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## "Cool Neighbors": Sweden's EU Presidency and Russia

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**Eva Hagström Frisell  
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# Contents

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<b>SUMMARY</b> .....	<b>4</b>
<b>INTRODUCTION</b> .....	<b>5</b>
<b>SWEDEN AND RUSSIA</b> .....	<b>7</b>
HISTORICAL BACKGROUND .....	7
CURRENT POLITICAL ISSUES: VALUES AND FOREIGN POLICY .....	8
ECONOMIC RELATIONS .....	9
ENERGY ISSUES .....	11
NORD STREAM .....	12
<b>EU-RUSSIA RELATIONS UNDER THE SWEDISH PRESIDENCY</b> .....	<b>14</b>
SWEDEN'S PRIORITIES .....	14
THE NEGOTIATIONS ON A NEW EU-RUSSIA AGREEMENT .....	15
REGIONAL COOPERATION IN THE BALTIC SEA .....	17
THE EASTERN PARTNERSHIP .....	18
<b>CONCLUSIONS</b> .....	<b>20</b>

## Summary

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Sweden and Russia are close neighbors with a complicated relationship. They have normal political relations with growing economic and cultural exchanges, especially on a regional basis; however, they both foster an age-old distrust, and have diverging attitudes toward democracy and human rights. Furthermore, Sweden is not interested in Russian gas exports or a gas pipeline under the Baltic Sea. During its EU Presidency in 2009, Sweden is likely to prioritize issues such as climate change, economic growth, and the Baltic Sea region. It will continue the efforts of previous Presidencies for a new partnership agreement with Russia, however. The adoption of an EU strategy for the Baltic Sea region will be a key task, and it will be linked to the Northern Dimension policy, which focuses on regional cooperation with Russia. Sweden will also push the implementation of the Eastern Partnership with Russia's western and southern neighbors. This may, however, strain relations with Russia and lead to increased pressure on the prospective partners. In general, Sweden is interested in cooperation with Russia, but will not jettison its support for democratic values and human rights to attain it.

## Introduction

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During the last twelve months, the relationship between the European Union (EU) and Russia has faced two of its most severe crises. First, the Russia-Georgia war in August 2008 prompted outrage in Europe. The EU condemned Russia's disproportionate reaction to Georgia's assault on South Ossetia and the subsequent recognition of South Ossetia and Abkhazia as independent states. The negotiations on a new EU-Russia partnership agreement were put on hold<sup>1</sup> and did not resume until November 2008. Second, the Russia-Ukraine gas dispute in January 2009 led to a dire shortage of gas in several EU member states during winter. This dispute demonstrated the Union's dependence on Russian energy exports and the need for a common energy policy.

Together these crises highlight some of the fundamental challenges to the establishment of a strategic partnership between the European Union and Russia. The differing perceptions of the partners further enhance the problem. Whereas the EU relies on the political and economic integration of its neighbors and the establishment of common rules and institutions, Russia aims at a relationship between great powers based on equality, non-interference in internal affairs and geopolitical zones of influence. As a result, Russia prefers direct bilateral contacts with important EU member states.

On the EU side, the framing of a common policy towards Russia has proved very difficult. Member states have fundamentally different perceptions of Russia and how best to deal with Moscow. These differences depend much upon the member states' historical experiences, their geographical position, and their level of energy dependence and economic exchange with Russia. Sweden is no different from other member states in this respect.

Though bigger than its Nordic neighbors, Sweden is a relatively small state (9.2 million inhabitants) with a tradition of military non-alignment. Today Sweden's defense policy relies on common security, mainly in the framework of the EU, with a focus on northern Europe and the Baltic Sea. This policy privileges the political approach of the EU over NATO membership, which so far has not been seriously considered.

In relations with Russia, Sweden has been labeled a "frosty pragmatist" together with the UK and smaller states such as Denmark and Estonia.<sup>2</sup> This paper prefers to call Sweden and Russia "cool neighbors,"

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<sup>1</sup> Council of the European Union, Extraordinary European Council, Brussels, "Presidency Conclusions," 1 September 2008.

<sup>2</sup> M. Leonard and N. Popescu, *A Power Audit of EU-Russia Relations*, London, European

having a relationship of stable political relations and growing economic relations that is complicated by historical distrust, conflicting values and diverging views on some key foreign policy issues.

Many of the priorities for Sweden's 2009 Presidency remain the same as those of its last tenure in that role in 2001, despite the change of government in 2006. In 2001, Göran Persson led a Social-Democrat minority government and today Prime Minister Fredrik Reinfeldt heads a center-right majority government based on a coalition of four parties. Although the Swedish public and political parties still have mixed feelings on European integration, the current government has raised Sweden's ambitions, stating that "Sweden must have a clear and unquestioned place at the heart of European cooperation."<sup>3</sup> Having pushed for the eastward enlargement of the EU in 2001, the Swedish 2009 Presidency is likely to place greater emphasis on cooperation between the EU members around the Baltic Sea and the relationship with the six countries of the Eastern Partnership (EP). Foreign Minister Carl Bildt, for example, has long played an active role in the Union's relations with Eastern Europe.

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Council on Foreign Relations, 2007.

