company Ericsson Estonia exports to the USA.

International trade in services is a rapidly growing area in international trade. One special group of services consist R&D, professional and management consulting services, technical or trade related business services. These services are both exported and imported and the

countries specialize in certain sector of those services. Very often those services accompany competence in particular production and exports of goods in those industries. For example, Danish exports of pharmaceutical products is accompanied both by exports and imports of services related to R&D and consulting services. ICT related foreign trade in goods is also accompanied by imports and exports of services connected with that sector. Norway's oil and gas industry also creates a lot of transport services and other different business services.

In the international trade of services of the BSR states, the share of the United States was larger than in international trade of goods. USA played an important role in international trade of services in Germany (14% of the country's total services exports and 13% of imports), Denmark (14% of exports and 15% of imports), Sweden (12% of exports and 15% of imports) and Finland (17% of exports and 9% of imports). In Germany's services exports to the USA dominated business services of R&D and business consultations followed by transport related services. In Germany's imports, the share of R&D and business consultations business services has been most important. In Denmark's exports and imports of services dominated transport services, followed by R&D and business consultations in international trade of services with the USA. In Sweden's international trade of services with the USA, R&D and business consultations services dominated in exports and imports, followed by telecommunications, computer and information services. In Finland's exports of services to the USA, the leading sector of services was telecommunications, computer and information services and in imports, different R&D and business services dominated. In Poland's exports and imports of services, the share of the USA was 7% and 5% respectively. Both in exports and in imports with the USA, telecommunications, computer and information services was the leading group of services. In Estonia, Latvia and Lithuania as well in Norway's exports and imports, the share of trade of services with the USA was between 3-5%. In Norway's services exports to the USA, transport was the leading article, followed by telecommunications, computer and information services. In Estonia, Latvia and Lithuania, telecommunications, computer and information services was the leading article of services exports to the USA and R&D and different business services was a leading article of imports from the USA.

The analysis demonstrates that the economic interactions between the USA and the BSR states are important. At the same time, in the international economic interactions with the USA, the BSR states meet a quite specific economic environment. There are represented the global flows of goods and services, which come from the countries with much larger population and production capacities, as for example the Asian countries. ■



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HANNA RISTOLA

# Standing out from competitors: Keys to the US market

Expert article • 3521

**T**he geopolitical shifts brought about by the pandemic and European conflicts have reshaped the global economy, amplifying the significance of the United States. In this transformative period, the US has emerged as Finland's largest export partner, attracting the focus of numerous Finnish as well as companies from other nations. This surge in transatlantic trade has intensified the competition within the US market, making it imperative for businesses to understand how to stand out in this competitive, yet fast growing market.

These are my findings during the path of internationalization and establishing the US operations of Premix, a leading plastics compounder renowned for modifying plastics to be electrically conductive.

## **Innovate or stay home: Internationally viable product**

At the heart of Premix's success story lies innovation. By introducing electrically conductive plastics for ESD protection to the world in the early 80's, Premix not only pioneered but also perfected the niche market. In the competitive US landscape, having a great product that stands out is fundamental. Understanding the unique selling points – be it advanced technology, unmatched quality, or transformative benefits – is the passport to global recognition. Finnish companies, steeped in engineering expertise, often find their differentiator in technology-driven solutions. However, merely having a great product is not enough; it's about articulating and being able to present its value from the customer's perspective.

## **Local presence: The power of personal relationships**

In international business, personal connections are invaluable. The adage "it's not just what you know, but who you know" holds particularly true in the US. Establishing local connections is not just a strategy; it's a necessity. Like many others, Americans prefer doing business with locals, as personal relationships in the US are formed swiftly and are deeply valued. However, having key people from the headquarters to bring the company culture and values is of essence. For Premix, this meant not just emphasizing local aspects but also cherishing the company's Finnish roots and values.

Being genuinely local may also require a manufacturing facility in the US. At Premix, we paid attention to the fact that local production not only enhanced credibility but also conveyed the message that products were authentically "made in the US" which raised the customers' interest.

## **Speed: The currency of opportunity**

In the fast-paced American business landscape, time is a prized asset. The ability to respond swiftly, be it in decision-making or correspondence, is a necessity. Delays, even minor ones, can be perceived as a lack of interest or professionalism, potentially causing business partners to lose interest and find opportunities elsewhere. Monitoring market trends, swift decision-making, and proactive communication are the tools that enable businesses to seize the day, ensuring they remain agile and responsive.

Efficient supply chain management is crucial, and with local manufacturing, the customer requirements can more easily be fulfilled.

## **Courage and collaboration: The winning recipe**

Thinking big and being brave is what makes the difference in the US. Innovation and investments require courage. Americans, with their keen eye for opportunities, appreciate collaborative ventures where mutual benefits abound. Be brave in networking with companies that share your values and find new innovative ways to work together with them.

To summarize how to stand out in the US market, Premix's motto "Let's Make a Good Mix," catches the essential. Use the ingredients of innovation, great product, right people, local presence, speed, and collaboration, blend it well and spice it up with your special and unique elements and you will have a great chance of succeeding in the US. ■



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LENA GRENAT

# Understanding American business culture

Expert article • 3522

**T**o sell or not to sell, that is the question.

Two Finnish engineers, **Jussi** and **Antti**, had a meeting with their American counterpart, **Joe**, with the aim of establishing a partnership in which Finnish technology would be integrated into American hardware. They had previously attempted to establish this connection on their own but were unsuccessful. Due to their limited language skills, they requested that I join the meeting as their backup interpreter.

During the meeting, halfway through, Joe began tapping his fingers on the table silently and consistently. He appeared somewhat disinterested, but he maintained a polite focus on the presentation. As we left the meeting, Joe thanked us for the excellent presentation and encouraged us to stay in touch.

As we walked to the car, the Finnish engineers wore smiles and remarked, "That went well, didn't it?" I replied honestly, "There will not be a deal."

The world of business is full of diverse cultures and practices, each with its own unique characteristics and norms. Understanding the nuances of different business cultures is crucial for successful international business ventures. In America, it's all about attitude and state of mind. If you want to do business in America, choose the right kind of attitude, where people can sense that you are serious about what you do, and you will do what it takes. Just that is a good start.

## American business culture

American business culture is known for its dynamism, optimism, entrepreneurship, and emphasis on individualism. It is characterized by a fast-paced work environment, high competitiveness, and a focus on achieving results. Time is highly valued, and efficiency is paramount. Americans are generally direct communicators, preferring to get to the point quickly and speak their mind openly. Building relationships (*read networking!*) is critical, and one should invest time and commitment in developing strong relationships. This might sound counter intuitive as building relationships takes time, but in the long run, strong relationships save time, and the right introductions can save you a lot of time and money!

## Preparing for the American market

To effectively navigate the expansive American market, it is crucial to familiarize yourself with and align with American business culture. Beyond merely concentrating on your product, consider these practical strategies:

- 1. Respect time as a valuable asset:** Punctuality is highly esteemed in American business culture. Ensure you arrive promptly for meetings, appointments, and events. Organize your schedule efficiently, demonstrating consideration for others' time. Following up is equally essential; within 24 hours of a meeting, send a concise recap and outline next steps. Failing to do so may lead to your potential business partner forgetting about your engagement.
- 2. Cultivate a robust network:** Building a strong professional network is of paramount importance in the United States. Attend industry-specific events, conferences, and social gatherings to forge

relationships and expand your professional connections. Prepare to actively engage in discussions, confidently present your ideas, and seize opportunities to demonstrate your expertise during meetings.

