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# National Security, Security of Supply. Finlandisation as a Diplomatic Practice and the Finnish Energy Dependency on the Soviet Union, 1948–1992

Saara Matala 

## ABSTRACT

This article examines the intermingling of national security and security of oil supply in Finland through the Finnish oil policy, 1948–1992. During the Cold War, Finland built its oil economy based on Soviet oil instead of diversity and multilateral cooperation. That was closely related to the Finnish overarching Cold War policy that prioritised political and economic relations with the Soviet Union, referred to as *finlandisation*. The article scrutinises the ubiquitous influence of Soviet relations in Finnish society through the oil policy and shows how finlandisation as a policy strategy transformed into political practice. Two factors explain why Finland became dependent on Soviet oil: the double-coupling of national security and welfare and the quest for stability in Soviet relations. Two factors explain the longevity of Finnish dependency on Soviet oil: the intermingling of oil imports and export revenues and finlandisation as an established pattern of reasoning and decision-making. However, Finland was not a passive actor but managed its oil supply security through extensive socio-technical systems, including infrastructure and relations with other suppliers.

## ARTICLE HISTORY

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Finland; cold war; energy security; oil; Soviet Union

## Introduction

In 2014, Finnish Minister Ville Niinistö condemned the Finnish energy policy for increasing dependency on Russia. To underline his disapproval, he accused the government of ‘finlandisation’:

*We are putting ourselves where our foreign policy is not led by our values but instead by our carefulness in trying to do what the Russians want [...] This is taking us back to how it was in the 1970s.*<sup>1</sup>

In Cold War diplomacy, the concept of *finlandisation* was coined for Finland’s relationship with the Soviet Union. It came to represent the foreign policy strategy of a small country adapting to the security interests of its neighbouring military power in a way that restricted its room to manoeuvre.<sup>2</sup>

In post-Cold War Finland, finlandisation is not so much a concept rather than a weapon employed to demean.<sup>3</sup> By using it, Minister Niinistö detonated a bomb with semantic ambiguity, personal traumas, and collective reckoning. Its explosion turned the public attention to the national insult and overshadowed the issue of energy dependency.<sup>4</sup>

While the concept is employed in IR research to label a theory of accommodation and adaptation in an asymmetric power relationship, in the country that has its name on the label, it is

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never abstract but an opprobrious term of scorn.<sup>5</sup> Therefore, it has been suggested that the general use of the concept generates only more confusion. As articulated by political scientist Erkki Berntson: 'The only way the concept can be used sensibly is to apply it only to Finland and then use it as an ideal type in comparing political processes in other countries.'<sup>6</sup>

Historians will not be able to alleviate the confusion by avoiding the discussion, but rather by introducing empirical research to increase understanding of the phenomenon the concept refers to. The strength of historical methods is in analysing long-term transformation over time, relying on primary archival sources and exploring the distance between what was said and what was meant.

This article delves into the Finnish energy dependency on the Soviet Union that captured the political culture of finlandisation as a set of diplomatic practices from 1948 to 1992. This article makes two contributions to the discussions on the history of international relations.

First, it examines the management of energy dependencies embedded in national concerns over their geopolitical, economic, and social development. Cold War Finland was, like today, dependent on imported fossil fuels and thus vulnerable to disruptions in supply. It had no domestic hydrocarbon deposits, but its consumption of energy per capita ranked as one of the highest in Europe due to the cold climate and energy-intensive industry.<sup>7</sup> Yet, instead of addressing the energy security by increasing the number of suppliers or through international energy cooperation within the International Energy Agency IEA, Finland built its security of supply on the foundation that appeared as the total opposite of the variety of oil supply: sole dependency on the Soviet oil.

In addition to the analysis of the previously understudied archival sources on Finland's relationship with the IEA, this article contributes to the understanding of the creation of energy dependencies. When writing this, the economic sanctions in response to the Russian invasion of Ukraine in the spring of 2022 have highlighted the European reliance on Russian hydrocarbons. It is topical to understand the political conditions in which the dependencies were created in the first place.

Second, the article contributes to conceptual clarity by exploring the possibilities and limits of the finlandisation term in the history of diplomacy. Specifically, I use the finlandisation concept to point out the research object and certain methodological aspects related to the study of Finnish foreign affairs during the Cold War period.

As a research object, finlandisation captures the double effect of Soviet power in Finnish decision-making. It refers both to the Finnish adaptation to Soviet security interests as well as to the Finnish domestic political culture of self-restraining.<sup>8</sup> I approach finlandisation – the Finnish policy of accommodation – as a diplomatic practice. The focus is on the socially recognisable patterns of decision-making that characterised Finnish foreign policy in Soviet-related issues, including the oil trade. This approach turns the focus away from trivial events and unique citations to consistent patterns of argumentation and reasoning and the change in these diplomatic practices over time.<sup>9</sup>

Methodologically, finlandisation labels a specific source-critical problem that appears in the Finnish archival documents as a systematic bias in all communication about Soviet-related issues. Walter Laquer described this self-censorship as a cultural praxis in his article in 1977:

*[A]ccording to Kekkonen's line, it [was] also imperative that Finnish political leaders, parties, the media, and individual citizens all behave "responsibly"; otherwise they will endanger the very survival of the country. To act 'responsibly' means to refrain from doing anything the Russians may not like, and this involves not only self-censorship but also the need to anticipate Soviet wishes, and even a willingness to accept a Soviet veto if self-censorship breaks down.*<sup>10</sup>

Historians like to base their analyses on what documents say. In this case, it is just as interesting what the actors did not say: what they merely presumed or entirely left out as a self-evident fact. Our task as historians is not only to analyse the text but also to contextualise the preconditions that were written between the lines.

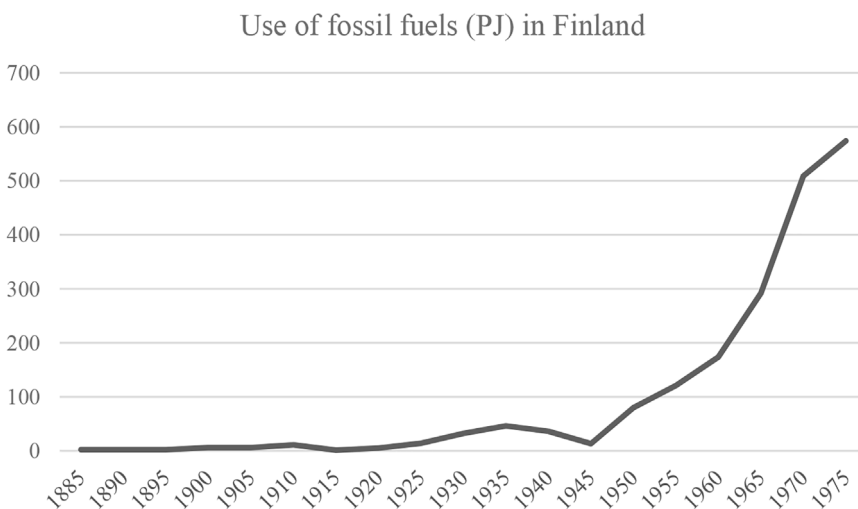
My main archival collections come from the Ministry of Foreign Affairs (MFA)<sup>11</sup> and the Ministry of Trade and Industry (MTI)<sup>12</sup>. The state-owned oil refinery Neste has denied historians access to its company archives. Instead, I used the copies and notes of the company archives from the 1950s up to 1979 made by historian Markku Kuisma, who had access to the company archive in the 1990s when writing the history of Neste.<sup>13</sup> Most of the published records concerning Neste, such as the annual company records, have been stored in the local collection at Porvoo City Library. For quantitative data on energy imports and use, my main sources were the Official Statistics of Finland (OSF)<sup>14</sup> and the international trade statistical releases by the Finnish customs<sup>15</sup>. The availability and accuracy of energy statistics improved significantly after the oil crisis in the 1970s<sup>16</sup> but for the older periods I had to settle for less exact estimates.

Next, I will describe the creation of the Finnish dependency on Soviet oil from 1948 to 1973. The following three sections focus on the relationship between Finland and the International Energy Agency from the first oil crisis to the end of the Cold War in 1992 when the Finnish diplomats and civil servants assessed and reassessed the pros and cons of Soviet oil dependency versus international cooperation.