<sup>3</sup> Government Offices of Sweden, "Statement of Government Policy," 6 October 2006, <[www.sweden.gov.se/sb/d/574/a/70233](http://www.sweden.gov.se/sb/d/574/a/70233)>.

# Swedish-Russian Relations in Context

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## *Historical background*

For many centuries Sweden and Russia fought wars over the control of the Baltic Sea region. Since losing the Finnish part of the kingdom in 1809 Sweden has avoided conflict with Russia and the Soviet Union. It stayed out of both world wars, partly due to its policy of self-defined neutrality. During the cold war, the official line, mainly upheld by Social-Democrat governments, was “non-alignment in peacetime aiming at neutrality in case of war.” In practice, however, Swedish foreign policy leaned towards the West, a position which was fully backed by the rightwing opposition. The Soviet Union criticized Swedish contacts with NATO, and there were several incidents that tested relations, such as the shooting down of a DC-3 reconnaissance plane over the Baltic Sea in 1952, espionage affairs, and the stranding of a Soviet submarine in Swedish waters in 1981. After the cold war, the official formula became “military non-alignment with an option of neutrality in case of war in the region,” meaning that neutrality is not the only option and that Sweden can engage in conflicts farther afield. This construction meant that Sweden could also join the EU, which is seen above all as a political alliance.<sup>4</sup>

Swedish-Russian relations greatly improved in the 1990s when, in cooperation with the West, Russia started its transition to democracy and market economy. When the Russian military forces drastically shrank, Sweden also reduced its military, which was restructured for international crisis management operations. Exchanges with Russia increased at all levels, culminating in President Boris Yeltsin’s visit to Stockholm in 1997. On this occasion Yeltsin praised Swedish non-alignment and “neutrality,” which was held up as a model example for NATO-aspirants such as the Baltic states.<sup>5</sup> Progress was also made to shed light on the fate of the Swedish diplomat Raoul Wallenberg who went missing in Soviet occupied Budapest in the closing days of the Second World War and other cold war issues.

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<sup>4</sup> Government Offices of Sweden, “Sweden’s security policy,” updated 19 January 2009, <[www.sweden.gov.se/sb/d/3103/a/116839](http://www.sweden.gov.se/sb/d/3103/a/116839)>.

<sup>5</sup> *Dagens Nyheter*, 2 December 1999.

## **Moral values and foreign policy**

Since 2000 Swedish-Russian relations have continued to develop. Both sides describe them as normal and stable and are generally in favor of closer ties. However, a certain imbalance in official exchanges at the top political level can be observed. Former President Vladimir Putin never accepted any of several invitations to pay an official visit to Sweden in response to King Carl Gustaf XVI's visits in 2001 and (less formally) 2007.<sup>6</sup> On one hand, this may seem normal in relations between a small state and a major power; on the other hand, throughout the years Putin has visited many small states in all corners of the world, including Finland several times. This imbalance is not the same as with the Baltic states, which have clearly been boycotted by Russian leaders for many years, but it still seems to indicate neglect combined with some disagreements. What are the possible reasons for this?

First of all, since the promotion of democracy, human rights and the rule of law are key principles in Swedish domestic and foreign policy, Sweden has been more blunt than many EU states in its criticism of Russia's move toward authoritarianism under President Putin, including the restrictions placed upon NGOs and the media. The unsolved murders of journalist Anna Politkovskaya and of the defector Alexander Litvinenko were seen as ominous.<sup>7</sup> Like other states, Sweden has also condemned several Russian elections as being unfair.

More than most EU states, Sweden has further lambasted the Russian "counterterrorist operation" in Chechnya and called for a political solution to the republic's problems.<sup>8</sup> Though nowadays the Chechen conflict has been suppressed and is rarely mentioned, some aspects of it continue to cloud Swedish-Russian relations. Sweden, for instance, refuses to extradite refugees to Russia, mostly Chechens who are accused of criminal offenses, because Russia does not provide sufficient guarantees of fair trials. Russia further complains that the "terrorist" website Kavkaz Center located in Sweden has not been shut down.<sup>9</sup>

Views on international issues also differ, most importantly concerning the Baltic states. Sweden has consistently—under both Social-Democrat and center-right governments—supported these states and their accession to the EU and NATO, on condition that they fulfil the membership criteria with regard to human rights for their Russian minorities. Russia, however, tried for years to stop particularly the Baltic states' NATO memberships, claiming that hundreds of thousands of Russian-speaking

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<sup>6</sup> Admittedly, Putin did attend an EU summit in Gothenburg in 2001 during the Swedish EU Presidency and had a bilateral meeting with Göran Persson in connection with it.

<sup>7</sup> Government Offices of Sweden, "Statement of Government Policy in the Parliamentary Debate on Foreign Policy," 14 February 2007, <[www.sweden.gov.se/5304/a/12057](http://www.sweden.gov.se/5304/a/12057)>.

<sup>8</sup> *Dagens Nyheter*, 13 April 2004. See also I. Oldberg, *The War on Terrorism in Russian Foreign Policy*, Stockholm, Swedish Defence Research Agency, 2006.

