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Kestutis Paulauskas

The Baltics: from nation states to member states

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Institute for Security Studies
43 avenue
du Président Wilson
F-75775 Paris cedex 16
phone: + 33 (0) 1 56 89 19 30
fax: + 33 (0) 1 56 89 19 31
e-mail: institute@iss-eu.org
www.iss-eu.org



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Kestutis Paulauskas

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The author is Head of the Defence Policy Section of the Defence Policy and Planning Department at the Ministry of National Defence of the Republic of Lithuania. He is also a Ph.D candidate at the University of Vilnius. He was a visiting fellow at the EU Institute for Security Studies from April to June 2005. All the views expressed in this paper are solely those of the author and do not represent the official position of the Lithuanian government.

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In 2004, Estonia, Latvia and Lithuania finally attained their long-standing strategic goals and became members of both the European Union and NATO. This paper discusses the opportunities and challenges the Baltic governments face after their nation states became member states.

In the first section of the paper, the author argues that the era of 'high politics' in the ever-complicated saga of Baltic-Russian relations is over. However, it appears likely that tensions will persist in 'low politics' and the issues of the Russian minorities in Latvia and Estonia, transit to the Kaliningrad region, and Russian energy policy top the agenda. In the second section, the author contends that the importance and relevance of different regional cooperation frameworks, in which the Baltic States were actively engaged prior to the double enlargement, is changing. The Baltic governments are well placed to make a positive impact on the European Neighbourhood Policy. The third section of the paper explores the reasons behind the pro-American sentiments of the Baltic political elites, while maintaining that they have (misguidedly) paid too little attention to the development of CFSP. The author makes the case that a stronger EU security and defence role is very much in the interest of the Baltic States.

The paper concludes with an analysis of policy implications for the Baltic governments. The author maintains that the Baltic States need to become pragmatic in their daily business with Russia and more flexible within the EU about their policies towards Russia, while at the same time remaining assertive with regard to their long-term interest in seeing Russia become a normal democracy. The author highlights the need for the Baltic governments to prioritise among the plethora of organisations in the Baltic Sea region by strengthening ties with the Nordic capitals and suggesting ways to 'make a difference' in the Eastern neighbourhood. Finally, the author exhorts Riga, Tallinn and Vilnius to reappraise their approach towards CFSP and ESDP, to internalise the EU in their strategic thinking and to become normal and credible member states instead of 'special cases'.

Introduction

The euphoria that initially accompanied the largest enlargement in the history of the European Union (EU) has faded away. The ten new member states have now entered a difficult period of adaptation to life inside the EU. They may have formally adopted the myriad documents of the *acquis communautaire*, but they still have to learn the unwritten rules by which the old members abide in the conference halls of Brussels. Likewise the older members of the EU will need to exercise patience and tolerance until the new Europeans, with their unfamiliar and unpronounceable names, begin to start feeling comfortable at the table.

Out of the ten new member states, the three Baltic States – Estonia, Latvia and Lithuania – stand out as the most remarkable success stories of European reunification. Only ten years ago, Peter van Ham, the editor of the ‘The Baltic States: Security and Defence after Independence’ (*Chaillot Paper* no.19, June 1995), contended that ‘their role and place in Europe is uncertain’.¹ Against all the odds, in only fifteen years of independence the Baltic States managed to transform themselves from former Soviet republics with ruined economies and sovietized peoples into fully-fledged members of the EU with galloping economic growth and vibrant civil societies. With the accession of the Baltic States to NATO, ‘the most challenging part of the NATO enlargement puzzle’² has also been solved. The issue of Baltic security has thus been removed from the top of the EU and NATO agenda and has thus been removed from the sphere of ‘high politics’. To use an increasingly fashionable term, the Baltic security question has been ‘desecuritized’ and has become a matter of normal day-to-day politics.