### Double coupling of national security and welfare. The emergence of red oil, 1948–1973

Finland became an oil-driven society during the 1950s and 1960s when the number of cars grew and imported fossil fuels replaced domestic firewood in heating (Figure 1). Before the war, Western companies had dominated the Finnish oil market: the Nobel Standard (oy Esso ab), Shell, and Gulf controlled over 85% of Finnish oil supplies.<sup>17</sup> After the war, Western shares gradually diminished while the Soviet share increased. In 1972, Western companies only had supporting roles in the Finnish energy market and the Finnish national downstream of oil – domestic refining and distribution – relied almost entirely on the Soviet upstream of oil extraction. The main actors in the Finnish oil economy were the Finnish state-owned oil refinery Neste, which had a monopoly over oil imports, and the Soviet Foreign Trade Organisation Sojuznefteexport, which became its privileged supplier.

Historian Markku Kuisma described the path to Finnish dependency on Soviet oil in his ground-breaking study on the Neste company:



**Figure 1.** Use of fossil fuels (oil, coal, and peat) in Finland 1885–1975. Data from Keskinen 1993; Salonen 1981; Vattula 1983, collected and published in: *The use and sources of energy 1917–2007*, Statistics Finland, available <[https://www.stat.fi/tup/suomi90/maaliskuu\\_en.html](https://www.stat.fi/tup/suomi90/maaliskuu_en.html)> Obtained October 6, 2022.

*If it was necessary to choose between free trade and Soviet trade, the latter was chosen. Not because the Finns mainly wanted it, but because the better options came with more significant political and economic risks.*<sup>18</sup>

This chapter argues that the Finnish post-war oil policy was not only about submission to military power but a case of a small country's active manoeuvring within the field enclosed by imperatives of Soviet relations and opportunities for economic welfare.

There are two keys to understanding the co-development of Finnish national policies on national security and the security of supply. First, Finland distrusted the Soviet Union. Yet, post-war leaders were also not optimistic about Western countries or big oil companies prioritising Finland's needs during an international crisis.<sup>19</sup> The Finns may not have had confidence in the Soviet leaders, but they trusted in their own capacity to negotiate with them as well as with the multinational corporations.

Second, Soviet exports totalled up to 20% of the Finnish total foreign trade and were particularly important for labour-intensive metal manufacturing and shipbuilding. These industrial vacancies and export revenues were invaluable in post-war Finland struggling with reconstruction, urbanisation, and the chronic shortage of capital. In the Cold War ideological environment, a high employment rate and increasing living standards improved social stability and decreased the lure of communism. Therefore, while the Finns were not unaware of the vulnerabilities that Soviet trade created, they also recognised its contribution to national welfare directly linked to national security.<sup>20</sup>

After the war, Finnish foreign policy leaders prioritised protecting national security by enforcing the Finnish policy of neutrality. A central building block in this was to assure the Soviets of the safety of the Finnish border through the Agreement of Friendship, Cooperation, and Mutual Assistance (FCMA, 1948). In addition, the governments facilitated the creation of complex dependencies in economic and technical cooperation, which increased Finland's leverage in Moscow as a bridge for West-East technology transfer.<sup>21</sup>

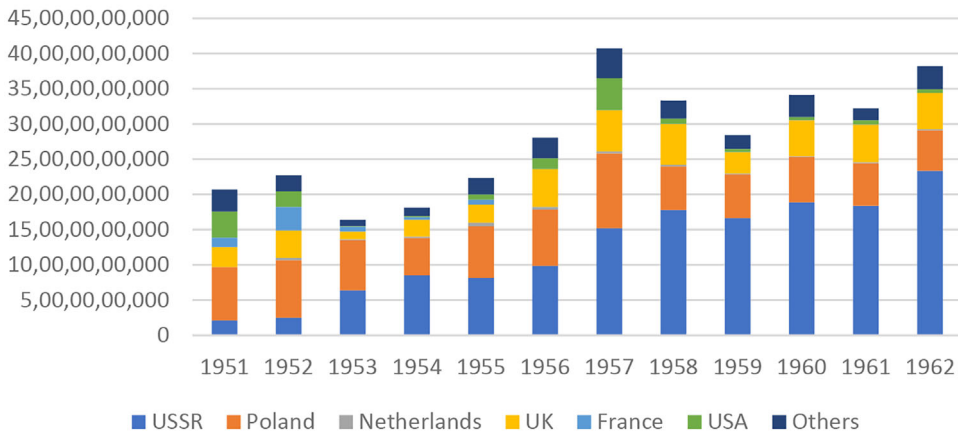
The FCMA treaty required Finland to defend against the aggression of Germany as well as countries allied with Germany and outlined a possibility for Soviet military assistance in this. It became imperative to avoid all potential reasons the Soviets could use as excuses to call for security consultations and eventually bring its troops into Finnish territory. Consequently, the FCMA treaty developed into a cornerstone in the finlandisation process: That the Soviet military threat loomed large discouraged all actions that could be interpreted as anti-Soviet. The shadow of the Soviet Union restricted Finnish room to manoeuvre in foreign affairs and nurtured a culture of self-control in domestic political culture.<sup>22</sup>

Besides the military implication, the FCMA treaty lay the institutional foundation for Finnish-Soviet economic cooperation, translating bilateral trade into a concrete indicator of peaceful coexistence.<sup>23</sup> Finnish-Soviet trade was based on a bilateral clearing trade system in which the revenues from the aggregate exports to one country were used to compensate for the total imports from there. Because oil products were among the few commodities Finland imported from the Soviet Union in large quantities, the maximal value of the Soviet mineral fuels determined the limit of industrial exports. This fundamental logic of the bilateral trade system made 'red oil' an irreplaceable lubricant in Finnish-Soviet peaceful coexistence.<sup>24</sup>

In 1956, the state-owned company Neste opened the first Finnish oil refinery in Naantali, relying on Western engineering and Eastern feedstock.<sup>25</sup> Initially, Neste had compromised between Western and Eastern interests and agreed to divide its crude oil purchases in half between the Western companies – Shell, Esso, and Gulf – and the Soviet state oil exporting company, Sojuznefteexport (Figure 2).<sup>26</sup> The American observers saw this as an alarming step towards Soviet dominance in Finland, as headlined by the New York Times: 'Finns to Build refinery. Plants Will Use Soviet Crude – Western Concerns Lose'.<sup>27</sup>

As if to validate the American concerns, the Soviet Union demonstrated the risk of economic warfare in the fall of 1958. During a diplomatic crisis, Moscow interrupted oil deliveries, cut off

## Value of imports by countries (FIM), CN group 27: Mineral fuels



**Figure 2.** Value of the imports of mineral fuels to Finland by country of origin (FIM). Group 27 including coal; briquettes, ovoids and similar manufactured from coal, lignite; peat; coke and semi-coke; coal gas and similar gases; tar distilled from coal; oils and other products of the distillation of high-temperature coal tar; pitch and pitch coke; petroleum oils and oils obtained from bituminous minerals; petroleum gases and other gaseous hydrocarbons; petroleum jelly, paraffin wax; petroleum coke, petroleum bitumen; bitumen and asphalt; net import of electrical energy. The two largest groups were crude oil and coal. The oil came mostly from the USSR and the coal mostly from Poland. Data from Finnish National Board of Customs foreign trade records, 1951–1962. Information of quantity or statistical subgroups not available.

trade negotiations, and called home the leading diplomats to show dissatisfaction with Finland's new government and its Western orientation.<sup>28</sup> Under pressure, the President of Finland, Urho Kekkonen, dismissed the Finnish government. Additionally, Neste received orders to ignore Western interests in its oil supplies and increase purchases from the Soviet Union. This so-called 'Night Frost crisis' was a milestone towards the Finnish version of the Cold War neutrality policy. It demonstrated the limits of Finland's leverage in Western integration and indicated that Soviet concerns dominated the Finnish democratic system. At the same time, it revealed the key pre-conditions for the finlandisation policy: the double coupling of strategic and economic issues in Finnish-Soviet relations. The Soviet trust in Finnish loyalty translated into economic possibilities and leverage in Western relations; Soviet distrust manifested itself in industrial unemployment and disruptions in oil imports in a way that could have caused widespread damage to society.