<sup>9</sup> A. Kadakin, "Russia and the World," lecture at the Uppsala Association of International Affairs, Uppsala, 19 January 2009, <[www.ryssland.se/emb\\_e76.htm](http://www.ryssland.se/emb_e76.htm)>.

people were discriminated against in these countries.<sup>10</sup> Moreover, Sweden was one of the most active EU supporters of Estonia in 2007, when local Russians, supported by Russia, protested violently against the moving a war monument in Tallinn. During the crisis Sweden also delivered equipment for the Estonian police.<sup>11</sup>

As will be elaborated below, Sweden also supports other post-Soviet states in their striving for closer ties with, and even membership of, the EU and NATO. Foreign Minister Bildt condemned the Russian offensive in August 2008 as aggressive and incompatible with international law and the fundamental principles for security and cooperation in Europe. He rejected Russia's claim to a right to intervene in another country in defense of persons with Russian passports or nationality and made comparisons with Serbia's interventions in ex-Yugoslav states and Hitler's use of the same doctrine in Central Europe half a century ago. As chairman of the Council of Europe (CoE) Committee of Ministers Bildt went to Tbilisi during the war, deploring Russian military measures and calling for immediate ceasefire and respect for Georgia's territorial integrity.<sup>12</sup>

Like other EU states, Sweden interrupted bilateral military exchanges with Russia and decided not to decommission any more military garrisons, as originally planned. Russian diplomats strongly condemned Bildt's comparison with Hitler—as did the Swedish opposition—and when he then wanted to go to Moscow as CoE chairman, the political leadership was not willing to meet him.<sup>13</sup> However, unlike several Central European EU members, Bildt and his British counterpart, David Miliband, did not oppose the resumption of negotiations on a new EU-Russia partnership agreement, even though they deplored Russia's disproportionate actions against Georgia.<sup>14</sup> After this, Bildt was again welcome in Russia, for example as a member of the EU leading troika.<sup>15</sup> Apparently, continuing dialogue is more important to both sides than harsh words and boycotts.

## **Economic relations**

Trade relations are an important aspect of Swedish-Russian relations, one which both sides want to develop. In 1991 Sweden started to provide economic aid in order to facilitate Russia's transition to a market economy. Sweden focused on regional development in Northwest Russia, for

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<sup>10</sup> More on this in I. Oldberg, *Reluctant Rapprochement: Russia and the Baltic States in the Context of NATO and EU Enlargements*, Stockholm, Swedish Defence Research Agency, 2003.

<sup>11</sup> *Dagens Nyheter*, 27 June 2008; Interfax, 2 May 2007.

<sup>12</sup> Government Offices of Sweden, "Situasjonen i Georgien" [The Situation in Georgia], 9 August 2008, <[www.regeringen.se/sb/d/7757/1/109208](http://www.regeringen.se/sb/d/7757/1/109208)>.

<sup>13</sup> *Svenska dagbladet*, 2 October 2008; *Aftonbladet*, 2 October 2008.

<sup>14</sup> Government Offices of Sweden, "Statement by Foreign Ministers," 10 November 2008, <[www.regeringen.se/sb/d/10008/a/115248](http://www.regeringen.se/sb/d/10008/a/115248)>; *Dagens Nyheter*, 11 November 2008.

<sup>15</sup> C. Bildt, "Nyttiga överläggningar" [Useful Negotiations], 11 February 2009, <[www.carlbildt.wordpress.com/2009/02/11](http://www.carlbildt.wordpress.com/2009/02/11)>.

example in St. Petersburg and Kaliningrad, and bilateral ties were developed between regions and towns. After Sweden became an EU member, assistance became more multilateral, not least in the Northern Dimension framework (see below).<sup>16</sup> However, as the Russian economy started to show steady growth and democracy and human rights were restricted under Putin, the Social Democrat government decided to replace development aid with neighborhood cooperation and reduce the number of projects.<sup>17</sup> In 2008 the center-right government decided to phase out bilateral projects by 2010 while focussing on social issues, human rights and reconstruction in North Caucasus.<sup>18</sup>

Trade has steadily grown, especially since the turn of the new century.<sup>19</sup> Swedish exports, mainly consisting of telecommunications products, vehicles and chemicals rose by 30 percent in 2007-08, and Russian exports—totally dominated by energy resources—rose by 53 percent, primarily due to rising world oil prices.<sup>20</sup> Swedish investments have also grown rapidly, placing Sweden among the top 10-12 foreign investors, mainly in raw materials, services and the stock market.<sup>21</sup> IKEA is the single biggest Swedish investor and one of the biggest foreign investors in Russia outside the energy sector.

However, it should be noted that only 4.1 percent of Swedish imports originate in Russia and 2.4 percent of exports are destined for Russia (2008), which is less than Sweden's trade with its small Nordic neighbors or the Netherlands. Russian officials lament this fact and want to diversify trade with more Russian exports of industrial products.<sup>22</sup> Thus, despite the increase, the partners are neither very important to, nor dependent upon each other.

In addition, there are several factors restricting trade. Like in other EU states, Swedish businesses, supported by the government, have long

<sup>16</sup> K. Eduards, M. Krivonos, L. Rylander, *Det svenska stödet till reformprocessen i Ryssland 1991-2008* [The Swedish Support to the Reform Process in Russia], Stockholm, Swedish International Development Cooperation Agency (Sida), 2009; *Rossiyskiy statisticheskiy ezhegodnik 2000* [Russian Statistical Yearbook 2000], p. 19-21.

