

Losing an ally in the EU: the view on Brexit from Finland



*Eurosceptic support in Finland – previously at 43% – has fallen away since the EU referendum last June, writes **Juha Jokela**. The country is now keen to strengthen the Union's defence capability, though it is sceptical of some of the proposed eurozone reforms. Finns are conscious they are about to lose an ally when Britain leaves the EU, and fear a hard Brexit will reduce future co-operation between the two countries.*

One year on from the Brexit vote, the consolidation of the European Union has emerged as a key priority for Finland. There are positive expectations around the re-energised Franco-German relationship, but the plans for deeper integration of the eurozone are causing some discomfort in Helsinki.

The outcome of the UK's EU referendum last year has been perceived, in Finland, as a serious setback for the EU – which is even more worrying in the context of the wider, severe crises the EU has been tackling in recent years. Brexit will have negative economic and political consequences for Finland. While the direct implications related to citizens' mobility, trade and security are largely understood to be manageable; the indirect ones are considered to be potentially more dramatic.



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Economically, the uncertainties caused by Brexit might hamper the recent and fragile return to a growth path in the EU and Finland. Politically, Finland is about to lose a like-minded and powerful ally in several EU policy fields. As 'free traders', Finland and the UK have often found themselves on the same side of the argument when it comes to the EU's single market and external trade policy, for instance.

Brexit is not seen to alter the UK's European security commitments, yet it is nonetheless perceived to weaken European unity. As Finland is not a NATO member, it has welcomed the prospect of continued defence cooperation with the UK after the Brexit vote.

While Helsinki has underlined that there should be no punitive reaction towards the UK, the UK government's decision to opt for a hard rather than soft Brexit is understood to set some notable limitations for future relations with the UK.

Against this background, it is hardly surprising that the consolidation of the EU is a key priority for Finland. Interestingly, the popular support for an EU referendum has collapsed in Finland since the Brexit vote. While 43% of the Finns supported a referendum in March 2016, only 22% still wanted to have one in July 2017, according to a recent poll.

In terms of the EU's future direction, Finland has strongly supported recent developments in the field of security and defence. In addition to strengthening European defence capability, the EU's role has been underlined as significant in addressing hybrid and cyber threats, for instance. The outcome of the French presidential election has been greeted with relief and renewed momentum for the Franco-German relationship is largely viewed positively. Yet the potential eurozone reforms that might result from a revitalised Franco-German engine, might turn out to be troublesome for Finland. And scenarios that set out an increasingly differentiated or multi-speed EU are seen to include risks.

In terms of the eurozone reforms, Finland would like to move forward cautiously. It has taken a negative stance, in particular, towards increasing joint liabilities within the Eurozone. While this reflects some broader reservations in the government and the parliament, this position is primarily cemented in the current government's programme, which emerged as a compromise between two pro-European parties and the openly populist and eurosceptic 'the Finns' party after the parliamentary elections in 2015.

Despite the recent split in the Finns party, after the election of new party leadership, this hasn't changed the government's programme or policy. In a dramatic week in Finnish politics in mid-June, 22 out of 37 members of the parliamentary group of the Finns party decided to form a new parliamentary group, and continue government collaboration under the political programme agreed when the Finnish government took office. Ahead of this split, the centre-right coalition partners of the Finns party had announced that there was no longer enough common ground on policies and values to continue cooperation with the Finns party under its new, more far right leadership – not least as there were doubts over whether there would be compromise over potential new EU policies. As a result, the Finns party is now in opposition, while the new parliamentary group, the 'New Alternative', formed when the Finns party split, is part of the government.

The recent suggestion that the EU could move towards an increasingly differentiated or multi-speed Union has received a lukewarm reception in Finland, yet it has also sparked some domestic debate. The government has underlined the need to nurture the unity of the EU, not least given the deep political dividing lines among the member states due to the crises of recent years. Finland is the only Nordic EU member which has adopted the Euro. If the dividing line between euro 'ins' and 'outs' deepens further, this could also impact on the potential for more Nordic cooperation in EU affairs. Yet such greater Nordic cooperation has been seen as one potential response to the changing political dynamics in the EU caused by Brexit.

The government's "middle-way policy", promoting moderate EU reforms while fostering EU unity, is also tied to the uneasy compromise that exists between pro-European and moderate Eurosceptic forces in the government. This approach has been criticised in current political and public debates. It has been argued that differentiation is bound to increase in the current EU, and that Finland should not hesitate to continue its integrationist and constructive engagement with the EU and its core projects, ensuring it remains at the heart of the EU.

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