Gradually, Finland integrated into Western economic cooperation to maintain competitive access to the European markets but avoided supranational commitments in political organisations with West Germany and other NATO countries, including the EEC.<sup>29</sup> Although Finland participated in economic liberalisation through GATT, EFTA, and OECD, it negotiated special permissions to maintain regulation of the oil trade and ensure a high share of the Soviet oil. Paradoxically, therefore, Finnish participation in European integration and Western economic liberalisation sealed Soviet dominance over Finnish oil supplies through institutionalising the Soviet oil monopoly in Finland.<sup>30</sup>

During the 1960s, both geopolitical and economic realities contributed to the equilibrium in which Finland imported up to 75% of its crude oil from the Soviet Union and on average 30% from other sources, mostly Iran.<sup>31</sup> The role of the oil refinery Neste as a political instrument put it as a profit-driven company into a curious position. For political reasons, governmental actors agreed on the amount of crude that Neste should buy from the Soviet Union in state-level trade negotiations, leaving the company managers to negotiate the price. Notwithstanding the restricted room for negotiations, Neste's director Uolevi Raade spoke strongly against the deregulation of oil because of 'Finnish export interests and some other reasons.'<sup>32</sup> In that

context, the 'some other reasons' included the Soviet political pressures on Finland. Raade left those reasons unspecified not because they were unimportant but because they were too sensitive to be spoken aloud. As the biggest import company in Finnish-Soviet trade, Neste was firmly committed to its national tasks: to secure oil supply and facilitate the exports of metal manufacturing. The coupling of the oil imports and shipyard employment was a secret to no one. The annual report of Neste in 1973 concluded proudly that the oil policy had been part of a large-scale export promotion campaign:<sup>33</sup>

*It has been the interest of Finland and especially the Finnish export industry that most of the crude oil and oil products have been bought from our neighbour, the Soviet Union. This has contributed to the security of oil supplies and provided the Finnish export industries, primarily metal manufacturing and shipbuilding, with export opportunities in the Soviet Union.*<sup>34</sup>

During the 1960s and early 1970s, Finnish foreign trade negotiators showed hardly any anxiety about the high share of red oil. Instead, they were concerned by the diminishing possibilities of the Sojuznefteexport to ship more.<sup>35</sup> Crude was among the few economic assets the socialist superpower had. The oil had initially been an instrument for the Soviet leaders to bring Finland into their sphere of influence by exerting pressures on Finland to maximise imports, but during the 1960s the Soviet foreign trade negotiators became hesitant to increase the Finnish share of the red oil: Moscow needed oil more to satisfy domestic consumption, get hard currencies, and build its socialist empire.<sup>36</sup>

The two best-informed Finns, Director Raade and President Kekkonen, were not too anxious about the political risk of the oil weapon but rather about the economic risk of Soviet bureaucracy. Soviet inefficiency rather than unreliability was a frequent topic in their private correspondence. In 1965, Raade complained to the President that Soviet procrastination delayed closing a deal.

*Neste presupposes that the negotiations for a nearly 10-year-long agreement, which has been characterised even by personal friendship, would be enough to diminish the danger of the contracting party leaving the signatures to the last minute. The situation is, however, incredibly embarrassing.*<sup>37</sup>

Another example of inconveniences was the irregularity of the Soviet shipments that hampered the operations of Neste's refineries. Raade explained to the President how the unpredictability of the Soviet deliveries forced Neste to keep its tankers at the Ventspils oil terminal 'waiting for positive surprises'. It came without saying that idle tankers in commercial shipping were extravagantly wasteful.<sup>38</sup> Because of the shipping problems, Raade appeared positive for an oil pipe from Russia straight to Neste's refinery in Porvoo even though the Americans had strongly warned Finland against cementing its oil dependency with a concrete pipe infrastructure. Raade wrote to Kekkonen that personally, he felt no 'pipe-anxiety' (*putkikauhua*), referring to the Western advice he regarded as unknowledgeable. According to Neste's consideration, the pipeline alone could hardly increase the economic risks involved in Soviet trade, especially when complemented by a Finnish-flagged ice-strengthened tanker fleet and ample oil storage: Even if the Soviets closed the pipeline, the storage would last for months and during that time the tankers could bring crude from other sources.<sup>39</sup>

Typical for the Finnish-Soviet relations was that all the benefits were advertised publicly, but problems were kept secret and dealt with confidentially. In 1972, Raade reported that Soviet oil cost Neste USD22.30 (CIF) per ton when the comparative market price averaged about USD20.95/ton. The problem was not the price itself, Raade articulated to the President, but that the higher costs might leak to the public. That would be 'embarrassing' for Finnish-Soviet friendly and trustful relations.<sup>40</sup> Embarrassing was a code word that allowed the Finns to point out problems in the Finnish-Soviet cooperation without directly blaming the socialist system but to underline the possibility that negative news could disgrace the Soviets. The superpower was sensitive about its image, and Finland learned to use it as an advantage.

Finnish post-war oil policy developed under the circumstances in which international stability was the highest political priority to protect Finnish sovereignty. At the same time, the relatively

stable oil markets provided a backup plan for alternative sources if Sojuznefteexport cut its supply for political or technical reasons. Instead of lowering the share of Soviet oil, Finland managed its security of supplies in other ways: its crude oil carriers, minor but existing relations with other oil-producing countries, and personal relations with the Soviet political leaders. Together, these instruments gave tiny Finland a degree of agency and leverage in discussions with the superpower. The Finnish foreign policy leaders may not have trusted the Soviet leaders, but they trusted that both countries prioritised the stability of their relations over anything else which served as a common foundation for compromises and negotiations.

At the turn of the 1970s, the leading actors in the Finnish oil economy considered the prime problems in the security of oil supply as practical, not political. Neste could solve most of the technical and economic complications itself or with high political leaders' help. The following section examines the Finnish dependency on Soviet oil in the mid-1970s, when the oil crisis sparked off a period of turmoil that changed the conditions for the availability and affordability of oil altogether.

### **Nationally independent oil policy. Rejection of IEA, 1973–1974**

In October 1973, the Arab Petroleum Exporting Countries (OAPEC) cut oil production and imposed an embargo to affect the outcome of the Yom Kippur war. The volume of oil in the world market slumped and the prices skyrocketed. Thousands of kilometres away from the Middle East, also in Finland, streetlights were turned off to save energy. Of all the unprecedented armament systems built during the Cold War era, the 'oil weapon' demonstrated the most tangible impact on everyday life and the economy in the Western world.

The oil shock pushed the major oil-consuming countries to muster their forces to improve their security of supply in the now turbulent oil markets. The prime measure was the founding of the International Energy Agency (IEA) in 1974.<sup>41</sup> Of the non-allied European countries, everyone but Finland joined the organisation. Sweden, Austria, and Switzerland declared that international energy cooperation increased, not decreased, their capability to protect their sovereignty and policy of neutrality. Finland employed the same argument of neutrality – and opted out of IEA.

Finland arrived at a conclusion that contrasted drastically with the reasoning in other European non-allied countries. To the international audience, that manifested in the Finnish security of oil supply being built on different political and economic preconditions.

The first issue that urged the Finnish foreign policy leaders be on their guard against the IEA was that the initiative came from the US. The Secretary of State Henry Kissinger was the first to propose energy cooperation to respond to the energy crisis on December 12, 1973.<sup>42</sup> Soon after, President Richard Nixon invited all major Western industrial countries to participate in an energy conference in Washington, invoking the common good:

*Two roads lie before us. We can go our own separate ways, with the prospect of progressive division, the erosion of vital interdependence, and increasing political and economic conflict; or we can work in concert, developing enlightened unity and cooperation, for the best of all mankind – producer and consumer countries alike.<sup>43</sup>*

'For the best of all mankind', Nixon had said. Still, the energy cooperation initiative was embedded in the geopolitical tensions of the Cold War and motivated by the US interest in reasserting its leadership over the Western alliance.<sup>44</sup> From the Finnish point of view, the problem was that the American concept of mankind excluded the global East and South. The Finnish political leaders still recalled the Marshall Plan negotiations in 1947 and how the Soviet leaders had perceived international cooperation without socialist countries potentially as anti-Soviet. Finnish political experts also remembered the political and economic rewards Finland had gained in Soviet relations after opting out of the Marshall plan. The benefits of having a friend over the Atlantic did not outweigh the costs of having an enemy so near.