<sup>17</sup> Government Offices of Sweden, Ministry for Foreign Affairs, *Strategi för utvecklingssamarbetet med Ryssland 2005-2008* [Strategy for Development Cooperation with Russia], p. 4 ff. Most aid was given in 2004 (465 million SEK), of which almost half went to environmental projects.

<sup>18</sup> Sida, "Sidas insatser i Ryssland avslutas" [Sida Projects in Russia are Terminated] 29 January 2008, <[www.sida.se/sida/jsp/sida.jsp?d=1227](http://www.sida.se/sida/jsp/sida.jsp?d=1227)>.

<sup>19</sup> In 1995-2005, Swedish imports grew almost four-fold and exports three-fold (*Rossiyskiy statisticheskiy ezhegodnik 2007* [Russian Statistical Yearbook], table 25.7).

<sup>20</sup> Swedish Trade Council, "Trade Profile: Russia," <[www.tradeprofiles.swedishtrade.se/print-asp?id=99](http://www.tradeprofiles.swedishtrade.se/print-asp?id=99)>. According to Statistics Sweden (SCB), Utrikeshandel med varor [Foreign Trade with Commodities], Import/Export, <[www.scb.se](http://www.scb.se)>, growth in 2007-08 was 27% and 51%, respectively. The balance was 31.38 versus 22.68 billion SEK in 2007.

<sup>21</sup> In 2007 they reached a high of 1.2 billion US dollars against 0.8 billion US dollars in 2006, while Russian investments rose from only 3.5 in 2006 to 117 million US dollars in 2007. A. Kadakin, "Swedes are Reliable and Responsible Partners," *External Economic Relations 2008*, 2008, p. 16.

<sup>22</sup> *Idem*, p. 19. In 2006, Finland received over four times more Russian exports (3.2% of Russian total) than Sweden, and exported almost double that (2.9% of total), *Rossiyskiy statisticheskiy ezhegodnik 2007* [Russian Statistical Yearbook], table 25.7.

complained about Russian bureaucracy, crime and unclear rules. These problems have given rise to calls for Russia to join the World Trade Organization (WTO). In April 2008, Russia suddenly raised tariffs on timber by 50 percent in order to protect its own forest industry, this hit Swedish and Finnish industries especially. The two governments protested that the tariffs violated Russian agreements with the EU on WTO accession and after some discussion—facilitated by the EU—Russia postponed a planned raise.<sup>23</sup>

A particular problem hindering trade and other exchanges is the visa issue. As a member of the EU Schengen zone, Sweden requires visas for Russian citizens visiting the country. The Swedish procedures are among the most lenient, and Sweden is one of three EU states to have opened a consulate in Russia's Kaliningrad enclave. Thus the number of Russian tourists visiting Sweden has steadily grown.<sup>24</sup> As for Russian visas, Sweden has long fretted about the ever-changing rules and concomitant costs. To a large extent, this explains why the number of Swedish tourists to Russia has not increased since Soviet times. Russia has long called on the EU to scrap Schengen visas for its citizens, and insists on reciprocity, apparently for reasons of prestige. Some Swedes have suggested that Russia should—like Ukraine—unilaterally cancel its visa obligations for EU citizens, which would then put pressure on the EU to follow suit.<sup>25</sup>

## ***Energy issues in bilateral relations***

A topical issue in Swedish and EU relations with Russia is the degree of dependence on Russian energy. Like most European states Sweden is not self-sufficient in energy and has to cover its oil needs by imports. The share of crude oil from Russia rose from 5 to 32 percent between 2001 and 2007, making Russia the largest source of oil imports, ahead of Denmark, Norway and Iran.<sup>26</sup> Sweden also imports nuclear fuel and occasionally, in wintertime, electricity from Russia.<sup>27</sup>

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<sup>23</sup> Government Offices of Sweden Press releases, 6 May 2008, 13 November 2008; Speeches, "Anförande av Ewa Björling vid Virkesforum," [Speech by Ewa Björling at the Timber Forum], 9 September 2008, <www.regeringen.se>.

<sup>24</sup> Statistics Sweden, "Inkvarteringsstatistik för Sverige 2007" [Overnight Stays Statistics for Sweden], p. 18, <www.scb.se>.

<sup>25</sup> S. Hirdman, "Några reflexioner angående Sveriges förhållande till Ryssland" [Some Reflections on Sweden's Relationship with Russia], in M. Bergquist and A.W. Johansson (eds.), *Säkerhetspolitik och historia* [Security Policy and History], Inbunden, Hjalmarson & Högberg, 2007, p. 163.

<sup>26</sup> Svenska petroleuminstitutet (SPI)[Swedish Petroleum Institute], "Råoljeimport" [Raw Oil Import], <www.spi.se/statistik.asp?omr=1&kat=5>. As for heating oil, Russia accounted for 44% of the total, and about 11% of fuel oils in 2004. R.L. Larsson, *Nord Stream, Sweden and Baltic Sea Security*, Stockholm, Swedish Defence Research Agency, 2007. According to the Russian ambassador, Sweden depends on Russia for 55% of its oil consumption since 28% is Russian oil bought at commodity exchanges in Holland and Germany. A. Kadakin, *op. cit.* [21], p. 19; Embassy of the Russian Federation in the Kingdom of Sweden, "Interview of the Russian Ambassador H.E. Mr Alexander Kadakin /.../TV8,

However, due to its high electricity use, Sweden has one of the lowest shares of fossil fuels in its primary energy supply in the West. Electricity is mainly produced domestically by hydropower and nuclear power plants, each providing about 46 percent of Swedish needs.<sup>28</sup> Admittedly, a referendum in 1980 decided to phase out nuclear power, and two reactors have since been decommissioned, but the loss has largely been compensated for by boosting efficiency at the other plants. In 2009 the government decided that new nuclear power plants could be built to replace the old ones. The abundance of electric power means that Sweden even wants to lay a cable to export electricity to Latvia and Lithuania.

