

INTRODUCTION: QUINTET OUT OF TUNE? CHINA'S BILATERAL RELATIONS WITH THE NORDIC STATES

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A defining megatrend of the 21st century, the rise of China has affected the Nordic countries in various ways. In the course of the past decade, China has become a significant partner in terms of bilateral trade, a growing source of economic investments and collaboration, and an important stimulus to the global marketplace in which the Nordic countries operate. Moreover, Beijing has demonstrated a growing capacity, and will, to shape the global institutional framework on which small states like the Nordics depend. For better or for worse, the Nordic countries' relationships with China are likely to become increasingly consequential for the region, directly and indirectly. How best to relate to such an important international trend is being debated in Denmark, Finland, Iceland, Norway and Sweden alike. To date, however, less attention has been paid in these countries as to how their Nordic neighbours have developed their relations with Beijing.

In this focus report we present to a Nordic public an overview of each Nordic country's bilateral relations with China, and how each has handled the challenges and opportunities arising in relations with Beijing. Gathering a team of Nordic researchers, each writing on one Nordic country, this report also asks whether there is a common 'Nordic dimension' to the policies undertaken towards Beijing. The Nordic countries share a common geography and history, as well as a set of common traits based upon political traditions and cultural affinities. Yet, they also differ from one another in many respects, including foreign policy outlook and international institutional affiliations. To some extent this can also be traced in the Nordic countries' current relations with Beijing. As the

contributions presented here show, the five Sino–Nordic relationships have followed markedly different trajectories.

The Nordic countries were among the earliest to recognize the People's Republic of China. Over the past decade they have all been seeking to strengthen their economic and cultural ties with the Middle Kingdom, while also benefiting from the opportunities engendered by the rise of China in global markets. On the political level, however, the Nordic countries have followed a more varied range of approaches in critical political dialogues with the Chinese leadership on issues such as human rights – particularly as to whether these matters are best addressed through 'megaphone diplomacy' or in confidential bilateral talks. We can note differences in the strength of the strong political ties the various Nordics have with Beijing, along a broad spectrum from close (e.g. Denmark) to problematic (Norway).

As the following contributions make clear, the Nordic countries have a range of common interests, as well as common challenges, in their relationships with China. Along the political dimension, the Nordics share a deep interest in a rules-based world order that can safeguard their interests through open institutions, ideally underpinned by liberal norms. As such, there is a common interest in ensuring that China is involved and included in the current world order, rather challenging it from the outside. Many of the Nordic countries have had to face the dilemma that arises when the liberal values underpinning Nordic political society conflict with what Beijing regards as its three *core interests*: upholding political stability and the Chinese party-state, protecting national sovereignty and territorial integrity, and promoting economic and social progress. This predicament has become evident with China's repeated protests following meetings between the Dalai Lama and Nordic political leaders, and the current freeze in China–Norway relations following Beijing's reaction to the award of the 2010 Nobel Peace Prize to the jailed dissident Liu Xiaobo. In general, however, the Nordic countries have sought to deepen their political ties and intensify their dialogues with Beijing, even if differences over human rights issues have occasionally provoked clashes.

With regard to the economic dimension, which has been the main driver of their relations with China, the five Nordics share significant common features. They are all high-income economies with considerable resources in technology and human capital, and have benefited from importing consumer goods produced in China. However, we find substantial differences in economic composition, as evident in the relative importance of the Chinese market for each Nordic country's international trade (see Fig. 3, Fig. 4), as well as the composition of their exports to China. From Swedish furniture and green tech to Danish agricultural products, the trade interests of the Nordic countries are more convergent

than divergent in nature. Their export interests are, as the following contributions show, more complementary than directly competing on the Chinese market.

As to how China views the Nordic region, Beijing's main foreign policy focus is directed towards neighbouring countries and global powers. That makes the Nordic countries of limited importance, beyond their roles as EU and NATO member-states. Nevertheless, the Nordic region does have a role to play for Chinese policymakers, particularly within certain economic sectors, and there have been quite a few visits of Chinese delegations in recent years (see Fig. 8) This should be understood against the backdrop of Beijing's increased attention to 'sub-regional' politics within Europe, including with the Nordics. China's demand for technology and know-how to support the sustainability of its economic development and reform efforts have become an important driver for deeper ties: few issues are given as much focus in Chinese official statements as the area of renewable energy technologies – regardless of which of the Nordic countries is concerned. Equally important, according to Chinese interlocutors, is acquiring know-how on Arctic affairs, especially with the prospect of new sea lanes becoming available for commercial shipping due to the melting of the Arctic ice.