In 1974, Finland was not the only one finding the trans-Atlantic focus of the energy cooperation restrictive. Especially France criticised the initiative on the grounds that it escalated North-South tensions, specifically, relations between European oil-consuming countries and the Arab oil-producing countries. France and Finland belonged, however, to a minority with Iceland, another tiny Western European country that imported most of its oil from the Soviet Union.<sup>45</sup>

In February 1974, the United States, Canada, Norway, and the EC countries except for France agreed on the founding of the Energy Coordinating Group and completed the founding documents of the International Energy Program in September of the same year.<sup>46</sup> The primary goal was to 'promote secure oil supplies on reasonable and equitable terms' through facilitating energy conservation, research and development and through establishing large oil stocks to buffer against unexpected problems in supplies. The main instrument to accomplish this was the Emergency Sharing System (ESS) – an intergovernmental system of oil reserves that could be jointly deployed in a sudden shortfall in oil.<sup>47</sup>

Because the increasing oil prices made the issue urgent, the participants decided to establish the new organisation under the umbrella of OECD.<sup>48</sup> Finland had long stayed out of the OECD due to Soviet opposition but finally joined in 1969. As a member, it received an invitation to the founding meeting of IEA in the late summer of 1974.

The Ministry of Trade and Industry (MTI) concluded in their extensive report to the Ministry of Foreign Affairs (MFA) the three main advantages of the international energy cooperation. First, remaining outside of the IEA would hamper Finland's position in the future oil crisis because the member countries had more bargaining power. Second, the benefits of international scientific and technical cooperation for domestic energy policy, alternative energy sources, and energy conservation were imperatives for a small country. Third, international cooperation would improve energy security in countries like Finland which had no domestic hydrocarbon deposits.<sup>49</sup>

The IEA required its members to hold oil stocks equivalent to 90 days of net imports. That posed no problem for Finland. The commercial oil companies had been obligated to preserve stockpiles from 15% to up to 50% of their imports to buffer against interruptions since the war.<sup>50</sup> In 1974, the MTI estimated that the existing commercial oil stocks in Finland fulfilled the IEA requirement and exceeded it by 10% to 50%. These calculations did not even include the governmental emergency stocks.<sup>51</sup>

The appalling dilemma was the ESS mechanism. According to the IEA plan, the emergency oil-sharing system obligated the member countries to release oil from their stocks to the market to alleviate supply shortages. The Finnish problem was not the availability of sufficient reserves or the application of market mechanisms but that the activation of the ESS was to be based on a majority decision. Therefore, it could subject a part of Finnish foreign trade policy to a supra-national decision-making process dominated by NATO countries.

The calculations made at the MTI in November 1974 showed that the scenario in which Finland would have to share crude oil of Soviet origin with member countries was improbable, thanks to the large stocks and additional imports from Saudi Arabia, Iran, and Venezuela. An appendix to the memorandum even concluded that 'the responsibility for sharing oil according to the IEA mechanism would in no case become that high that Finland should resell Soviet crude for the member countries.'<sup>52</sup> However, the MTI added a reservation that 'the possibility that Finland in crisis would be obliged to share the crude oil and oil products of Soviet origin to OECD member countries cannot be completely ruled out.'<sup>53</sup>

In that MTI memorandum to the MFA, seven and a half pages spoke in favour of Finland joining the IEA. Still, that one sentence implying the minor risk of sharing Soviet oil outweighed the other arguments.

As a result, the MFA sent detailed instructions to the Finnish representative in the OECD, Ralph Enckell, when he participated in the founding meeting of the IEA on November 15, 1974. Enckell followed the choreography established as the Finnish trademark in Cold War diplomacy during the Marshall plan negotiations. He politely offered thanks for the invitation, emphasised the Finnish

willingness to cooperate with anyone if everyone was involved, and finally declined the offer giving the merely technical excuse that Finland had had too little time to investigate the plans.<sup>54</sup> The real reason was hidden between the lines in the promise that Finland intended 'to examine the possibilities to participate in such parts of this cooperation, which may be of special interest considering the particular features of the Finnish supply system and the requirements of the Finnish policy of neutrality.'<sup>55</sup> It was clear to all involved that 'the particular feature' in the Finnish oil supplies and foreign affairs was the Soviet Union and its understanding of Finnish neutrality.

Till the end of 1974, The Finnish civil servants nurtured hope for a light-version of the IEA membership that would enable the benefits of scientific cooperation without the potentially supranational commitment to the ESS. Norwegian participation in IEA without full participation in the emergency sharing mechanism, due to its role as an oil exporter, evoked cautious optimism.<sup>56</sup> The Norwegian news release on the special IEA agreement was published on December 19, 1974. The same day, however, the Finnish Embassy in Moscow reported on a critical article in the newspaper *Pravda*. The piece pictured IEA as a 'dangerous act' that might lead to 'real confrontation between oil producers and oil consumers.' In a flash, the translation was sent from Moscow to Helsinki:

*It is clear that oil-producing countries will not remain indifferent towards the imperialistic plans that will provoke a confrontation with them. Even in the western countries, some voices criticise the establishment of the energy alliance, the alliance that is foundationally discordant with the needs of our time and which will not help the establishment of international cooperation on an equal basis.*

As the official newspaper in the Soviet Union, *Pravda* expressed the attitude of the Soviet leadership and was carefully read by those working with foreign affairs in Finland. The summary was circulated among all the leading politicians, including the President, Prime Minister, and Foreign Minister.<sup>57</sup> Even though *Pravda* did not mention Finland, the government drew conclusions and refrained from joining the IEA.

Apart from *Pravda's* article, the governmental folders contain no evidence that the Soviet representatives had openly opposed Finnish participation in the energy cooperation. The issue was not raised in the extensive minutes of the meeting between President Kekkonen and the Soviet statesman Nikolai Podgorny in October 1974, even though oil was otherwise on the agenda.<sup>58</sup> Nor is there evidence that the Finnish politicians or civil servants had inquired after Soviet opinion, and they had neither contacted nor been contacted by the Soviets to discuss the topic.

If the Norwegian deal had raised expectations of a conditional IEA membership, *Pravda* dashed these hopes. Joining 'the alliance that was foundationally discordant with the international cooperation on an equal basis' was crucially incompatible with the Finnish approach to neutrality.

Amid the first oil crisis, the direct impact of this act of finlandisation was symbolic rather than practical. In 1970, Neste had signed a five-year delivery contract with Sojuznefteexport for 30 million crude tons in 1974–75.<sup>59</sup> While the availability of sufficient feedstock was therefore not a problem, the oil crisis significantly increased the value of the contract that determined only the volume and quality of the shipments, not the price.<sup>60</sup>

According to the Finnish-Soviet trade agreement in 1948, the oil trade was in principle based on international market prices. Yet, the myriad qualities of crude and non-transparent shipping costs made the pricing non-transparent and accurate comparisons with available historical data difficult. Yet, there are clear indications that the Soviet seller had higher margins on top of the market price. After the price shock in 1973, the Soviet oil prices skyrocketed following the international prices but stayed high in 1974 when the markets calmed down. In October 1974, Neste paid 92.30 USD/ton for the Soviet crude while the market price with equal terms (FOB in Ventspils) was 83.70 USD/ton.<sup>61</sup>

Like any rational organisation, Sojuznefteexport leveraged its monopoly position in its trade with Neste. Unlike most economic organisations, though, it was subordinated to political leadership. That provided an opportunity for Finland to employ political arguments to compromise over financial deals. Kekkonen addressed the pricing issue in his private meeting with Podgorny in October 1974, reminding him that the risk of anti-Soviet publicity could harm Finland's

'nationally independent oil policy.' According to Kekkonen's notes, Podgorny agreed that it was not right that 'friendly Finland has to pay more than the others.' He promised to act in his capacity to prevent the pricing issues from affecting the intimate political relations between Finland and the Soviet Union.<sup>62</sup>

Kekkonen's keywords, the 'nationally independent oil policy,' implied the Finnish dependency on Soviet oil and pointed out the Soviet interest in high-volume trade with Finland. The argument tied Finland to the Soviet sphere of influence but simultaneously increased Finnish leverage, if not room to manoeuvre, in oil negotiations. Sojuneftexport could increase prices but not too much if it wanted to maintain a smooth relationship with its neighbour.