As for oil, most of Sweden's imports go to the transport sector, not power generation, and about one third of oil products refined in Sweden are exported for profit.<sup>29</sup> Swedish dependency on Russian oil is also reduced by the fact that the oil is delivered by tanker, which can be redirected, whereas pipelines bind the parties to each other.

## ***Nord Stream, a sensitive issue***

The issue of natural gas imports from Russia has become very topical thanks to the Nord Stream project, which plans to lay a pipeline across the Baltic Sea from Russia to Germany. With Gazprom as majority shareholder, the project is strongly backed by the Russian state as a substantial contribution to meeting Europe's rising energy needs.

However, gas only makes up about 1.5 percent of total primary energy supply in Sweden, and all of that is imported through pipelines from Denmark to a small grid in the southwest of the country. In this respect, Sweden is totally different from many EU states in East and Central Europe, which are highly dependent on Russia.<sup>30</sup> Thus Sweden has no interest in the pipeline for its own needs. In 2008 the Minister for the Environment, Andreas Carlgren, rejected the first request by Nord Stream to lay the pipeline through the Swedish exclusive economic zone, calling for a more complete account of its possible effects on the environment, a presentation of alternative routes on land and the results of consultations with other littoral states.<sup>31</sup>

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Sweden," 4 November 2007, p. 1, <[www.ryssland.se/emb\\_e46.htm](http://www.ryssland.se/emb_e46.htm)>.

<sup>27</sup> 20% of nuclear fuel needs in 2007 according to A. Kadakin, *op. cit.* [21], p. 19; R.L. Larsson, *op. cit.* [26], p. 66.

<sup>28</sup> R.L. Larsson, *op. cit.* [26], p. 63; International Energy Agency (IEA), "2006 Energy balance for Sweden," <[www.iea.org](http://www.iea.org)>.

<sup>29</sup> R.L. Larsson, *op. cit.* [26], p. 68 ff; SPI, "Försörjningsbalans 2007" [Procurement Balance 2007], <[www.spi.se/statistik.asp?art=114](http://www.spi.se/statistik.asp?art=114)>. More refined products are exported than imported.

<sup>30</sup> R.L. Larsson, *op. cit.* [26], p. 67; R.L. Larsson, *Energisäkerhet – Sveriges och Europas beroende av importerade energibärare* [Energy Security—Swedish and European Dependence on Imported Energy Carriers], Stockholm, Swedish Defence Research Agency, 2006, p. 19 (table 2).

<sup>31</sup> *Ny teknik*, 13 February 2008.

Swedish politicians and analysts have criticized the project for lacking transparency, claiming that a sea-based pipeline will be unduly expensive and that Russian gas supplies may not be enough to cover European demand. It is also feared that the pipeline could be used as a pretext for increasing Russian military activity in the Baltic Sea and cover for intelligence gathering activities. Finally, by building a direct line to Germany, Russia would decrease its dependence on transit states. This means that Moscow could—also for political reasons—turn off their gas supplies without having to block exports to countries further down the network, as happened in the dispute with Ukraine last January. The project thus also serves to undermine work toward a common EU energy policy, it was claimed.<sup>32</sup>

Russia relies on its German partner in order to counter this criticism and stresses that the project is supported by the EU, claiming that Russia is a reliable partner that has never broken a contract. The Russian ambassador to Sweden has assured Stockholm that Russia, as a Baltic Sea state, is as concerned as Sweden about preserving clean water conditions. No accidents have occurred with the gas pipeline across the Black Sea (Blue Stream), which is much deeper, and there have not been any environmental protests over gas pipelines in the North Sea or the electricity cables under the Baltic. If Sweden worries about the Russian military protecting the pipeline, they could do it together, it is claimed.<sup>33</sup>

In sum, Sweden has no need for Nord Stream and withholds its approval awaiting further environmental investigations. The lack of a direct interest, in conjunction with uncertainty about the environmental and national security implications of the project have increased Swedish reluctance to approve the project. This may delay implementation and make construction more costly, which obviously annoys Russia. It can easily be suggested that Swedish support for the project would probably have raised the odds for an official visit by Putin.

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<sup>32</sup> R.L. Larsson, *op. cit.* [26], p. 26 ff.

<sup>33</sup> President of Russia, "Stenogramma," 13 June 2007; Kadakin interview, *op. cit.* [26]; A. Kadakin, *op. cit.* [21], p. 2 ff; Sveriges Radio, 13 February 2007.