- 3. Master the art of storytelling:** Effective storytelling is instrumental in sales. Remember, products alone don't sell; stories do. Craft narratives that emphasize the future, not the past. Highlight the solutions you offer and concentrate on addressing your clients' problems. In essence, convey where you are heading and how you can lead others there, rather than dwelling on your origin.
- 4. Embrace flexibility and adaptability:** American business culture is characterized by its dynamic and ever-evolving nature. Embrace change and welcome new ideas. Demonstrate flexibility in your approach and be prepared to adapt swiftly to the fast-paced American business environment.
- 5. Seek assistance when needed:** Don't hesitate to seek help when necessary. Each interaction represents an opportunity to request recommendations, leads, connections, and suggestions for improvement. Abandon the notion of doing everything independently (*yksin läpi vaikka harmaan kiven*) and adopt a more collaborative mindset. In general, people are inclined to assist when approached for guidance or support.

By integrating these strategies into your approach, you'll be better prepared to succeed in the American market and establish fruitful business relationships.

So why **Jussi** and **Antti** didn't get the business deal they were seeking to have? Based on the story, which steps they failed to adapt in their preparation and during the meeting? I will let you answer that question.

All skills can be learned. This is why we at SAM are so passionate about sending young Finnish students to the best American universities to learn best practices, build their networks. And when they return to Finland, the whole business community benefits from their knowledge, experience, and networks.

In conclusion, understanding American business culture is crucial for Finns looking to enter the American market. By recognizing the differences between these cultures and implementing the practical tips provided, you can enhance your chances of success in the dynamic and competitive American business environment. Embrace the cultural diversity, adapt your approach, and build strong relationships will help you to thrive in the American market.

Good luck and don't try to do everything on your own. Ask for help! ■

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RENEE MERISTE

# Transatlantic success is a personal relationship

Expert article • 3523

In these challenging times, with the ongoing conflict in Ukraine spanning over 1.5 years, the repercussions have reverberated across Europe, particularly affecting the Baltic States, Finland, and the United States. By now we have accepted that this war will go on probably for a long time. The economy is shaken because of this war and it is more important than ever to work together and save humanity from this current insanity.

Over 16 years of building business and community transatlantic relationships has shown me more than ever before that it is all about personal relationships. This is very hard for many European business people to understand, especially in small countries like Estonia. There is a famous old saying: "It is nothing personal, it is just business!" and this is a motto of convenience in a business world not to follow good things but to excuse morally bad actions to others because of greed and financial gain.

However, this mentality is ill-suited for transatlantic commerce. American society thrives on communal bonds, relationships, and mutual support. NBA Hall of Fame Class 2023 inductee, San Antonio Spurs head coach Gregg Popovich said in his acceptance speech "All of those Os and Xs, everybody knows them, be yourself, wins and losses, highs and lows, they fade away, it's all about relationships you take with you".

Baltic and Nordic businesses need to support and understand - relationships are the key, not only in business but via business. It is often said when you know someone better, you treat them better. This is the power of relationship building.

Good relationships unlock not only business success but also freedom and the safeguarding of liberty as we get to know each other better. Instead of a self-centered focus, the emphasis should shift towards contributions to others and the appeal of collaborating with and doing business together. While Estonia, the Baltic States, and Finland possess much to offer the United States, the potential often remains untapped due to a lack of nurturing relationships and a reluctance to learn. We must express gratitude to those who aid us and recruit individuals capable of cultivating connections, aligned with true moral values.

Here is a true story, a distinguished Estonian business person called me and said "all I need is a phone number"....they wanted me to provide just a phone number, a person's name at a company and they then would make a cold call, selling their services. It is naive to think any company in the United States will just take on a new idea from an unknown Estonian company. This works in Estonia, as we all know each other or a family friend that can help us meet the right people. This is the luxury of a country with 1.3 million people. There are 335 million people in the United States. It takes more than a phone call to get the respect and trust needed to get real business done. Relationships.

Part of the reason is in our past we had "Mother" Russia take care of us, this allowed for a society that waits for the dinner to be served. In the 90s we broke out of this rule and started real progress towards our independence. Then the EU came and we chose to join and support this good union with a goal to learn to make and serve dinner ourselves, to encourage free thought and young people with ideas.

Sometimes it seems we still wait for the "Mother", who now is the EU taking care of us. Our new businesses are groomed and ready to take EU money, grants and support before we even start the process of our own idea in business. Those that build businesses know that the idea has to come first, not trying to fit an idea into where the government money is. We have learned it is more important to work on how you can get a grant over how a business becomes successful.

There is an amazing opportunity for businesses and relationships to grow, starting with exchange students between the USA and our nations. There is a true need in the United States for collaboration we have skill in. A true need for Russian language knowledge, technology, E-society, cyber security and more. Our unique position in the world gives us an opportunity which needs to be supported through relationship building.

The problem has been through the years since restoration "I want it all and I want it now" as Freddie Mercury sang. Estonia tends to go the easy way, taking in widely available European support money, easy Russian money, but also Asian money instead of building relationships with the most competitive market, America. Yes, other money and income is easier but don't we want to build long relationships and do our best to help Estonia to be free? With a country that has shown unwavering support for centuries, not decades. California alone will pass Germany and will become the fourth largest economy in the world. Do our nation's invest as much in California as they do in Germany?

Enhanced communication, shared insights, and mutual support are imperative. Embracing open-mindedness and promoting young innovators to realize their visions demand our commitment. Striking a balance between venerating traditional values and embracing new narratives is vital for our country's future. We need to teach our youth that it is critical to see a profit in a business plan, not just a profit in how they write a grant.

As Estonians, we've maintained vigilance, prioritizing safety and protection. Yet, this disposition paints us as guarded and challenging to approach in the global arena. This portrayal falls short of presenting our culture's broader scope and capacity for global impact through collaboration. Together we are strong, divided we falter.

Transatlantic achievements stem from robust personal relationships, while the strength of freedom is intrinsically tied to our alliances. ■

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# Finland and U.S. States partnering on bioeconomy

Expert article • 3524

In an attempt to kick-start transatlantic cooperation in the green transition, clean technologies as well as emerging tech, five new partnerships were set up between Finland and the U.S. in 2019-2022, with the states of Maine, Minnesota, Michigan, Colorado, Washington and Texas. These partnerships, often based on a Memorandum of Understanding signed by Finland and the Governor of each state, establish a framework for research and commercial collaboration in mutually beneficial fields. The aim of these arrangements is to support more trade, investment and innovation partnerships between our regions. Bioeconomy is a key collaboration sector in most of these partnerships.

Bioeconomy relies on renewable resources to produce food, energy, products and services. Bio-based solutions reduce our dependence on fossil-based products and help prevent biodiversity loss. The demand for bio-based solutions is growing globally. Finland has developed its bioeconomy for hundreds of years, in particular its forestry industry. Today, Finland is a global leader in sustainable forest bioeconomy. Our technological know-how and policy insight is sought after, also in the U.S. American partner states, in turn, offer world-class research and innovation hubs and a fast growing market and interest for bioeconomy development.

The state partnerships offer a landing zone for Finnish actors, such as research organizations and companies, to find partners and get established in the vast U.S. market and research network. And vice versa, for Americans to find partners in Finland. The practical work includes trade and innovation delegation visits, mutual opportunities for research collaboration projects coordinated via active working groups as well as policy-level discussions between participating agencies and ministries. The work is supported on Finland's side by the Team Finland network, which includes Finland's Embassy and Consulates General in the U.S., the Ministry for Foreign Affairs as well as Business Finland.

In forest bioeconomy, for example, Finland, Maine and Michigan have worked trilaterally to offer opportunities for cooperation in five key thematic areas: smart forestry, new value-added products, advanced wood construction, biorefining and sustainable forest management policies. Universities, research consortiums, laboratories, agencies and the industry take part in activities together. In addition to state-level actors, connections to federal agencies and laboratories are fostered.