The oil crisis multiplied oil expenses, but thanks to the bilateral trade system, Finland disbursed the costs by increasing its exports of industrial products. This extra demand brought windfall profits to Finnish Eastern-oriented business, indirectly paid by the state-owned oil refinery.<sup>63</sup> Prime Minister Kalevi Sorsa compared the premium price paid for the Soviet oil with war reparation; it was an extra burden on the Finnish economy that brought no new resources to the country even though it provided work for some branches of the export industry.<sup>64</sup>

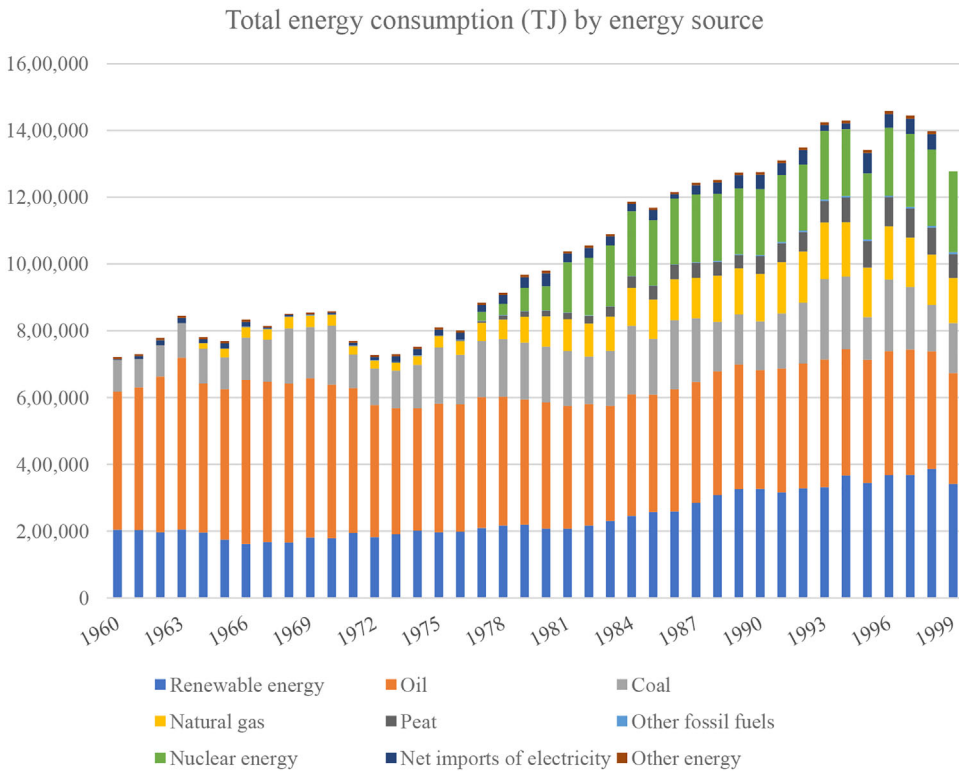
Nevertheless, the political actors agreed that the net values of the Finnish oil policy for the national security and welfare were higher than the potential benefits of international cooperation and multilateral markets. That was demonstrated in 1974–1975 when forestry companies founded an oil import company, 'Osuuskunta Tuontiöljy', to buy oil from international markets to save on Neste's oil prices. The shipments were relatively small and considerably cheaper compared to the Finnish-refined Soviet oil, but Tuontiöljy was denied the import licence on the grounds it would disturb Soviet trade.<sup>65</sup> In the Finnish energy policy in the 1970s, the quest for long-term political stability through Soviet relations and the growth of labour-intensive Soviet business trumped short-term economic benefits.

## Evaluating the special relations. Re-evaluating the IEA, 1979–1985

Finland stayed out of the IEA but developed its energy policy to comply with the IEA guidelines for emergency preparations. In 1979, Finland launched an energy policy program aligned with the IEA recommendations of energy conservation and efforts to increase domestic energy sources.<sup>66</sup> The high prices after the oil shock and the rising awareness of environmental issues contributed to greater energy efficiency. The upward trend in the use of oil halted in 1973, but the demand for oil products remained stable mainly due to its critical use in transportation. From 1974 onwards, Finland had also received natural gas through a direct pipeline from the Soviet Union, but it was mainly used in industrial production in the southeast of Finland and private consumption had remained marginal (Figure 3).

The domestic energy sources were more of a dilemma. The main domestic source for renewable energy was hydropower but its capacity had already reached its limits. The only source of hydrocarbons, peat, was inefficient and environmentally detrimental in large-scale energy production. The first nuclear reactor in Finland started in commercial operation in 1977 and after 1982, approximately one-quarter of electricity was produced in two nuclear power plants which addressed the increasing need for electricity but did not diminish the demand for oil in transportation and the petrochemical industry.

The primary tangible measure in the Finnish energy policy to prepare for interruptions in the oil supply was the large oil stocks. In 1984, Finland had commercial reserves for over 130 days of use, exceeding the IEA requirement for the stock equivalent of 90-days net import.<sup>67</sup> In addition, the Finnish-flagged, ice-strengthened tanker ships served as insurance against disruptions in supply chains being able to carry oil to Finland from alternative ports. By the end of the 1970s, the oil company Neste had become the largest shipping company in Finland.<sup>68</sup>



**Figure 3.** Total energy consumption by energy source in Finland. Renewable energy including hydropower, wind power, wood fuels. The data for 1960–1969 derived from the ‘Energy statistics 1960–1975’ publication of the Energy Department of the Ministry of Trade and Industry (in Finnish). Other data: Official Statistics of Finland (OSF): Energy supply and consumption Helsinki: Statistics Finland.

During the 1970s, the IEA had transformed from a counter cartel to OPEC into an organisation for research and policy coordination. The role of the ESS, which had been the biggest reason for Finland to stay out of the IEA in 1974, had been minimal. It had never been activated.<sup>69</sup> At the same time, the Finnish research institutions had been keen to use the possibility to participate in projects which were available for OECD countries.<sup>70</sup> As the IEA was no longer antagonistic towards oil producers, the majority rule in decision-making was never applied, and Finland already fulfilled the membership criteria as well as participated in research projects, why wouldn’t Finland join the organisation?

That was the question the OECD Secretary-General Emiel van Lennep asked Prime Minister Kalevi Sorsa and Foreign Minister Pär Stenbäck in May 1982. Permanent Representative of Finland to the OECD, Pekka Malinen, took the initiative and proposed that the government reconsider Finland’s relations with the IEA.<sup>71</sup> The Minister of Trade and Industry sent the highest-ranking civil servant, Permanent Secretary Bror Wahlroos, to meet the IEA Executive Director Ulf Lantzke to inquire about the conditions for Finnish membership in June 1982.<sup>72</sup>

The Ministry of Foreign Affairs prepared Wahlroos by reminding him about the benefits of the IEA membership that would come through access to energy policy working groups, research and development cooperation, and leverage in negotiations with oil-producing countries. However, the ministry noted that participation in the emergency response measures was ‘not recommended because of the special features of our oil supplies’.<sup>73</sup> No one had to articulate these ‘special features’ to the experienced civil servant, but in his meeting with Lantzke, Wahlroos explained that 75% of Finnish oil came from the Soviet Union, and sharing this oil was out of the question.<sup>74</sup>

In the meeting, Lantzke appeared optimistic about the possibility of Finland negotiating an arrangement to join the IEA while excluding Soviet oil. Iceland was currently having similar discussions

with the IEA.<sup>75</sup> Moreover, Lantzke perceived the problem as merely theoretical: Firstly, because the emergency oil-sharing mechanism had never been activated; Secondly, because Finland was estimated to survive most conflict scenarios without having to share crude of Soviet origin.<sup>76</sup>

Wahlroos also presented to Lantzke two additional preconditions for Finnish membership: the possibility of making a declaration of neutrality like Sweden, Austria, and Switzerland and limiting the sharing of information about commercial oil imports.<sup>77</sup> The declaration of neutrality was a formality; the reservation about the information-sharing system was not. The meeting minutes were not explicit about the problems concerning the business information, but from the other archival material, two possible reasons emerged: The fear of risking Soviet confidentiality and the risk of negative publicity for Finnish oil policy.