# EU-Russia Relations under the Swedish Presidency

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Sweden will assume the Presidency of the European Union at a time of institutional renewal and constitutional uncertainty. The European Parliament elections in June and the appointment of a new Commission have altered the political setup of the Union and will temporarily slow down the EU decision-making machinery. The planned Irish referendum on the Treaty of Lisbon will have a further, decisive impact on the future of the Union's constitutional framework. These factors may, on the one hand, draw attention from substantive discussions and slow down progress on the priority issues of the Swedish Presidency. On the other hand, Sweden will have a greater opportunity to influence policies since it will hold the Presidency under the current rules and not under those of the Lisbon treaty.

## *Sweden's priorities*

The last time Sweden held the Presidency, in 2001, priorities were “the three E’s”: Employment, Enlargement and Environment. From the Swedish point of view, one of the biggest achievements was the decision taken at the European Council in Gothenburg on a timetable for the eastward enlargement of the Union.<sup>34</sup> When it comes to the 2009 Presidency, the Minister for EU Affairs Cecilia Malmström in October 2007 proposed five priority areas for the negotiations with France and the Czech Republic on the Trio Presidency program. The government has subsequently elaborated these priorities in public statements and newspaper articles. An educated guess is therefore that the final program for the Swedish Presidency will include the following issues:

- Climate, the environment and energy;
- Employment, growth and competitiveness;
- A more secure and open Europe;
- The Baltic Sea and relations with the neighboring area;
- The EU as a global actor and continued enlargement.<sup>35</sup>

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<sup>34</sup> F. Langdal and G. von Sydow, “The Swedish 2009 Presidency—Possible Policy Priorities,” *European Policy Analysis*, Issue 14, October 2008, p. 2, <[www.sieps.se/publikationer/european-policy-analysis/the-swedish-2009-presidency-possible-policy-priorities.html](http://www.sieps.se/publikationer/european-policy-analysis/the-swedish-2009-presidency-possible-policy-priorities.html)>.

<sup>35</sup> Government Offices of Sweden, “Regeringens EU-arbetsprogram” [The Government's EU

Many of the priority areas remain the same as in 2001, but there are indications that the new government is aiming for a different style of Presidency. This will most likely involve fewer political declarations and a more results-oriented working method. Sweden will focus on current issues rather than putting forward its own initiatives. One example is the international conference in Copenhagen in December 2009 about a post-Kyoto climate regime. Sweden is also planning the adoption of the first-ever EU strategy for the Baltic Sea region by the end of 2009.

The Swedish Presidency follows that of France and the Czech Republic, which had to devote considerable efforts to handling the crisis over Georgia and the Russia-Ukraine gas dispute. While France could benefit from its special relationship with Russia and the active stance taken by President Sarkozy, the Czech presidency had a weaker position vis-à-vis Russia and suffered from its domestic political crisis. As noted above, Sweden enjoys established, stable relations with Russia, yet it is a small state which values democracy and human rights highly. Consequently, Sweden will have to be prepared to deal with upcoming crises in the EU-Russia relationship and, of course, with the effects of the global financial crisis during its presidency.

### ***The negotiations on a new EU-Russia agreement***

The Partnership and Cooperation Agreement (PCA) from 1997 constitutes the present framework for EU-Russia relations. Today, cooperative efforts are grouped under the four so-called Common Spaces: trade and economic issues; external security; justice and home affairs; and research, education and culture. The negotiations on a new EU-Russia agreement started in June 2008 and will continue under the Swedish Presidency, but it is difficult to foresee that they could be finalized by the end of the year. Sweden is also preparing for the regular EU-Russia summit and several ministerial meetings during the fall. This will most likely pave the way for a visit by President Dmitry Medvedev to Sweden.

In order to reach a new partnership agreement a number of outstanding issues have to be resolved. In the area of trade and economic cooperation the prospects for developing the EU-Russia relationship are significant. The EU and Russia are economically interdependent and commercial exchanges have increased greatly during the last few years.<sup>36</sup>

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Working Programme], <[www.regeringen.se/sb/d/1488/a/80880](http://www.regeringen.se/sb/d/1488/a/80880)>. For information in French, see Government Offices of Sweden, "Speech by Cecilia Malmström at Governmental Seminar on the French EU Presidency, Hôtel Matignon, Paris 17 November 2007," <[www.sweden.gov.se/sb/d/7972/a/94068](http://www.sweden.gov.se/sb/d/7972/a/94068)>.

<sup>36</sup> Russia is the EU's third largest trading partner and more than half of Russian foreign trade is directed towards the EU. See T. Gomart, "EU-Russia Relations: Toward a Way Out of Depression," Washington/Paris, CSIS/Ifri, 2008, p. 4.

The global financial crisis, furthermore, may make Russia more inclined to seek support and cooperation with the EU.

The economic relationship has, however, been burdened by several trade disputes regarding for example veterinary standards and timber exports. In the Swedish view, Russian WTO accession would solve many of these problems and facilitate the negotiations on a new EU-Russia agreement. However, several obstacles to Russia's WTO membership remain, originating both on the Russian side and from existing WTO members (for example Georgia and the US). As noted above, the energy relationship is another key stumbling block in EU-Russia relations. Even if Sweden is less dependent on Russian energy than many Central and East European states, it still supports the common view that the implementation of the European Energy Charter and the liberalization of the energy market are vital for a more stable relationship.