In recent years, the U.S. has channeled funding and efforts into removing obstacles hindering the growth of the bioeconomy sector. Particular attention is paid to forging partnerships that enable growth for the sector, which has long been dominated by bioenergy and biofuels. In 2022, led by President Biden, the U.S. introduced its biggest investment in clean energy and climate action in the country's history, via the Inflation Reduction Act. According to the White House, this initiative has led to over 170 000 new jobs and 110 billion USD in new clean energy investments from companies during the first year alone.

It is notable that a large part of the connected federal funding for priority programs under the act gets channeled through the states. State partnerships offer opportunities for Finnish actors to join in some of the programs and business opportunities. Some states, like Washington, have even allocated specific state funding for the partnership with Finland.

Finland's partnerships with US states comes at a juncture where the transatlantic economic partnership is more important than ever to both the U.S. and the EU. Both sides work together to remain leading economies globally, to promote their common values and to address global challenges, such as climate change and major geopolitical shifts. Entering the U.S. market has traditionally been a challenge especially to small and medium sized companies, and sometimes even to larger corporations, due to strong Buy American regulations. Removing barriers to trade between the EU and US markets create mutual wellbeing and make both our economies more competitive globally.

In 2021, the EU and the U.S. announced the formation of the U.S.-EU Trade and Technology Council (TTC), promoting mutual competitiveness, transatlantic trade in key sectors and strengthening democratic and free trade –oriented shared values. This is an important forum, and we hope to see concrete results, including through The Transatlantic Initiative on Sustainable Trade, TIST. TIST launched in 2022 and offers a pathway for dialogue to promote a more integrated and resilient transatlantic marketplace that will help accelerate the transition to a climate neutral and circular economy.

Sustainable trade and innovation will continue to grow in importance globally and in the transatlantic economy, as we move towards carbon neutrality. The partnerships forged between Finland and U.S. states have all the potential to produce value-added and wellbeing to both sides, boosting the green transition and clean technology innovations. ■



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ULLA LAINIO

# American shipyards enjoy record high orderbooks

Expert article • 3525

It is lunch break. Shipyard workers rush in and out through the gate to their cars for a quick bite and to scroll their mobiles. Then they go from there promptly back to work to get the ships built.

American shipyards face historically strongest order books on newbuilds, refits and ship repair work. Shipyards specializing on demanding large projects have vessels to build for the next ten years and beyond, challenging the current building capacities. There are more vessels to be built than ever.

The shipyards focus very much on a certain vessel type and ship series. Simultaneously, highly diversified subcontracting networks exist in the country.

Between the World War II and the end of the cold war, United States enjoyed extensive shipbuilding capacity. There were more than twenty capable shipyards in the country. US possessed the world's strongest naval fleet whereas the newborn Russia, on the ruins of the Soviet Union, was not able to maintain their existing fleet or build new capacity.

Today, the largest concentration, about 75 %, of maritime activity and shipyards in North America sits in Norfolk, Virginia. Norfolk is the world's largest naval base and home and service port to several of the U.S. aircraft carriers.

Some shipyards in the US build Jones Act compliant smaller passenger ships and river cruise vessels for American owners. American shipyards don't build RoPax (roll-on/roll-off passenger) ferries or cruise ships, as these vessel types are being built in Europe and Asia.

United States has ambitious goals to install 30 GW new offshore wind capacity by 2030. Servicing the offshore wind farms will require ca 150 service ships and some installation vessels. The first US installation ship is under construction in Texas. Some US shipyards have commenced building service ships for European offshore wind farm operators, and several have announced readiness to participate the effort. When the fleet is there, it will serve under the Jones Act on the US waters. According to the Jones Act, the vessels operating between the US ports must be built by the US shipyards. The stringent requirement to build in the US using US manufactured ship systems adds challenges to shipbuilding. The US suppliers and domestic supply chains are encouraged in their growth efforts to feed the needs of the shipyards.

United States is aiming to lift the shipyards' work efficiency to a new level. The target is a fundamental change. Due to stringent labor market, there is a growing interest towards automation, robotics, and new ways of working. The American shipyards, like nearly all the shipbuilding nations, face deficit of welders, outfitters, and skilled project managers. The Americans invest in new 3D printing, AI, cyber and data analytics capabilities. A research center in Virginia carries out studies on parts and components used in ships that could be produced by 3D printing. The industry is ready to take into use 3D printed pumps, valves, and other wearing parts.

In Virginia, Louisiana, and Mississippi the shipyards try to attract workforce with monetary bonuses and they post recruitment signs outside the gates. At one of the largest shipyards, you can walk in to apply a job in a recruitment center and register with a machine, like visiting a health care center. The parking lots are packed. Still, new work force is much needed. Repair yards have several ships under work or waiting. In the port of Virginia, there is constant moving of containers packed with equipment, by trucks and rail.

The American shipbuilders are seeking new partners and vendors. First, they look across the United States, outside the borders of their home state. Secondly, they look at the ally countries in Europe, where both large industry and SME's manufacture the much-needed systems and equipment. The public and private sector, defense, research, and start-ups have started to collaborate to boost shipbuilding capabilities, in a new manner. The new collaboration opens opportunities for the shipbuilding equipment manufacturers, marine, ship systems, ship design and software industry as well as for marine researchers.

Being European and successfully entering the US market, one should be prepared to invest in resources, establish presence in the US and have a long-term plan. The clients in the US expect superior service, both before, during and after the delivery and the service delivery package should be clearly communicated. US is a relationship and network driven economy where the people inside the networks make recommendations and close deals. Sales transactions occur inside these networks. European companies who have succeeded building up US business have employed locals in leadership positions and in the customer interface. Americans preferably do business with other Americans.

United States is the world's largest and a strong domestic economy with lots of choice and offering and a very different service culture compared to Europe. Simultaneously, the pull is strong, exceeding the domestic supply chain's capacity to deliver. The window of opportunity is open for collaboration. ■



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PRIIT ALAMÄE

# Challenging the “but” in digitalization

Expert article • 3526

**N**ortal's story began at the same time the second government of Mart Laar decided to go all in on digital transformation in 1999, followed by the accession to the European Union in 2004. There was an unwritten societal and political understanding that a digital society is the only way forward for a country that needs to run the sovereign complexity while radically improving the business climate, enabling citizens and businesses to focus on their core progress, and hiding the complexity of the administration and taxation. The backdrop for the rapid transformation was a unique combination of unlimited political will, enthusiasm, and extremely limited budgets, creating a start-up-like culture and approach to digitalization.

Three decades later, the resulting perfect storm has brought us to where Estonia is now – the first in the world to offer 99% of public services online 24/7, making the nation one of the world's most trusted administrations. Nortal has been a driving force behind the strategic transformation and has since delivered 40% of what is collectively known as the Estonian e-government.

## Estonia can be the inspiration for both “what” and “how”

Whereas most of the world is stuck in digitalizing the processes built up over many years due to endless political compromises, Estonia focuses on the next chapter. The new goal is to entirely hide the complexity of the state apparatus from citizens and design the whole government-citizen-business interaction as a collection of well-orchestrated, socially inclusive proactive services that would enable real-time service-provision and communication in a non-intrusive manner.

The first life-event-based proactive service was designed and built for family and parental benefits in 2019. Before this transformation, every application took state officials 65 minutes to process, and parents of a newborn had to understand and handle the administrative complexity. Now, they receive a proactive proposal from the government for the benefits they are entitled to. As the young parents leave the hospital, their parental support money is already transferred. Why should any citizen ever have to apply for a service they are clearly entitled to receive? That's proactive, human-centric, fast, socially responsible, and efficient. That's the path governments ought to take for their people and economy.