First, the Finnish government appeared incredibly hesitant to share any information about the minor-scale imports of the Soviet-owned Suomen Petrooli. The anxiety stemmed from the concern that sharing Soviet-related information of any kind with NATO countries could harm the Finnish policy of neutrality. The second reason was the need to keep the accurate price information of the Finnish-Soviet oil trade away from the public. For example, Director Raade had proposed to Sojuznefteexport an extensive non-disclosure agreement to classify all price-related information to the extent that they were removed from the shipping contracts. According to Markku Kuisma, Raade's motivation was not to gain commercial advantages – he knew Neste paid more for Soviet oil than other countries – but to protect the Finnish oil policy against public outcry.<sup>78</sup> It was not only Raade who wanted to keep the details out of public scrutiny. In 1980, the Ministry of Foreign Affairs instructed its staff to talk about oil trade in inaccurate terms and invoke different qualities and shipping costs to imply that crude oil had no clear market price that could be subjected to international comparisons.<sup>79</sup>

Finlandisation as self-censorship provided camouflage for the Finnish oil policy. The fuzzy image protected confidentiality between Finland and the Soviet Union and allowed more room to manoeuvre for political actors without public scrutiny: it enabled the state-owned company to pay higher prices for political reasons. In this regard, Lantzke's confirmation that Finland was naturally not required to share confidential price information with the IEA, only quantitative information about the commercial stocks that the government collected in any way, may not have been reassuring enough.<sup>80</sup>

On behalf of the IEA, though, Lantzke did not see any political barriers to Finnish membership, only technical. The American response to Finnish inquiries was not as accommodating. The US representative to the IEA welcomed 'Finnish interest in possible IEA membership as an essential step in furthering the US policy of strengthening Finland's ties with the West' but also expressed being 'concerned that allowing Finland and Iceland to become IEA members without fully sharing the responsibilities of participation in the oil crisis response would set an undesirable precedent'.<sup>81</sup> In other words, while Finland and Iceland were both too small and insignificant to rock the IEA boat, it would set a precedent for France to claim special treatment as well.<sup>82</sup>

After the consultations with the IEA leadership, the Finnish Ministry of Trade and Industry started an investigation to re-evaluate Finnish relations with the energy agency. The MTI's Energy Department recognised several benefits of IEA membership for Finland, including the feedback from the energy policy that facilitated long-term development, full participation in energy research cooperation, access to international oil information, and the possibility to contribute to the global energy policy.<sup>83</sup> Overall, the IEA had become a central international energy organisation. Most of the multilateral energy cooperation within Western industrial countries took place there. The Energy Policy committee of the OECD, of which Finland was a member, had utterly lost its importance.<sup>84</sup>

Minister for Trade and Industry Esko Ollila concluded in February 1983 that membership in the IEA would promote Finnish energy policy and energy economy: 'The benefits exceed the costs of the membership and requirements considerably'. However, Ollila continued, 'because of

the underlying issues related to the foreign relations,' the final decision had to be delegated to the Ministry of Foreign Affairs.<sup>85</sup> Once again, these 'underlying issues' were not specified. The minister could trust the civil servants to understand that besides the outlined economic and technical factors, IEA membership depended on Finland being able to balance the zone of neutrality defined by the fear of the Soviet Union.

The civil servants in MFA proposed a tactic that was in line with the Finnish Cold War economic integration policy characterised by special arrangements like the ones Finland had managed to negotiate with the EFTA and EEC.<sup>86</sup> The MFA advised the Finnish government to apply for IEA membership but with the precondition that the oil of Soviet origin was to be excluded from the emergency sharing mechanism.<sup>87</sup> In April 1984, Ambassador Wilhelm Breitenstein made inquiries about the possibility of a conditional membership in the IEA that would involve all the other requirements but not the oil allocation mechanism.<sup>88</sup> Director Lantzke and Deputy Director J. Wallace Hopkins welcomed the Finnish initiative but were sceptical that this kind of 'a la carte membership' would pass.<sup>89</sup>

The conditional version of Finnish membership was raised to the agendas of parliamentary and governmental foreign policy committees. Nevertheless, it never proceeded from domestic preparations to formal consultations with the IEA.<sup>90</sup> The IEA decision was left open, not concluded, and not continued. The IEA's support for the conditional membership was uncertain and its potential benefits for Finland were not clear enough to offset the potential risks of a Soviet response, even though the Soviet opinion still remained unasked and unknown.<sup>91</sup>

A central question in the historical studies of the Finnish neutrality policy has been whether the non-alliance constituted an integral part of the Finnish national identity, like in Sweden, or whether it was merely a temporary policy adopted for pragmatic reasons in the Cold War context.<sup>92</sup> In particular, the Finnish EU application in 1992 has been interpreted as a milestone in identity building when *westernisation* finally took over the Cold War *finlandisation*.<sup>93</sup> However, Cold War historians working with primary sources have suggested that the ideological ending of the Cold War *finlandisation* was a long-term process rather than an event. For example, Veera Mitzner in her studies on Finnish science policy has recognised a turn towards Europe that took place significantly before the EU application during the 1980s.<sup>94</sup>

This study of the archival documentation of the Finnish energy policy contributes to the historiography that argues for a gradual ideological change throughout the 1980s. In specific, the primary sources reveal a subtle increase of aspirations to step aside from the shadows of the Eastern block and position Finland as an integral part of Western Europe.

As an example, in the energy policy discussion in March 1984, Olavi Rautio, Assistant manager of the Foreign Trade Department within the MFA, described the Finnish position as a Western European country but outside the IEA as 'rather unnatural': No other Western country was in a similar place. According to his memorandum, Finland was a particular case among the Western European countries but in a wrong, pejorative sense.<sup>95</sup> From this point of view, Finnish membership in the IEA had not only practical value but also a symbolic meaning as a confirmation of the Finnish Western European identity.

While recognising the instrumental role of IEA membership in the identity policy, the MFA subordinated these considerations to 'a commercial-political solution' and stated that any possible 'outcome should be consistent with our policy of neutrality'. Rautio's memorandum concluded that while it was 'obvious that both the IEA and Finland would benefit from Finland's membership', Finland would not be able to join the general oil allocation system because of 'its special circumstances'.<sup>96</sup>

One more time, that last sentence and the unspecified 'special circumstances' overruled all the positive arguments for membership. The next section addresses the end of the Cold War period when the special circumstances were broken apart and washed away from the energy policy discussion.

## Reassessment of the room for manoeuvre. Towards IEA membership, 1988–1992

From 1958 to 1988, Soviet crude dominated Finnish energy imports. The Finnish energy policy, which gave priority to Soviet oil over Western suppliers, had initially been a concession made under political pressure. The submission had come with some economic advantages for export industries and over time these assets grew in importance in parallel with Finnish Eastern-oriented big business. At the same time, from the Soviet point of view, the marginal gains of using oil as an instrument to ensure a stable border decreased when Finland proved to be a trustworthy neighbour and the Soviet government also needed fossil fuels to buy social stability and hard currencies from elsewhere.<sup>97</sup> As the previous section showed, Finland did not consider the high dependency on Soviet feedstock to be a substantial liability. Rather the opposite, the headlines in the mid-1980s worried about the declining value of Soviet oil imports. It diminished export opportunities for the Finnish manufacturing industries equally and eventually risked bankruptcies and mass unemployment.<sup>98</sup>

The creation of Finland's new energy policy at the end of the Cold War took place on the foundation of this double coupling of geopolitical stability and local economic welfare. In the 1980s, the IEA was not necessary for Finland because it protected against disruptions in oil supply but because it provided access to Western European research cooperation and policy coordination. The overarching theme in this final section from 1988 to 1992 is the conflict between the contradicting Finnish aspirations for being a normal Western European country and being a neutral country in its unique way.