Since 1995, the Baltic States have built their foreign and security policies upon three principles: Euroatlantic integration, regional cooperation, and good relations with Russia and other CIS countries. These principles bore fruit in 2004. Paradoxically, the Baltic States now face a more complex agenda. While today the place of the Baltic States in Europe is assured, they have yet to define their specific role within the EU in general and the Common Foreign and Security Policy (CFSP) in particular. EU and NATO membership were clear strategic landmarks that drove the foreign and security policies of the Baltic States during the past decade. The new agenda will have no clear landmarks and will extend over decades to come.

The objectives of this paper are twofold. Firstly, it will examine the changes, opportunities and challenges that the integration of the Baltic States into the EU brought to their foreign and security policy, as well as the impact their membership has had on the development of the CFSP. It will suggest some alternatives that are available for Baltic decision makers to solve both imminent and long-term security problems. Secondly, the paper seeks to address several widespread myths about the policies of the Baltic States. To the extent that there is any cohesive discernible attitude towards the Baltic countries among the other EU members, viewpoints often tend towards the negative: the Baltic States are typically perceived as stubbornly anti-Russian, inexplicably pro-American and inherently ‘CFSP-sceptic’. This paper will contend that the strategic mindset of the Baltic political elites is more complex and multifaceted than these myths and stereotypes suggest.

¹ Peter Van Ham, (ed.) ‘The Baltic States: Security and Defence After Independence’ (EUISS *Chaillot Paper* no. 19: Paris, June 1995).

² F. Stephen Larrabee, *NATO’s Eastern Agenda in a New Strategic Era* (Santa Monica, CA: RAND, 2003), p.51.

By and large, the primary issue for the Baltic States remains their ever-strained relations with Russia. Although EU and especially NATO enlargement did not provoke the widely anticipated (but rarely specified) hostile reaction of Russia, the progress of bilateral relations over the past ten years has been stagnant at best. This paper aims to explain the reasons behind the seemingly irreconcilable state of relations between the Baltic States and their big Eastern neighbour.

Double enlargement has changed the regional environment of the Baltic States. The importance and relevance of different regional organisations and cooperation frameworks has changed accordingly. The Baltic governments face the challenge of reassessing their position in the 'Europe of regions' and reordering priorities for participation in different regional cooperation settings. With a new status within the region, the Baltic States will now be able to reallocate more of their energy outside the region. The paper explains why the Baltic States have a keen interest in the success of the European Neighbourhood Policy (ENP).

The political leadership of the Baltic States had long perceived membership of the EU and NATO as two compatible strategic objectives and seen the Western community to which they aspired to join as a single entity. They acceded to the two organisations at a time when transatlantic relations had been shattered by the war in Iraq. Therefore political elites in the Baltic States increasingly see their foreign policy in the guise of a dilemma between the support for the 'certain idea of Europe', *Europe puissance*, and support for the Atlanticist idea of Europe as a pillar of NATO. This paper endeavours to explain how the Baltic political elites see their

strategic environment and why they consider the strength of the transatlantic link as vital to their security.

The Baltic States have yet to find their niche in the defence structures and policies pursued by both the EU and NATO. The three countries have long been seen as a security problem and a potential burden for the Western security and defence institutions. Their military capabilities were sometimes ridiculed, and defensibility often questioned.³ The Baltic States now seek to prove their critics wrong and to become a part of the solution by providing tangible civil and military contributions to the activities of both the EU and NATO.

The concluding section of the paper discusses the policy options that Tallinn, Riga and Vilnius could pursue in building their relations with Moscow in a more confident manner. It will also ponder what should be the priorities of regional cooperation for the Baltic States and inquire into the ways the EU could benefit from their joint or individual efforts to promote cooperation and dialogue with the Eastern neighbours of the EU. Finally, it discusses the options that are open to the Baltic States as they try to maintain the delicate balance between their close alignment with the United States and their desire to be 'good Europeans' in the eyes of Brussels. The paper makes the case for a reappraisal of the EU in the strategic thinking of the Baltic leaderships. The future roles of Estonia, Latvia and Lithuania within the EU will be determined to a large extent by the ability of their respective governments to deal with the number of complex issues outlined above. At least for once in their troubled history the stakes for these countries are their credibility and prestige, rather than national survival.