Estonia can inspire both the “what” and “how.” The above-mentioned uncompromising approach is key in this context since one of the traps we have mostly managed to avoid is “yes, but.” More often than not, we see progress in digitalization in many countries stopping when the answer is “yes, but ...”. What you typically hear from politicians and state officials is that the Estonian example is great, BUT it is much more challenging and complex in their own case – there is a legacy to build on, Estonia is much smaller, the structures are more complex, federalism does not allow it. Historical complexity should not be an excuse for stopping societal progress. When Estonia decided to go all-in on digital society, the majority of the people did not even have access to the internet. So, the decision-makers could have said “yes, but” and stopped there.

Some principles apply to any organization going through a (digital) transformation:

- Strong political will, a clear vision, and commitment to change.
- Creation of trust for the system and social cohesion.
- Not using legacy as an excuse.
- Fast, iterative steps combined with learning-by-doing.
- Not making compromises that lead to mediocre outcomes.

Of course, we hear the argument often that Estonia is a fraction of the size of, for example, the U.S. and that there is no point in comparing the two. This is simply not true. It is often actually the opposite. Regardless of whether a bank has 100,000 or 10,000,000 customers, the customers will expect the same quality of service to keep them loyal. Building a fully functional customer support system will be maybe 5x more expensive for the bigger bank due to scalability requirements, but definitely not 100x more. The cost per user, however, will still be significantly less for them.

## What to take across the Atlantic?

For example, currently, only 2% of government forms are digitized in the U.S. – the question is not if but how and where to start transforming.

Think about the citizen experience and let the expected outcome guide the process. Create faster response-time requirements for public authorities; restrictions on repetitive data collection (the once-only principle); shield the complexity of the state from the people and businesses; and use advancements in technology, data, and AI to create better and inclusive experiences for citizens.

Establish lean methodologies and agile procurement mechanisms for fast prototyping and working in smaller steps. Always think outside in. If there is a choice to be made, let the back office suffer.

Build on public-private partnerships because the government needs help to drive digital transformation. It can help set the direction and a single digital infrastructure that is accessible to all. However, the speed and depth of digital transformation in any given society can only be achieved through a coordinated effort with the private sector. Of all the digital transactions that a person might have in one month, only a small part will be tied to the government.

Most importantly, fight the “but” and start finding solutions instead of problems. The right reform is painful only in the short term for some parts of society but beneficial for citizens and the economy in the long term. Change is difficult, especially in sectors with solid traditions and significant inertia: the public sector, education, and healthcare. It often requires a kamikaze-like steadfastness to champion and complete the reforms that force people to work and act in new ways.

Technology is not a limiting factor to this change – missing decisiveness is. The Estonian example shows that the outcome of digitalization is not digital processes but increased transparency, reduced corruption, economic advancement, and public approval. If we continue accepting the *but*, the lives of most citizens and enterprises will remain deprived of the progress and efficiency enjoyed in other countries, and the local economy will be left behind. Estonia's example can help, almost serving as the perfect pilot for any decision-maker who wants to prove that everything that comes before “but” is just empty words. ■



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# Transatlantic cooperation in the digital era: The Baltic Rim's technological transformation

Expert article • 3527

**A**s we enter a new chapter in the digital era, the Baltic Rim emerges as a key player in a world undergoing profound transformation. This region, known for its technological prowess and strategic significance, is now at the forefront of navigating and shaping the intersections of digital advancements and international relations. This pivotal role positions the Baltic Rim as a catalyst for innovative collaborations and as a forerunner of a future where technology and transatlantic ties merge to redefine the landscape of global cooperation and development.

Finland's historic entry into NATO marks a seismic shift in the geopolitical landscape, presenting a golden opportunity and a call for the Baltic Rim economies to deepen their transatlantic ties through a unique fusion of strategy, and intensified collaboration. This move extends beyond traditional military and economic alliances, heralding a new era of security and economic strength for the region. Baltic Rim stands poised to unlock potential for economic growth, technological breakthroughs, and robust international relations, setting the stage for a future where the region is stronger and more resilient on the global stage.

The recent geopolitical events, particularly Russia's war in Ukraine, have posed an unprecedented test of transatlantic unity and resolve. This crisis has highlighted the interconnectivity of security, economic growth, and political stability. The Baltic Rim economies, due to their proximity to Russia, have felt the impact of this turmoil acutely. However, the crisis has also demonstrated the strength of the transatlantic alliance, with the U.S. and EU showing commitment to European security and economic stability.

In response to these challenges, the Baltic Rim must adapt to new realities, including the rapid necessity of digitalization, the pressing issue of climate change, and the rising influence of external powers. These developments are not just external factors; they are catalysts reshaping the region's strategic landscape and their role within the transatlantic framework. Digitalization, for instance, is revolutionizing industries and communication across the Baltic Rim, demanding swift adaptation to maintain economic competitiveness and security. By proactively navigating these realities, the Baltic Rim can redefine its role, leveraging digital transformation and responding strategically to new geopolitical dynamics to ensure sustained economic growth and stability.

This evolving digital landscape is not just a challenge but also an opportunity for transformative change. State-of-the-art digital platforms are weaving immersive, interactive and environments, transforming the way nations and organizations engage with each other. Advanced technologies like virtual and augmented reality have become integral components, enhancing sectors ranging from education to urban administration, and defense, but is also paving the way for the next technological leap: the transition into WEB 4.0. This new era of data and service management, characterized by the integration of the Internet of Things (IoT), Artificial Intelligence (AI), and advanced virtual environments such as the Metaverse and Digital Twins (DT), represents a shift in how we

manage and interact with information and services. The advancements currently being adopted in various sectors are steppingstones towards this more interconnected and intelligent digital future. These technologies facilitate effective remote training and operational capabilities, enabling unprecedented levels of collaboration among countries and organizations, thereby reshaping traditional interaction models in the international arena.

In this context, the Baltic Rim, with its advanced technological infrastructure, is exceptionally well-placed to capitalize on this new wave. This technological leap enables the effective remote operation of robotics and other automated systems in various sectors, fostering efficiency and cross-border collaboration. For instance, it facilitates the collaboration of different countries, allowing one nation to utilize its manufacturing prowess while another contributes its design expertise. By seamlessly integrating these diverse resources, the Baltic Rim can create a synergy of skills and knowledge, and efficiency across borders. This integration not only optimizes resource utilization but also fosters a collaborative environment that leverages the unique strengths of each nation, thereby enhancing overall productivity and technological advancement in the region.

In conclusion, as we stand at the brink of this new era in transatlantic relations, the Baltic Rim economies are uniquely positioned to navigate and shape this evolving landscape. The integration of Finland into NATO and the rapid advancement in digital technologies have set the stage for transformative changes in the region. Looking ahead, the Baltic Rim must not only adapt to but also actively shape and embrace the digital future to drive economic growth, enhance security, and foster sustainable development and collaboration, these nations can lead the way towards resilience and prosperity, pioneering a way forward for the world. ■



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KRISTA RANTASAARI

# Navigating the TTC: Balancing standards, noticing SMEs, and disagreeing SEPs

Expert article • 3528

The EU (European Union) and the US (United States) have closely cooperated to address global technology and trade challenges. In 2021, they established the EU-US Trade and Technology Council (TTC), a platform for coordinating efforts to address essential trade and technology issues and enhance transatlantic cooperation. A significant focus of the TTC's work centers around standards and Intellectual Property (IP). This essay delves more deeply into one such standard, Standard Essential Patents (SEPs).

A Strategic Standardization Information (SSI) mechanism was established during one of the early TTC meetings, building on the tech standards working group to support TTC's work. The importance of this work was reaffirmed at the 2022 Paris Summit and further discussed at the TTC meeting in Sweden in 2023. The overarching goal is to safeguard technology and standards interests more effectively of both Europe and America.