In February 1988, the IEA director Wallace Hopkins criticised Finland for 'infiltration', stating that if Finland wanted to have a relationship with the IEA, it ought to announce its interests openly and apply for membership instead of trying to get all the benefits without the commitment.<sup>99</sup>

While staying out of the IEA, Finnish organisations had joined the research projects that were open to all OECD members. In international energy policy coordination and information sharing, however, Finnish diplomats had to rely on informal connections with IEA member countries.<sup>100</sup> Presumably, it was those frequent and confidential corridor discussions with Nordic IEA representatives that director Wallace found intrusive. The intensity of the Finnish energy cooperation had recently increased when the energy policy specialist Juho Kekkonen from MTI's Energy Department had moved to Paris and joined the Finnish OECD Embassy in 1988.

Finland's Ambassador Breitenstein denied the allegations of infiltration and flirtation with the IEA and refuted the rumours that Finland was interested in a serious partnership with the agency. Following the instructions from Helsinki, Breitenstein explained to Hopkins that Kekkonen had moved from Helsinki to Paris solely for personal family reasons. Reinforcing the Finnish OECD Embassy with an energy specialist had nothing to do with the Finnish interest in the IEA.<sup>101</sup>

While rejecting the accusation of rapprochement, Finnish diplomats continued working for Finland's presence in the Western energy cooperation. Eventually, they raised membership to the governmental agenda. That initiative captured a complete reassessment of the earlier decisions to opt-out of the IEA because of the risk that the oil allocation mechanism would obligate Finland to resell part of the crude of Soviet origin to the international market.

In November 1989, Breitenstein asked the recently appointed Director of the IEA Helga Steeg if it was possible to continue membership negotiations from where they had been left in 1984. Therefore, the point of departure would be the precondition that Finland would join the IEA but exclude Soviet oil from the oil allocation mechanism.<sup>102</sup> In December 1989, Juho Kekkonen questioned these preconditions by asking whether the oil-sharing mechanism was actually a problem for Finland.<sup>103</sup>

'But why the Soviet oil should be excluded from the system,' wrote Kekkonen in his memorandum, 'there seem to be no energy political reasons for that.' Kekkonen continued his report by acknowledging that traditionally Finns had thought that thanks to the Soviet oil, the Finnish security of supply was better than in other oil-consuming countries, 'but that plausible argument

may not be valid. By definition, the security of oil supply, or the security of any economic sector for that matter, is not the best possible if it is dependent solely on one supplier. No matter who this supplier is.<sup>104</sup>

Notably, Kekkonen refrained from openly criticising the Soviet Union and only cited a generally accepted fact that diversity improves reliability. Nevertheless, he noted the current problems in Finnish-Soviet bilateral trade that had resulted from the drop in oil prices in 1986. The amount of oil Finland imported from the Soviet Union no longer covered the value of the high-volume exports. The Soviet suppliers struggled to increase their imports. Even if the Sojuznefteexport could increase the volume, Finland hardly had the capacity to absorb the magnitude of extra oil. Moreover, the ongoing economic reforms in the Soviet Union had decentralised the Soviet foreign trade system, increased the decision-making power of companies, and decreased the motivation of the Soviet oil exporters to sell their products to Finland through the bilateral framework.<sup>105</sup>

Kekkonen's memorandum pointed out the Soviet perestroika, in combination with social instability in the socialist bloc, strikes, insufficient investment in oil infrastructure, and new environmental requirements for crude oil quality. He raised the question 'of whether the Soviet Union in the 1990s will be more excellent oil supplier than the oil suppliers on average.'<sup>106</sup> Kekkonen concluded in his memorandum that at least Finland should clarify whether there were any concrete restrictions in the Finnish agreements with the Soviet Union that prevented it from joining the IEA.<sup>107</sup>

This memorandum was a single piece of documentation and must be put in context. It did not dispute the impact of the Finnish 'special circumstances' on international energy cooperation, nor did it claim that the multilateral oil markets were a more reliable supplier than the socialist empire. Yet, it encouraged Finnish civil servants to examine the current limits of their room for manoeuvre instead of relying on established assumptions.

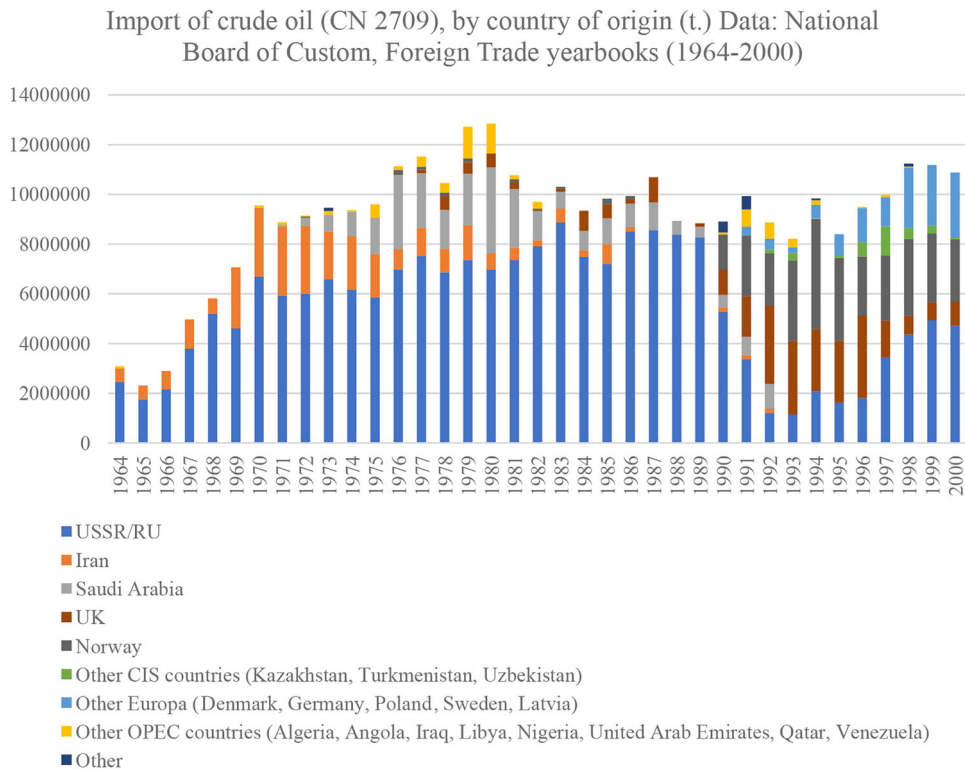
At the turn of the 1990s, the overall geopolitical turmoil took precedence over the energy policy discussion. As often happens in the history of diplomacy, civil servants had less time to focus on minor issues and document their daily communications when momentous events sent shockwaves over the established status quo. The Finnish Ministry for Foreign Affairs was occupied with questions such as the emancipation of the Baltic countries, German unification, and negotiations for the European Economic Space.<sup>108</sup> The Finnish domestic policy discussions were dominated by the downfall of Soviet trade, unemployment, bank crisis, and the most severe economic depression of the century.<sup>109</sup>

Nevertheless, with the available archival documentation, it is possible to point out three main factors that made Finland re-evaluate its energy policy from 1988 to 1992.

First, the growing problems in bilateral trade demonstrated to political and industrial actors alike that the traditional coupling of geopolitical and economic stability in Finnish-Soviet affairs was losing its political gravity in Moscow. The Soviet oil supply no longer satisfied Finnish needs for exports even if it was complemented by oil transfer from third countries in 1983–1990.<sup>110</sup> At the same time, the Soviet shortages and delays in deliveries frustrated Neste's supply of feedstock. That forced the Finnish Licence Office to grant more import licences to oil shipments outside the Finnish-Soviet bilateral framework.<sup>111</sup> The trend towards a more diverse origin of oil suppliers was visible in trade statistics from 1989 onwards (Figure 4).

