

U.S.-Nordic Relations

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The Upcoming U.S.-Nordic Summit

On May 13, 2016, President Obama will host the five Nordic countries—Denmark, Finland, Iceland, Norway, and Sweden—for a [U.S.-Nordic Leaders Summit](#) in Washington, DC. The Nordics have long been U.S. strategic and economic partners. U.S. interest in enhancing cooperation has increased in light of Russia's resurgence and changes in the Arctic. The formal agenda is expected to focus on several key issues, including countering terrorism and violent extremism; the migration and refugee crisis; climate change and the environment; the Arctic; nuclear and energy security; sustainable development; and transatlantic trade. According to the [Nordic ambassadors to the United States](#), "these are all global themes where Nordic and American views, policies, and actions often coincide."

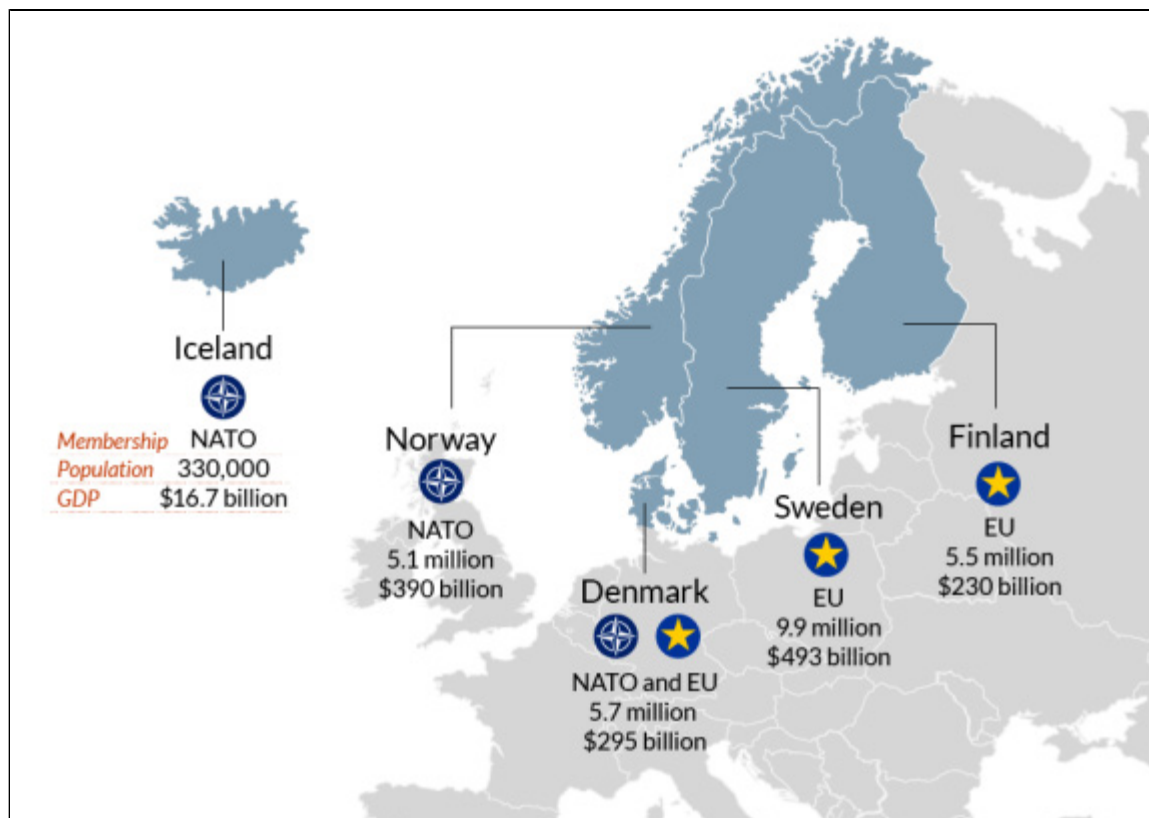
The Nordic Countries

The [five Nordic countries](#) share historical, linguistic, and cultural ties. They are all stable democracies with prosperous market economies that prioritize cooperation among themselves and with the international community. The Nordics are proponents of multilateral solutions to global challenges, major providers of global developmental and humanitarian assistance, and frequent contributors to international peacekeeping missions. They work together in the inter-parliamentary [Nordic Council](#) and the intergovernmental [Nordic Council of Ministers](#) on common regional issues, and they promote military and defense cooperation through [NORDEFECO](#). Since the 1950s, the [Nordic Passport Convention](#) has allowed their citizens to freely travel and reside in any Nordic country.

With only 26.5 million people, the Nordics collectively form the world's [12th-largest economy](#). They have extensive social welfare systems and high tax rates but are also considered to be innovative, business-friendly countries that consistently rank high on the [World Economic Forum's annual competitiveness index](#). Foreign trade plays a central role in their economies.