Technology transfer plays a pivotal role in driving economic growth through promoting innovation and adopting advanced technologies. It enables countries and organizations to harness the knowledge and expertise of others, resulting in increased productivity and competitiveness. Technical standards and patents are interdependent. Patents play a crucial role in encouraging research and development and enabling the transfer of innovations. Simultaneously, standards are vital for rapidly disseminating technologies and ensuring product compatibility. Many standards are built upon patented technologies. Organizations involved in the standard setting have developed rules and practices to streamline the licensing of patents that are SEPs. A smooth licensing environment is crucial for the success of a standard, facilitating widespread and rapid innovation dissemination while ensuring that patent holders receive a fair return on their research and development investments. Furthermore, it provides all standard users with equitable access at a reasonable cost.

In the early days, two dominant players in the cellular tech industry – were Nokia and Ericsson. Cellular technology represented a significant portion of the SEP market. However, the cellular technology market has since become more globalized and diversified. The scope of SEPs has expanded beyond cellular technology; for example, the automotive industry, the electricity grid sector, and consumer electronics have become high-tech and rely on technical standards like 4G and 5G connectivity. SEPs are not essential only for big technology companies. Small and medium-size companies (SMEs) may be involved in SEP licensing both as SEP holders and implementers. In Europe also various technology contributors and patent holders essential to standards exist. To make this more complex today, many SEP licensees function as both licensors and licensees.

In the realm of SEPs, the interests of the EU, the US, and other global players are at the forefront. Notably, China's use of anti-suit injunctions has cast a shadow over patent disputes in both the US and Europe, triggering responses such as the European Union's complaint at the World Trade Organization. These developments underscore the increasingly global nature of patent, standard, and SEP dynamics. China's pursuit of more

significant influence in these areas, particularly in terms of SEP licenses and patent access, reflects its ambition to shape the global patent landscape according to its terms. The decisions made in SEP issues will also have far-reaching implications for the global technological and trade landscape.

Transatlantic cooperation within the framework of TTC's provides an excellent platform to address issues related SEPs. However, it is noteworthy that the European Commission has taken an independent course of action by introducing a new regulation in 2023 specifically addressing SEPs. The Commission's proposal appears to be underpinned by a desire to exercise greater political control over SEPs, and to reconfigure the distribution of revenues from SEP holders to SEP implementers. On a less favorable note, the US has expressed reservations regarding this proposal. The primary argument against it centers on the belief that this should be treated as a global concern, and Europe's approach is perceived as similar to that of China. On a positive note, the proposal heightened focus on start-ups and SMEs. One of its key objectives is to streamline SEP licensing processes for SMEs and alleviate the financial burden they face. During the 2022 Paris meeting, TTC's Standard Working Group demonstrated its commitment to enhancing the position of small and medium-sized enterprises and fostering the participation of non-industrial stakeholder participation in international standardization organizations, ensuring their access to standards. At the 2023 Summit, TTC issued a joint statement affirming that SMEs will have a significant role, increased access to, and active involvement in international standardization activities.

In conclusion, the evolving role of SMEs in shaping trade policies and objectives is evident. The challenge lies in striking a delicate balance between diverse interests and translating objectives into action. The global nature of innovation and technology necessitates cross-border collaboration among regions, with the standardization efforts playing a pivotal role. However, the issue of SEP licensing has introduced conflicts within the TTC's standardization work, and its ultimate impact remains uncertain. It's essential to note that the European Commission's SEP legislation is still in the proposal stage. Nevertheless, amidst these challenges, it is encouraging to see progress in other crucial areas, particularly in the standardization of critical and emerging technologies. As the trade and technology continues to evolve, the dynamics between SMEs, standards, and SEPs will continue to shape the future. The path forward may be challenging, but it is marked by opportunities for collaboration, innovation, and growth. ■

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# Reinventing cultural diplomacy

Expert article • 3529

**T**raditionally there is political diplomacy – and then there is cultural diplomacy. Cultural diplomacy is seen as a variant of power that is often labelled as ‘soft power’; it is seen as a form of diplomacy that goes unnoticed at levels of state and instead creates bonds between nations at people-to-people level; between cultural institutions, academia and artists. Cultural diplomacy operates in and exchanges values, ethics, notions; cultural diplomacy reproduces and reinstates our cultural beliefs and codes that are handed down through shared history. In cultural diplomacy we exchange these beliefs across borders – as a token of good will and in the end, to strengthen our relations on a political level.

At this point of time in history, one could argue that the era of traditional cultural diplomacy is over. Or one could argue that cultural diplomacy needs to be reinvented to not only reproduce what we already know and cherish; cultural diplomacy needs to address some of the challenges we face on a global level – and point at solutions. Otherwise, cultural diplomacy will lose its ‘soft power’ and become irrelevant. Why so? Because the challenges we face both environmentally, societal, geopolitically and in terms of upholding democratic values are dire and cultural diplomacy needs to reflect this.

The world is changing. The liberal world order, build in the image of the Western alliance after the Cold War, that has served us so well during the last more than 30 years, is under pressure. Geopolitical turmoil and great power rivalry has led many to question the rule based global order governed by multilateral institutions, harvesting the benefits of globalization through global value chains and division of labour, creating the interdependence between countries that was considered leading to peaceful regulation of conflicts – and ultimately to democracy and market economies in all corners of the world. With the war in Ukraine, unrest in the Middle East, countries also in the West are turning inwards and forgetting the historical and cultural ties, not least between Europe and the US. The liberal foundations are shaking. The open challenge of the idea of the liberal world order clearly reflects that we are entering a new cycle of world politics, where nothing less than the global rules of the game are at stake.

This is also a challenge to the traditional notion of cultural diplomacy – and not least cultural diplomacy within the transatlantic alliance – between Europe and the US. On the one hand, the development during the last years has created doubts about the transatlantic alliance on both sides of the Atlantic, which underlines the need for cultural diplomacy, reminding us about the beliefs, ideas and values that has for so long been the fundamental glue in the Western alliance, and has served as the foundation for the Liberal World Order. On the other hand, traditional cultural diplomacy is out of cards to play. Mere reproduction of old ideas and beliefs is no longer enough. We need to address the new problems and challenges associated with a changing world order, and we need to point a way out of our problems. This line of thinking needs to be part of cultural diplomacy.

But how can this be done? Where can we find the drive, the innovation, and the insistence on finding new solutions to new challenges? Let us have a look at the industries that deliver products to our cultural sector, the creative industries. Innovation and problem solving is embedded in the way creative industries work and therefore they should be a powerful addition to cultural diplomacy in the coming decades. Creative industries

are solution-seekers. They are at the core innovative and transformative; their products are constantly adapting new findings to new purposes. Take the development of digital technology – for instance the evermore present AI tools. Creative industries like music, gaming, film are already producing and testing ways to optimize production – and they are using AI tools as means in the creative process. The use of AI in creative industries will lead to explorative tracks and visionary findings that will forever change the industries. This will affect not only production – but consumption and in the end, the very way we communicate through media and the arts. Another case; take the development of sustainable architecture and design. In architecture and design a persistent search for ways to transform production into greener alternatives has long been underway. Today we are ready to take the full leap in Denmark with new forms of sustainable housing that are ready to be put into large scale production by entrepreneurs in close collaboration with the building industry.

Creative industries are transgressing the notion of habits; the habitual processing and the habitual production that only repeat patterns of thinking. It is this thinking that will help us propel us to where we ought to be; dealing with the challenges. When investing in cultural diplomacy it should therefore be paired with the new findings and developments in the creative industries – in this way cultural diplomacy would be reinstated to uphold – not soft power – but the power of innovation.