Cooperation in the field of external security is maybe the most difficult area of the EU-Russia partnership. Although the partners stress the importance of the dialogue on international affairs, for example on the Middle East and Iran, their differing approaches towards the common neighborhood impede any substantive cooperation.<sup>37</sup> President Medvedev's proposal for a new European security treaty, though still vague, clearly aims to increase Russian influence in Europe at the expense of the US and NATO. Some EU leaders have shown readiness to engage in discussions with Russia on the proposal, while stressing that "some principles underpinning European security are non-negotiable."<sup>38</sup> Carl Bildt has, however, gone further: for example by questioning whether ethnic cleansing in South Ossetia and the stationing of Russian troops there comply with Medvedev's proposal that no state should increase its own security at the expense of another.<sup>39</sup>

Another outstanding issue is the matter of visas, addressed above. This is not only a question of facilitating trade, it also has psychological implications for the Russian elite and population. Fostering greater exchanges between the populations of the EU and outside partners is one of the EU's declared objectives, and should be supported as a means of encouraging the development of Western attitudes in Russia. The need to fulfill Schengen visa criteria is seen as an embarrassment by many Russians and thus the simplification of the system should also be an objective for Russian negotiators.

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<sup>37</sup> See K. Anderman et al., *Russia-EU External Security Relations: Russian Policy and Perceptions*, Stockholm, Swedish Defence Research Agency, 2007.

<sup>38</sup> Council of the European Union, "Address by Javier Solana, EU High Representative for the Common Foreign and Security Policy, to the Munich Security Conference," 7 February 2009, <[www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/EN/discours/105986.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/discours/105986.pdf)>.

<sup>39</sup> C. Bildt, *op. cit.* [15].

## **Regional cooperation in the Baltic Sea**

The adoption of an EU Strategy for the Baltic Sea region will be one of the key tasks during the Swedish Presidency. According to the Swedish government, this strategy is a consequence of enlargement which has made the Baltic Sea a unifying sea surrounded by EU member states. It brings together the Nordic countries, the Baltic states, Poland and Germany. The aim is to make the region more competitive and prosperous as well as to handle the deteriorating environmental state of the Baltic. The increase of transportation through the Baltic and the risk of incidents involving large oil tankers are also causes for concern.<sup>40</sup>

In June, the Commission will present its proposal for the strategy and the Swedish government is aiming for its adoption at the European Council in December 2009. The strategy is the first developed for a region within the Union and its main objectives are to:

- Improve the environmental state of the Baltic Sea Region;
- support its economic development;
- make the region more accessible and attractive for both inhabitants and visitors;
- make the region a safe and secure place.<sup>41</sup>

Since the strategy only covers the EU member states and mainly aims at pooling efforts within the EU, Russia is the only littoral country which is not included. The strategy will, however, be linked to other regional cooperation bodies, including the Northern Dimension.

Originally developed by the EU in the 1990's on Finnish initiative in order to engage with the northwestern regions of Russia, the Northern Dimension was revised in 2006 to become a common policy of the EU, Iceland, Norway and Russia. From early on, it established regional cooperation projects on the environment, public health, and transport and logistics.<sup>42</sup>

Despite increasing tensions between the EU and Russia, the Northern Dimension has remained a means to promote concrete cooperation and "localized" relations with Russia. Although Russian co-financing of projects was previously deficient, the Northern Dimension has been successful by focusing on "low politics" and direct cooperation with Russian regions, thus avoiding the federal level and politically controversial issues.<sup>43</sup> The Swedish government actively supports the Northern

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<sup>40</sup> For example, C. Malmström, "The EU-strategy for the Baltic Sea Region under the Swedish Presidency," <[www.regeringen.se/sb/d/7415/a/120182](http://www.regeringen.se/sb/d/7415/a/120182)>.

<sup>41</sup> European Commission, "EU Strategy for the Baltic Sea Region," <[ec.europa.eu/regional\\_policy/cooperation/baltic/index\\_en.htm](http://ec.europa.eu/regional_policy/cooperation/baltic/index_en.htm)>.

<sup>42</sup> European Commission, "Political Declaration on the Northern Dimension Policy," <[ec.europa.eu/external\\_relations/north\\_dim/doc/pol\\_dec\\_1106.pdf](http://ec.europa.eu/external_relations/north_dim/doc/pol_dec_1106.pdf)>.

<sup>43</sup> See I. Busygina and M. Filippov, "End Comment: EU-Russian Relations and the Limits of the Northern Dimension," in P. Aalto, H. Blakkisrud and H. Smith (eds.), *The New Northern Dimension of the European Neighbourhood*, Brussels, Centre for European Policy Studies, 2008.

Dimension and attaches particular importance to the improvement of wastewater treatment facilities in St. Petersburg and Kaliningrad.<sup>44</sup>

## ***The Eastern Partnership and Russia's reaction***

The implementation of the Eastern Partnership, officially launched at a summit in Prague in May 2009, will be another priority issue for the Swedish Presidency. Originally proposed by Sweden and Poland in early 2008, the EP is a parallel to the Union for the Mediterranean and reinforces the Eastern dimension of the European Neighborhood Policy (ENP) by focusing on Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. The preparations for the partnership were accelerated after the conflict in Georgia, when the EU wanted to demonstrate its support and higher ambition for these countries. For the Swedish government, the Eastern Partnership is a way to contribute to their development and increase stability and security in its neighborhood.<sup>45</sup> Although the partnership does not aim at enlargement, it is consistent with Sweden's long-standing support for the Baltic states and its ambition to successively enlarge the Union. During the second half of 2009, Sweden together with the Commission will be tasked to start up bilateral discussions with the prospective partners.