Moreover, the five Nordic countries are as seen stable and predictable in terms of how they pursue their political goals – and as easy to manage. Therefore, the region has been deemed suitable for foreign policy experiments, including – for non-EU members – free trade agreements. Experiences from engagement with the Nordic countries can be used as a springboard whereby bilateral agreements could serve as the basis for deepened cooperation with the EU as a whole. However, Chinese officials and policymakers face challenges with some Nordic countries in terms of conflicting values. On the one hand, China wishes to steer clear of issues that could put political relations in jeopardy; on the other hand, it will not accept perceived external interference in its domestic affairs. In the Nordic countries, with their traditions of engagement and activism in the spheres of human rights and universal values, China's defence of its *core interests* has had a substantial effect on the political framework within which relations have developed.

Some of the common key features that make the Nordics unique are precisely what China is interested in. How can then the Nordic region best engage with China as a growing political and economic power? In economic terms the main question is whether the Nordics are suitably positioned to address the changing economic situation in China, as the country attempt the difficult leap from being the world's factory to a high-income economy. There are in particular two trends in current economic developments in China from which Nordic involvement might prove advantageous. Firstly, China is in the process of major reform efforts where Nordic technology, brands and know-how could contribute, to the advantage of both sides Secondly, as Beijing seeks to increase and

diversify its investments in Europe, the Nordic region could stand to benefit from the influx, not least since current investment levels are relatively low. Under the 'brand-name' of building new Silk Roads between China and Europe, Beijing is undertaking a range of economic initiatives. A more visible Nordic region could be better placed to make the case for a 'Northern Branch' of the new Silk Road Economic Belt, particularly as Beijing has already shown interest in a possible Arctic Silk Road in the High North.

Another central question: how can the Nordic states best secure their political position and defend their values internationally? As these are small states in a changing and increasingly multipolar world order that has come under increasing strain in recent years, calls have been made for stronger coordination between the Nordic countries on various matters of foreign affairs. With the EU experiencing a range of internal and external stresses, from Brexit to refugees to the Russian security challenge, the roles of the various sub-regions are attracting greater attention. The USA has been asking the Nordic countries to act together internationally, as was demonstrated by the state visit of all five Nordic prime ministers to the White House in May 2016. Chinese officials and scholars have also aired the idea of closer coordination in Nordic China policies, for reasons of efficiency, through the creation of a Nordic–China sub-regional platform in a '5+1' format. This avenue is scheduled to be explored by the Nordic Council over the next two years.

Such a potential 5+1 dialogue, as a common Nordic platform for high-level contact with China, could help to elevate the region's profile in China, leading to greater political access and providing an additional arena for strengthening economic ties. However, such a forum is likely to encounter certain political challenges. The EU, already wary of the current 16+1 dialogue between China and the Central/Eastern European countries, is unlikely to be supportive. Brussels is concerned that Beijing is engaging in 'divide and rule' tactics that could threaten EU cohesion. Further, the fact that only three of the five Nordic countries are EU members may well complicate such issues. Another major impediment to such a platform is the divergence in political approaches towards China within the Nordic countries. A 2011 report by the European Council on Foreign Relations on the EU-members' attitudes towards China placed Denmark and Sweden in the group of 'fairly critical' countries. Finland, however, was classified as being both more mercantilist towards China in economic terms, and, not least, significantly less critical of China in political terms.

While Chinese interests in the Nordic countries may be fairly similar in nature, we should not assume that the Nordic countries' interests and priorities towards China are necessarily overlapping. Much work remains to be done before it can be meaningful to talk about a distinct 'Nordic approach' to the challenges and opportunities represented by the rising power of China. Key issues in the fault-lines between economic

and political interests and values have challenged core tenets of Nordic foreign policy thinking, with important and still ongoing debates in all the Nordic countries. Nor are members of the Nordic quintet always in tune with each other in deciding how to play the Chinese concert. Thus, as the national debates proceed, there is all the more reason to pay attention to the neighbours' melodies.