What we need is a creative and cultural industrial alliance reminding us about, why we need to preserve our common values and ideas, and ultimately why we need to fight for the liberal world order. At the same time, we need to be able to point to new solutions to the major challenges that needs to be overcome. This will be one step towards preserving the transatlantic alliance that has proven immensely powerful and beneficial.



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KATI LAAKSO

# Strengthening the cultural ties between the United States and Finland

Expert article • 3530

The cultural connections between Finland and the United States have been evolving ever since the emigration of Finns to the United States in the 19th century, and they continue to thrive today, with active interaction and dialogue on various levels.

Finnish immigrants sought out areas that reminded them of their homeland like Minnesota, Michigan, and Wisconsin; and even today, Finland's influence can be seen in the lives of many Americans of Finnish descent. A testament to this are the nearly 60 active chapters under the Finlandia Foundation umbrella across 24 states. Many Finnish Americans hold on to traditions and customs that, over time, have blended with American cultural norms and notions. According to the US Census Bureau's American Community Survey (ACS), in 2020 there were 601 169 people reporting Finnish ancestry (with a margin of error +/- 16 874), referring to shared cultural characteristics such as language, ancestry, practices, and/or beliefs. That number has dropped by nearly 50 000 since 2018.

Soon after the start of Russia's war of aggression in Ukraine in 2022, Finland made the swift decision to apply for NATO membership. Finland's president Sauli Niinistö became a fixture in American media outlets, and an awareness of Finland, as a nation sharing a long border with Russia, took on a new dimension. The positive impact of Sanna Marin's prime ministerial term on the perceived image of Finland had already laid the groundwork for Finland's rise in American media. As the new geopolitical situation heightened interest in Finland within the United States, commercial interests in the American market also gained traction in Finland.

Finland is known for the commitment to democratic governance, human rights and equality, a strong welfare system, and sustainable values. In the United States, Finland is seen as a country where education, work-life balance, and a deep connection to nature are highly valued, and where citizens can lead fulfilling lives. It is no surprise that Finland has been named one of the happiest countries in the world several years in a row – a ranking that many Americans are aware and in awe of.

However, Finland's cultural peculiarities are still relatively unknown in the United States – aside from the more obvious, historical references of notable cultural figures such as Alvar Aalto, Eero Saarinen, and Jean Sibelius. This is despite Finland's unique expertise and creativity, and the wide array of professionals hailing from Finland in many cultural fields. Finland has yet to establish a solid storyline of our contemporary makers, doers, and thinkers – a necessary core feature in the fiercely competitive (cultural) market of the United States.

Unfortunately, but not uncommonly, cultural dialogue and exchange are carried out with limited resources, which is restrictive considering the immense opportunities for the culture and creative sector within the United States. Growth however, is never possible without investment, and the threat of cutting our national cultural budgets will risk the valuable, long-term efforts made to date. We should not forget that culture never resides in a vacuum; instead it is always in dialogue with all facets of society, driving important discussions forward and providing support for the many functions of our societies from the sidelines.

As a small nation, Finland is only able to function through a collective approach and a steadfast commitment to long-term goals. A prime example of cooperation is the initiative of the 2010's in which several ministries came together to promote the Finnish design field. This initiative, managed locally by the Finnish Cultural Institute and the Finnish Consulate General in New York, materialized through annual events presented as part of New York Design Week. Through consistent participation, the events successfully piqued the interest of NYC's design influencers, who started to get accustomed to and excited about discovering new presentations of Finnish designers, companies, and ideas each May – elevating works and ideas that otherwise lacked visibility on the local circuit. Based on the press coverage from the 2008 edition, Finland was still seen as peripheral at that point:

*"Best of the Meatpacking District off-site shows so far: "Hardcore Design", a collection of new work from Finland, much of which actually looks new. Perhaps it's the relative cultural separation Finland has from the rest of Europe, and by extension the design world in general, but there's some unusually clever, well-resolved work here."*

We have come a long way since, and today, Finland is often seen as a pioneer in the design sector, particularly in terms of material-based choices and research. A recent example, from last spring, was the collaboration on textile innovations between Aalto University, Parsons School of Design, the Helsinki-based creative consultancy Juni, along with the local partners the Finnish Cultural Institute, and the Consulate General of Finland in New York.

Finnish organizations and companies based in the United States have succeeded in significantly enhancing our national brand in the past decade through constantly developing and executing new initiatives. We are now facing a new era, and have the opportunity to leverage the currently highly positive perception of Finland to our advantage. The intersecting realms of culture, society, and the economy should be utilized together as they resonate especially well in the United States, where the fusion of art, creativity, and commercialization is the natural way of doing things.

A great advantage that Finland has is an already established reputation in the United States. Just as Finland harnessed its potential after the Second World War, when international economic relationships of Finnish industry and exports came to a halt, it is just as relevant now to seize the potential that is available in the United States, and to invest in promoting the achievements of Finland through combining the forces of art, science, and business. ■



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Photograph by Ian Tulud



TERHI MÖLSÄ

# Strengthening science diplomacy and Finnish-U.S. exchanges

Expert article • 3531

Finland and the United States share a strong commitment to science and technology cooperation, and educational exchanges. The long-term welfare and competitiveness of countries are based on their ability to innovate, and innovation requires a strong scientific foundation. Finland's science diplomacy strives to ensure that its scientific innovation systems connect with the best countries and institutions around the world. The benefits of these connections are mutual. The recent Joint Committee Meeting monitoring the Finland-U.S. Science and Technology Agreement emphasized that the continued scientific engagement and people-to-people ties between Finland and the U.S. not only propel both economies forward, but also lead toward a more resilient future for all citizens.

The Fulbright Finland Foundation's science diplomacy programs and educational exchanges are a key framework in the broader Finnish-U.S. relationship. Since its inception in 1949, the Foundation's programs have produced a binational community of over 6,100 alumni who have played significant roles in research, higher education, and the societies at large. From its modest beginning as a U.S.-Finland program designed to reinvest Finland's post-WWI loan payments in the country's future, the Foundation has developed into the primary interface for the two governments' bilateral work in education, science, and culture. It now serves as the platform for a wide range of transatlantic collaborations and dialogues between scientists, educators, research institutions, NGOs, and companies. Private foundations have also begun to financially underwrite awards through long-term partnerships with the Foundation to help develop and sustain these collaborations.

Science is a powerful force in solving pressing global challenges, and transcending the barriers between nations. Science diplomacy brings together diverse actors from different sectors and disciplines to address global, regional, and national issues that one country cannot solve alone. In alignment with shared values, the Finnish-U.S. collaboration focuses on advancing responsible innovation to address global challenges. The Fulbright Finland Foundation operates award programs in all fields, with special opportunities under current themes that are strategically important to both countries, such as emerging technologies, global security, climate change, the Arctic, and public health.

Given the magnitude of the challenges of our time, however, a much broader engagement in science diplomacy is necessary than is currently the case. The input and participation of established scholars, early career scientists, and students, across all disciplines, along with NGO leaders and professionals, is critical to help improve the outcomes. This calls for a robust expansion of the Foundation's programs.

To ensure that the transatlantic exchange is a successful investment for all stakeholders, all Foundation awards come with extensive expert support services, orientation trainings, and network support by program alumni. This enhances the impact of the exchanges and facilitates the development of long-term linkages.

The need for a significantly higher volume of exchanges of knowledge and professional talent between Finland and the U.S. has been voiced recently by both governments. Higher demand is also expressed by researchers, students, professionals, and their institutions. Increased collaboration is in the interest of all stakeholders, and the need to expand the exchanges is evident. However, the constraint is funding. Sustainable, long-term, core funding from the two governments as the founding partners is critical to ensure and build the future. Finnish-U.S. exchanges are, as they should be, a joint effort.