Like the ENP, the EP rests on the principles of shared values and encourages convergence to EU standards and legislation. It includes deeper bilateral relations with each partner conditioned by their reform progress as well as a new multilateral framework for dialogue and funding of common projects. The bilateral track will aim at concluding Association Agreements with the partners, paving the way for deep and comprehensive free trade agreements, progressive visa liberalization, improved energy security, and support for economic and social reforms. The multilateral track will include biannual summits, yearly meetings of Foreign Ministers and four thematic platforms for senior-level discussions.<sup>46</sup> This kind of multilateral forum earlier only existed for the Mediterranean countries within the framework of the Barcelona Process, the precursor to the Union for the Mediterranean.<sup>47</sup>

Considering the domestic differences and in a few instances even direct conflicts between the six partners, the prospects of this multilateral approach may, however, be questioned. Another potential problem is

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<sup>44</sup> Ministry for Foreign Affairs, "Remarks by the Minister for Foreign Affairs of Sweden, Mr Carl Bildt, at the Northern Dimension Ministerial Meeting in St. Petersburg on 28 October 2008," <[www.regeringen.se/sb/d/7417/a/115489](http://www.regeringen.se/sb/d/7417/a/115489)>.

<sup>45</sup> C. Bildt, "Samarbete med Öst måste öka" [Cooperation with the East Must Increase], *Svenska Dagbladet*, 18 February 2009.

<sup>46</sup> Council of the European Union, Brussels European Council 19/20 March 2009 "Presidency Conclusions," 20 March 2009.

<sup>47</sup> See K. Longhurst, "Injecting More Differentiation in European Neighbourhood Policy: What Consequences for Ukraine?" *Russie.Nei.Visions*, No. 32, July 2008, <[www.ifri.org/files/Russie/ifri\\_longhorst\\_ENP\\_ENG\\_june2008.pdf](http://www.ifri.org/files/Russie/ifri_longhorst_ENP_ENG_june2008.pdf)>.

whether the EU will be able to give the partners, in their view, sufficient economic support and other benefits in times of internal crisis. The role of third parties—particularly Russia and, to some extent, Turkey—is also an open question. Even if Russia is invited to participate in discussions and projects on a case-by-case basis, it will most likely resist the EP if its own influence in the region is marginalized. Thus, in March 2009 Foreign Minister Sergey Lavrov called it an attempt by the EU to expand its own “sphere of influence.”<sup>48</sup> This may in turn increase the pressure on the partners to “take sides:” choosing between good relations with Russia or with the EU. For example, Belarus might become a problem for the EU if it, in support of Russia, recognizes the independence of Abkhazia and South Ossetia.

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<sup>48</sup> EUobserver.com, “EU Expanding its ‘sphere of influence,’ Russia Says,” <euobserver.com/24/27827>.

## Conclusions

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At the moment, the problems of distrust and disagreement on values in the EU-Russia relationship may seem insurmountable and a new EU-Russia partnership agreement is still far from materializing. As a member of the EU and a neighbor of Russia, Sweden has a vital interest in bringing the parties together. Being a relatively small state geographically close to, and with many links with, an authoritarian and ambitious Russia, Sweden needs the EU in order to be taken seriously. Sweden for example profits from EU support for specific economic interests such as the negotiations over timber tariffs.

Since it is not very dependent on Russian energy, it can also support a common energy policy vis-à-vis Russia without having to call its own needs into question. Furthermore, Sweden is a firm believer in democratic and human values—which has brought it to criticize Russia in the past—and should continue to promote them in EU relations with Russia. Despite its previous record of confronting the unsavory aspects of the Russian regime, Sweden has managed to maintain stable, even expanding relations with Russia—it should try to bring this experience to bear during the next six months.

During the 2009 EU Presidency, Sweden will promote cooperation with its neighboring states by adopting the first-ever EU strategy for the Baltic Sea. In line with its long-standing support for Eastern Europe, it will also try to deepen the Union's relations with the six countries of the Eastern Partnership; this process should not be undermined by fears of Russian opposition to it. Seeing as neither of these initiatives relates to Russia directly, cooperation projects with Russia will mainly be channeled through regional forums, such as the Northern Dimension, and focus on the environment and the pollution of the Baltic Sea—two areas where there is scope for cooperation.

As President of the EU, Sweden will have to devote substantial efforts to forestalling conflicts between the EU and Russia, for example concerning the countries in the shared neighborhood, and any difficulties arising from efforts to overcome the effects of the global financial crisis. To facilitate this, Sweden should, in line with its tradition, work for honest dialogue with Russia at all levels and establish clear rules of the game based on mutual respect. In order to increase trade and people-to-people contacts, which will build mutual trust in the longer term, both the EU and Russia should take steps to facilitate travel, for instance by making visas available at the borders, free of cost, and allowing for multiple entry. Working toward their elimination in the long run would provide real benefits to both sides.