Some foreign policy differences exist. Denmark, Iceland, and Norway are members of NATO. Although Sweden and Finland are key NATO partners, they maintain a nonaligned status. Finland is particularly mindful of its relationship with Russia, with which it shares an 800-mile land border. Denmark, Sweden, and Finland belong to the European Union (EU). Iceland and Norway remain outside the EU but participate in the EU's internal market and the Schengen area of free movement. Only Finland uses the euro, the EU's common currency.

Figure 1. The Nordic Countries: Key Facts



Source: Graphic created by CRS, based on information from the Economist Intelligence Unit.

Note: Gross domestic product (GDP) estimates are nominal figures for 2015.

Despite the Nordics' many advantages, they also face [challenges](#). Several Nordic countries are still struggling to recover from the 2008-2009 global recession and subsequent European financial and banking crisis. Economic growth remains sluggish in [Denmark](#) and [Finland](#), and unemployment is over 7% in Sweden and 9% in Finland. [Norway](#) benefits from its extensive North Sea oil and natural gas resources, but its economy has slowed amid the decline in oil prices since mid-2014. Meanwhile, Iceland has been rocked by [political turmoil](#) following the "Panama Papers" leak in April 2016 and the resulting allegations of [impropriety regarding an offshore company set up by the former prime minister and his wife](#).

Continental Europe's migration and refugee crisis has significantly affected Denmark, Finland, Norway, and Sweden. [Asylum applications](#) have spiked in all four countries. [Sweden](#) welcomed the largest number of migrants and refugees per capita of any European country in 2015. The crisis has strained the Nordics' education, housing, and welfare systems, and the countries have tightened asylum policies, curtailed some welfare benefits, and instituted temporary controls at certain border crossings. Concerns about immigration and integration, along with economic dissatisfaction, have helped fuel the rise of [right-wing, populist political parties](#). Such parties have entered government in Norway and Finland, and they are currently the second- and third-largest parliamentary parties in Denmark and Sweden,

respectively.

U.S. Relations with the Nordics

The United States and the Nordic countries enjoy close relations. Roughly 11 million Americans claim Nordic ancestry. Since 1996, the Nordic countries and the United States, Russia, and Canada have worked together in the [Arctic Council](#) to promote cooperation on Arctic issues, including sustainable development and the environment. The United States currently holds the Arctic Council's rotating [chairmanship](#).

As in the United States, Russia has reemerged as a central security concern for the Nordics, which have been dismayed by the conflict in Ukraine, Russia's military resurgence, and increased Russian military activity near Nordic borders. In response, the Nordics have enhanced defense cooperation, announcing a [new agreement](#) in April 2015 to pool resources, explore joint procurement projects, and increase regional security. Russia's actions have generated greater support in Sweden and Finland for NATO membership, but most analysts do not expect either country to join NATO in the near future. Nordic governments continue to back U.S. and European sanctions on Russia (despite some economic costs, especially for Nordic dairy and fishing exporters) but caution against isolating Russia completely.

Nordic leaders are also increasingly alarmed by the rise of the Islamic State terrorist organization, the threat posed by returning European fighters, and the spread of Islamist extremist propaganda. [Several hundred Nordic citizens](#) have traveled to fight in Syria and Iraq. A [Swedish citizen](#) who may have fought in Syria has been charged as a suspect in both the March 2016 Brussels bombings and the November 2015 Paris attacks. In February 2015, a [Danish citizen](#) inspired by Islamist propaganda killed two people in Copenhagen. All five Nordic countries support the U.S.-led coalition against the Islamic State and are contributing military and/or humanitarian assistance. [Denmark](#) will soon redeploy 7 fighter aircraft and 400 military personnel to conduct operations against the Islamic State in both Iraq and Syria; Norway, Finland, and Sweden are providing military trainers (mostly in Iraq).

U.S.-Nordic economic relations are viewed as mutually beneficial. The United States is an important non-European trading partner for the Nordic countries. According to [the latest Transatlantic Economy report](#), U.S.-Nordic investment ties are worth billions and Nordic companies collectively employ more than 270,000 Americans.

The United States also has strong defense relations with many Nordic countries. Since 1951, the United States has provided for Iceland's defense on behalf of NATO. [Norway stores U.S. military equipment](#) as part of the Marine Corps' Prepositioning Program, and the Danish territory of Greenland hosts a U.S. early warning radar station. Norway and Denmark have participated in the development of the U.S.-built F-35 Joint Strike Fighter; [Norway plans to acquire 52 F-35s](#), and [Denmark is considering](#) the F-35 or the U.S. F-18F as options for its next-generation fighter aircraft.