The global higher education, research, and innovation environment is constantly changing. In this rapidly evolving environment, the exchange of talent and knowledge must keep changing and adapting as well. The ability and agility to act amid change is crucial. The year 2024 marks the 75th anniversary of the Finnish-U.S. exchanges through the Fulbright Finland Foundation. Building on its long history and institutional knowledge, while operating with the mentality of a start-up, the Foundation provides a dynamic platform for even broader Finnish-U.S. collaboration. It is time to take full advantage of this joint platform and scale up the exchanges.

The time to invest in the future is now. ■

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*Photograph by Jesse Terho*

JYRKI HAKAPÄÄ &amp; JENNI RINNE

# T-AP: Research cooperation across four continents

Expert article • 3532

**T**rans-Atlantic research cooperation extends across four continents and multiple states. As regards the social sciences and humanities (SSH) – including educational, psychological, theological and other research fields usually labelled under SSH – this cooperation also encompasses support for research on multiple and varied cultures and societies, as well as different research cultures. The Trans-Atlantic Platform for Social Sciences and Humanities (T-AP) brings together research funders to collaborate on these issues. T-AP is an unprecedented collaboration between funding agencies from South America, North America, Europe and Africa. It helps funders, research organisations and researchers engage in transnational dialogue and collaboration.

Research funders usually consider international collaboration as a key means to meet their strategic objectives. In the Research Council of Finland's case, we have recently updated both our strategy for 2030 and our policy for international cooperation. The international policy's first impact objective closely follows Research Council's new vision and strategic objectives, making use of international research collaboration in supporting scientific renewal, promoting scientific breakthroughs and contributing to the resolution of global challenges. The Research Council of Finland seeks to enhance the global visibility of Finnish scientific research and its success rates in European Union RDI funding calls; attract more high-level experts to Finland; and align itself and the Finnish research community more closely with the international community in its defence of scientific autonomy, responsible research, democracy and human rights. These policy objectives support our work to improve Finland's capacity for research innovation and reform, and to facilitate better and higher-impact skills and competence both in the Finnish research community in society at large.

Much of this work can and should be done in cooperation with other research funders. European countries' research funding cooperation relies on long-standing common practices and aims, but trans-Atlantic cooperation presents new challenges: state institutions may vary in their aims, practices and readiness for collaboration. Furthermore, researchers are mostly used to cross the Atlantic based on their own, their universities' and their departments' networks and capabilities. These challenges complicate research funders' shared aims and efforts to support national as well as international research communities.

Since its launch in 2013, the Trans-Atlantic Platform has opened up an important avenue for research funders to engage in dialogue and knowledge sharing. This facilitates research-policy alignment and priority-setting in addition to presenting best practices – all objectives that T-AP is committed to pursuing. The second main objective of the network is more practical: providing funding opportunities through joint calls for applications in areas and topics that are actively screened through active

discussion among the partners. The Research Council of Finland is the only T-AP partner in the Nordic and Baltic regions. As said, the network partners are located on four continents, involving large European research funding organisations for example from Germany and the UK, North American organisations from Canada and the US, and South American countries such as Brazil. In autumn 2023, the network finally lived up to its full trans-Atlantic potential by inviting and accepting South Africa as a full member.

Especially in these turbulent times, T-AP stands as reminder of the critical role and relevance of social sciences and humanities within the international community. The fourth call in T-AP history – *Democracy, Governance and Trust* – just closed in November 2023. The first joint call – *Digging into Data Challenge* – was opened in 2016 and concentrated on exploring and applying new big data sources and methodologies. In 2018 T-AP launched the call *Social Innovations*, and in 2021 the call *Recovery, Renewal and Resilience in a Post-Pandemic World*.

Over the years, the network's calls have attracted a lot of applicants from Finnish research organisations, which demonstrates the vitality of the opportunities the T-AP provides. To date, a total of nine Finnish subprojects have been funded within T-AP research consortia, adding up to nearly 2 million euros in research funding. This funding has been granted by the Scientific Council for Social Sciences and Humanities of the Research Council of Finland. ■

More information: <https://www.transatlanticplatform.com/>

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# Nordic-transatlantic research co-operation

Expert article • 3533

**P**rior to the Second World War, France, Germany, and the UK were the leading partner countries for Nordic researchers seeking international co-operation. The war changed this. While Europe lay in ruins at the end of the war, the US had gained strength technologically, economically, culturally, and politically. The US quickly emerged as the most attractive country to seek co-operation with for talented researchers in the Nordics. With the help of programmes such as the Fulbright Program, Nordic students and researchers could secure funding for their stays in the US. Similarly, Americans could secure funding for study and research stays in the Nordic countries. Over the years, thousands of students and researchers have crossed the North Atlantic and participated in exchange activities. This has laid the foundation for long-lasting and fruitful co-operation between American and Nordic research communities for decades.

The relative importance of research co-operation between the Nordic countries and the US has diminished in line with the growth of the EU's framework programme for research. There has been a significant increase in European research collaboration since the first framework programme was launched in 1983. As the number of EU Member States has grown, and as non-Member States like Iceland and Norway have become affiliated with the programme, Europe has become the most important source of co-operation for researchers in all the Nordic countries. Furthermore, the budgets of the framework programmes have increased substantially over the years. This has helped to further strengthen the importance of co-operation within Europe.

Research co-operation between Canada and the Nordic countries has been far less extensive than that between the US and the Nordic countries. It has largely been financed by way of small bilateral calls between individual countries in the Nordics and Canada.

So far, each of the Nordic countries has had its own bilateral strategies and agreements for research collaboration with the US and Canada, respectively. It's been especially important for the Nordic countries to have bilateral co-operation with the US. When shifting focus from the US and Canada to the Nordics, it may make sense to consider the Nordic countries as a whole.

Instead of having five separate agreements for research co-operation with five small countries that otherwise appear quite similar, one could draft a single co-operation agreement that covers the entire region. The Nordic countries are geographically connected, share a common history, established political co-operation at an early stage through the Nordic Council and the Nordic Council of Ministers, and appear quite similar both economically and socially. They have quite similar statistics and scores on all international rankings, have highly educated populations, have come a long way in the development and use of digital tools, and their citizens have high levels of trust in each other and in public authorities.

There is considerable willingness to strengthen co-operation among the Nordic countries, at least at a general level. In 2019, the Nordic prime ministers formalised their vision for the Nordic Region to become "the most sustainable and integrated region in the world by 2030". In it we find the recognition that while the Nordic countries are small when taken individually, together they can make a significant difference. With its 27 million residents, the Nordic Region is the world's 11th largest economy.

So what benefits can be gained by co-ordinating co-operation between North America and the Nordics better than we do today? Based on the experiences we have from Nordic research co-operation organised through NordForsk, I'd argue that Nordic-transatlantic co-operation will improve the quality of research. It will result in increased mobility, networking, and new collaborations. More transatlantic co-operation will help to build expertise and capacity in areas where it's needed. We know that the Nordic Region has a lot of very good health data and other register data that are well suited for use in research. With further co-operation on health research, it'll be possible to produce data that can be converted into prevention and treatment that improves people's health and welfare. Strengthened transatlantic co-operation in research will also provide more innovation and better solutions that we can use to accelerate the green transition.

We live in a time of increased global polarisation and weakened support for democratic values, while the effects of climate change are becoming increasingly obvious. We need more research-based knowledge to overcome these challenges in a good way. Countries that share important values such as faith in democracy, human rights, and the vision of sustainable development must co-operate more. In my opinion, that's why the Nordic countries should strengthen their research collaboration with North America in the coming years. ■

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INGRID PAPPEL &amp; RALF-MARTIN SOE

# Approaches and perceptions on research & innovation in Silicon Valley versus Europe

Expert article • 3534

**A**s Global Digital Governance Fellows, our goal has been to map digital government and smart city research and innovation activities in Stanford and in Silicon Valley.