The Soviet foreign trade officials complained to their Finnish colleagues that perestroika had taken their authority to control Sojuznefteexport.<sup>112</sup> The Soviet oil traders complained to Neste about the terms of the clearing trade and expressed preferences for selling oil with hard currencies.<sup>113</sup>

The older generation of the Soviet foreign trade officials warned Finland against risking the Soviet oil supply that was served as 'a tribute to the old friendship'.<sup>114</sup> Nevertheless, the Finnish civil servants gradually understood noticed that the old Soviet Union – and even more, the rising Russian Federation – was unwilling and unable to prioritise Finland in its oil exports. In the end, it was Finland, not the Soviet Union, that insisted on maintaining the Finnish import licensing system for energy products until the end of the Soviet Union for the possibility that Soviet crude could be used to offset its debts.<sup>115</sup>



**Figure 4.** Imports of crude oil to Finland by country of origin (tons). Data: Finnish National Board of Customs, Foreign Trade tables, CN group 2709: Petroleum oils and oils obtained from bituminous minerals, crude.

While the problems in Soviet trade forced Finland to readjust its energy policy in practice, two events that were external to Finnish-Soviet relations encouraged Finland to reassess its policy principles: the rapprochement of the IEA with France and the Gulf War.

In a private meeting, Director Steeg confessed to Breitenstein what the Finnish actors already knew: the small countries Finland and Iceland posed no real problem for the IEA. Instead, the organisation wanted to avoid giving the impression that it was 'begging France to join'.<sup>116</sup> When France officially stated its interest in opening membership negotiations in 1990, the big country also opened big doors for the small countries to sneak in.<sup>117</sup>

Simultaneously, the eruption of the Gulf War in the late summer of 1990 brought about a spike in energy prices and reminded oil-consumer countries of the origins of the IEA.<sup>118</sup> At a time of international turbulence, access to up-to-date information, expertise in energy markets, and participation in policy coordination became imperative for Finland, which could no longer rely on Soviet supply and old networks in Moscow.

In his meeting with Steeg, Breitenstein conceded that according to his personal understanding Finland was proceeding towards full membership. In so doing, the Finnish diplomat repositioned Finland in the eyes of the IEA while not openly committing to anything. Seen as a future ally, the IEA council invited Finnish representatives to the meetings during the Gulf crisis. Ambassador Breitenstein could now report his extensive discussions with IEA members, which provided knowledge of the rationales, information, and decisions not otherwise accessible to outsiders.<sup>119</sup> In September 1990, when the IEA Governing Board concluded on implications of the Iraqi aggression against Kuwait, the chair already welcomed France and Finland as new observer members into active cooperation.<sup>120</sup>

In December 1990, President Mauno Koivisto appointed a delegation to negotiate Finland's membership in the IEA.<sup>121</sup> In February 1991, Ambassador Breitenstein sent a formal letter to Director Steeg and expressed the Finnish government's intention to apply for membership:

*Finland is willing and able to comply with the obligations of the Program. It is the understanding of my government that the participation in the Agreement on an International Energy Program will not prevent Finland from acting in a way it deems necessary to be consistent with its policy of neutrality.<sup>122</sup>*

Later in the same year, Finland launched negotiations that replaced the FCMA treaty with a new treaty on Finnish-Russian relations.<sup>123</sup> In 1992, Finland joined the IEA and deregulated its oil imports. The Russian Federation remained a vital source of fossil fuels, but Neste was now free to negotiate on its supplies without the restrictions of the geopolitical framework. That brought an end to the Cold War coupling between oil import with the considerations of national security and national welfare that had been embedded in state-level contracts and international treaties and maintained in diplomatic practices.

## Conclusions

In 2014, when Minister Niinistö employed the concept of finlandisation to criticise a policy that would increase energy dependency on Russia, it provoked a public outcry that manifested the painful process of coming to terms with the past. The same occurs every time the concept makes it to the international headlines. Finlandisation in Finland evokes uncomfortable memories of submissive political culture in Finnish-Soviet Cold War relations. Loaded with historical weight, finlandisation may not function ideally, if at all, as an abstract term in international politics. Yet, it points out historical questions of adaptation and diplomatic culture that are worth historical scrutiny.

Through the Finnish oil policy, this article has examined how the political strategy of adaptation became embedded in the overarching political practices of self-restraining. During the Cold War, Finland built its energy security on the foundation of Soviet relations as the opposite to investing in diversity through multilateral markets and international cooperation. However, we need to understand the conceptualisation of the security of oil supply taking shape in the Cold War geopolitical context and changing over time. It started from Soviet dominance over the Finnish oil supply in the 1950s and went on to the establishment of the national oil policy in the 1960s and the decisions to prioritise Soviet relations over international cooperation in the 1970s. It ended with the awkward period of courtship with the IEA in the 1980s to full engagement in 1992. The disintegration of the Soviet Union detached Finland from the direct restrictions on its room to manoeuvre. Still, it was only the eruption of the hot war in Ukraine in 2022 that marked the end of Cold War traditions, opening a political discussion on energy dependency on Russian hydrocarbons.

Finlandisation may not work as a model for present-day Finland. Nevertheless, it points out the political practices that were key to understanding the heritage of the asymmetric Finnish-Russian relations. The high share of Soviet oil in the Finnish energy supply resulted not just from Soviet political interest in building an energy weapon. Instead, active and creative efforts on the Finnish side to maximise the Soviet oil imports cannot be understood without widespread consensus that it was better than the alternatives for Finnish national security and welfare.

I have approached finlandisation as a historical set of practices that stemmed from shared meanings and priorities. Finlandisation as a practice had its own dynamic that determined the preferred line of action and defined the objects that composed it. Instead of momentous events and public speeches, the analytical focus has been on the socially recognisable patterns of reasoning that characterised Finnish foreign policy in Soviet-related issues, including the oil trade. Documents and sources cited in this study are reflections of the prevailing cultural preconditions that contributed to the establishment or change of the dominant practices.

Finlandisation as a political strategy to stay away from the superpower conflict placed stability and trust as the highest priorities in Finnish-Soviet relations. The zone of neutrality remained somewhat undefined, determined by the coded language of friendship in addition to the state-level agreements and signatures. In this study of Finnish energy policy, finlandisation presented itself as an overarching practice to anticipate Soviet reaction and act accordingly. Decision-

making based on anticipation and avoiding conflicts stemmed from actual military threat but was established as an everyday habit. It characterised diplomatic reasoning in the zone of uncertainty where the limits of the room to manoeuvre were not precisely known but anxiously avoided and featured the Finnish decisions to opt out of the IEA in the 1970s and 1980s. Towards the end of the Cold War, international relations changed faster than finlandisation as a diplomatic practice.

Finlandisation as self-censorship in oil-related topics stemmed from the shared understanding that stability was a priority in Finnish-Soviet relations. The complex intermingling of foreign affairs, national oil imports, and domestic industrial employment were coined in the expression of 'special circumstances', which was frequently employed as a central argument against changes in Finnish oil policy. As an argument, it was simultaneously powerful and vague. On the one hand, 'the special circumstances' overruled any political alternatives. On the other hand, its factual content was never openly articulated. The limits of Finland's room to manoeuvre were blurred beyond recognition.

Finally, while the Finnish Cold War oil policy presents a case of adaptation under external influence, the analysis of the Finnish security of oil supply also adds nuance to the discussion about the agency of a small country in such an asymmetric power relation. The dominance of Sojuznefteexport over the Finnish oil supply created vulnerabilities and risked the security of supply. Yet, even though Finland did not prepare for the energy crisis by increasing diversity and multilateral collaboration, it addressed the security of supply by building latent socio-technical systems. These included a Finnish-flagged tanker fleet, large oil stocks, long-term agreements, and personal relations. Therefore, the finlandisation of the Finnish Cold War oil policy cannot be interpreted only as a case of passive political adaptation but as active management of energy security on alternative measurements. Despite the rhetoric of trust and friendship in the Finnish-Soviet relationship, the history of Finnish oil diplomacy does not capture the Finnish confidence in the Soviets but the Finnish trust in their own capability to deal with them.

The Finnish tradition of constant preparation may go even deeper into cultural practices than in the Cold War era and the imminent threat of Soviet occupation. A potential avenue for future research would be to compare the security of supply policies in the two traditionally non-allied Nordic countries, Sweden, where the preparations appear as a cyclical response to the present crisis, and Finland.<sup>124</sup>

## Disclosure statement

No potential conflict of interest was reported by the author.

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