First of all, Silicon Valley seems to be more flexible when using the hype concepts like smart city. Dependent on the context, various researchers can self-identify themselves as working with the smart city movement, from geophysics application of fiber optic cables to civil engineering design of smart bathrooms. In Stanford, this is also supported with multiple affiliations – most active persons tend to have multiple affiliations (e.g. professor in one school, senior fellow in another one etc), which is less common in Europe. However, the actual challenges are relatively similar, at least in the context of the smart city movement – sustainable mobility, decarbonization, working with data, sensing, and shifting the focus onto engagement with citizens. Geographically, Stanford has some smart city-related test sites and collaboration projects in Korea and Israel but not as many in Europe. Initiating and financing joint US-Europe research and innovation projects, especially from a bottom-up logic, is challenging. European partners usually team up for joint projects using EU funding, which typically does not finance partners in the US. US research and innovation funding appear more dependent on private funding, with state funding being less secure compared to Europe.

Besides the smart city concept, it is valuable to draw from Estonia's global renown for achieving 100% digital public services. While scholars and public officials are familiar with this, the general public may not fully grasp the context, although they recognize Estonia's high level of digitalization. The country has successfully implemented a comprehensive system where citizens interact with the government through digital platforms, leveraging digital identity and signatures. This streamlined approach has not only made government services more efficient but has also fostered a high level of trust between Estonian citizens and their government. This is a significant question in California – how do you build such a high level of trust? Ordinary people, such as Uber drivers, often ask about the potential risks of government surveillance, expressing concerns about data ownership and privacy.

The Estonian model, with its emphasis on transparency, security, and accessibility, has set a notable standard in the realm of digital government. As a researcher, the question arises: could a similar concept be applicable in California, and what steps can be taken to propel American governments into the digital era? Exploring avenues for digital transformation, promoting interdisciplinary collaborations, and investing in the necessary technological infrastructure could be pivotal in fostering a more seamless, efficient, and citizen-centric approach to public services in America. However, without more in-depth study or data, it is challenging to understand how small countries' achievements, like Estonia's, are perceived or recognized in Silicon Valley. Our own experience is that everybody working with digitalization tends to have heard about Estonia as a flagship country in this domain. However, for ordinary people outside, a country like Estonia tends to have a neutral reputation. This is understandable, considering the distance – being in California is far away in different climates, time zones, and with a more global focus.

In Stanford, we had the opportunity to debate with Jennifer Pahlka, who wrote "ReCoding America – Why Government Is Failing in the Digital Age and How We Can Do Better." Many problems discussed are quite similar: how to modernize constantly healthcare and employment services as a crucial life event service domain, and how to avoid legacy systems in these areas. Additionally, the debate focused on bringing policymakers and technologists closer, keeping laws updated and dynamic, and maintaining digital literacy among government workers and leadership. This is something which is common everywhere.

However, Estonia's small size allows it to be quite agile in its digital developments and scalable across all government units, which is not the case in the American context. Assumingly, there's a power struggle involving competing interests and creative workarounds to address matters concerning different public services, and considering the size and volume of its citizens and government functions, it's not as easy to develop systems meeting everybody's needs while avoiding extra layers that could complicate government processes in the digital realm. On a smaller scale, co-creation of services is more achievable compared to a larger volume.

In addition to conceptual flexibility and understanding the digital era, the research and innovation culture tends to be much flatter and more straightforward in Silicon Valley. Academics are usually introduced by their first names, people tend to wear casual clothing, and meetings are often scheduled in the coffee corners, either inside or outside. In any case, in Silicon Valley, there is less stress regarding such matters, and being in California provides a great opportunity to pitch Estonian digital context and put that in perspective with the American nature.

To conclude, while challenges and perceptions differ, we proudly emphasize our Estonian identity and continually seek avenues for cross-cultural exchange and collaboration. ■

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NINA ESKOLA &amp; SIRPA HOLMSTRÖM

# Strengthening contacts between schools in Finland and the US

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**T**he focus of the article is on fostering collaboration that increases the opportunities of young people to learn about life and society in the US and Finland. Examples of cooperation in general upper secondary education are discussed.

The US has been a popular hosting country for Finnish upper secondary students since the 1950's. In 1948, United States Information and Exchange Act was introduced, and it laid the ground for educational exchanges. It opened Finnish students the opportunity to study a school year in the US. The political leaders in the US and Europe believed that the programs contributed to world peace, which is still one of the basic underlying purposes of exchange programs. The exchange programs were targeting individuals but can be seen pioneering the transatlantic cooperation between schools. US has been the priority as a host country, but the North Americans rarely choose Finland.

The ASLA Program was created to initiate Finnish American academic exchanges. The program was funded by a loan that Finland had received from the US after World War I. Opportunities for educational and cultural exchange were further broadened in 1961 as Senator J.W. Fulbright initiated a law Mutual Educational and Culture Exchange Act which resulted in several cooperation agreements between countries. The Fulbright Finland Foundation mission is to expand Finnish-North American collaboration and exchange of expertise on academic, professional and leadership level. For example, Fulbright teachers explore mutually topical subjects working with academic mentors at universities and collaborating with schools. The contacts grow strong by well-organized alumni-networks which strengthen the impacts after the actual stays. This year, the theme *Reimagining Schools and Support for Immigrant and Refugee Students* is on the agenda for the Finnish school leaders travelling to the US. Also, a group of US school leaders will come to Finland in 2024.

Transatlantic cooperation between students has been further supported in the Senators Program, Young Ambassadors and Future Leaders. The summer exchange programs were financed by the Finnish Ministry of Education and Culture and U.S. state government. Close cooperation between Finnish National Agency for Education EDUFI (former Centre for International Mobility and Cooperation) and the US Embassy in the area of education and young people started in 2010.

Participating in such programs supports the objectives of the Finnish Act on General Upper Secondary Education (714/2018). It states that it must be possible for students to develop their capacities for further studies, international competence and skills for working life and entrepreneurship. Key transversal competences supporting international competence are interaction, societal, global and cultural competence. In addition, a global citizen's attitude, cultural skills and language proficiency, cooperation and teamwork skills as well as curiosity are underlined. All of the above are skills that the participants say have strengthened as a result of the summer exchange programs.

In 2022, the U.S. Embassy in Finland and EDUFI introduced the Transatlantic Classroom program. Also, the possibilities of virtual cooperation are emphasized, and this offers opportunities for wider participation. The program is bilateral. Global issues are common, and school projects are often derived from the UN Sustainable development Agenda2030 goals.

We made a survey to Finnish schools that participate in the Transatlantic Classroom program. The school were asked about the importance of collaboration between Finnish and US schools. 13 out of 14 respondents think that it would be important to strengthen educational collaboration. Several reasons were given for this. Respondents pointed out that collaboration nurtures cultural understanding and linguistic competence that are of utmost importance in today's interdependent world. Many said that the perception of the US among young Finns may be distorted and influenced by information received from only limited media, films and tv. Personal contacts and the opportunity to become exposed to another culture will broaden the mindset. The role of US as Finland's important trading partner as well as cooperation in defense and security were mentioned, too. Finland's recent NATO membership and its influence in the discussion and interest towards the US relationship was visible. Teacher exchange cooperation is considered fruitful, as teachers share more or less the same interests on both sides of the Atlantic. Transatlantic Classroom has raised high interest in schools. However, at the moment funding of the program is rather limited.

We are confident that in the future transatlantic school-cooperation will flourish side by side with European cooperation – certainly the distance regarding transatlantic will become shorter. ■

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