³ Robert Dalsjö, 'Are the Baltics defensible? On the utility of and prospects for a capability for self-defence', *RUSI Journal*, vol 143 (London: Royal United Services Institute for Defence and Security Studies, August 1998).

A *modus vivendi* with Russia

Russia cannot ‘let go’, the Baltics cannot get their message across, and the rest of the Europeans cannot understand why the two cannot find a mutually acceptable *modus vivendi*. The Russian government is unwilling or unable to understand that it cannot treat the Baltic States as its ‘near abroad’, and hence a legitimate sphere of influence. The Baltic decision makers cannot persuade the Russians that they are willing to cooperate, and explain to fellow Europeans that they are not inherently anti-Russian. Other European states cannot understand why both sides persist in a relationship characterised by such chronic miscommunication and misperception. These ‘cannots’ may best summarise the current status quo in the relations between the Baltic States and the Russian Federation. This chapter examines the causes that make these relations so strenuous. For the Baltic States, it is Russian unwillingness to admit and apologise for the crimes of the Soviet occupation and shed its attitude of imperial nostalgia towards the territories it once subjugated. For Russians, it is the Baltic States’ ‘treacherous’ membership of NATO – the former enemy of Russia – alleged mistreatment of Russian minorities in Latvia and Estonia, and the isolation of the Kaliningrad region by Lithuania.

2.1. The invariable geography

In order to understand the lingering distrust of the Baltic peoples towards their Eastern neighbour, one must take into account their turbu-

lent history. The historic destiny of the Baltic countries was to a large extent determined by their unfortunate geographic location in-between two belligerent nations to the West and to the East – Germany and Russia respectively. Since the early 1300s there was hardly a century in which the three Baltic nations were not caught up in a war with either one or both of the two neighbours. Only Lithuania experienced a long period of statehood before being swallowed up by the Russian empire at the end of the eighteenth century.

The end of World War I provided the Baltic nations with a window of opportunity, which they successfully seized in 1918 by declaring independence. This was terminated by the Soviet occupation in 1940, followed by the German occupation from 1941-1944 and the second Soviet occupation from 1944-1990. Hundreds of thousands of Estonians, Latvians and Lithuanians fell victim to the Nazi and Soviet occupations. The Nazi regime killed some 70,000 Jews in Latvia and 200,000 Jews in Lithuania as well as thousands of other nationalities. The Soviet regime deprived the Baltic countries of their political, business and intellectual elites by imprisoning or deporting to labour camps some 90,000 people from Estonia, 200,000 from Latvia and 300,000 from Lithuania. Many of them died from torture, famine or were executed. Tens of thousands of people fled to the Western countries or were repatriated. In the post-war years, Estonia, Latvia and Lithuania put up a fierce armed resistance against the occupation.⁴

⁴ The partisan war in Lithuania lasted late into the 1950s and turned out to be the longest and bloodiest anti-Soviet resistance fight in post-war Europe.

Before World War II, the three Baltic States were relatively homogeneous in terms of their ethnic structure (see table 1). During and after World War II, the Baltic States lost approximately one quarter of their total population (Estonia lost some 200,000 people, Latvia 500,000, and Lithuania 1,000,000⁵). These losses opened the way for massive voluntary and forced migration of Eastern Slavs (primarily Russians, Ukrainians and Belarussians) into the Baltic States, which continued throughout the Soviet era. The ethnic population in Estonia fell from 94 percent prior to the 1940s to 60 percent by the early 1990s and in Latvia from 77 percent to 52 percent respec-

an overall 7.9 million constant population.⁷ Today Estonia and Latvia are the only European countries that have fewer inhabitants of titular nationality than they had in the beginning of twentieth century.

Inspired by national uprisings in the countries of the Warsaw Pact and seizing the opportunities provided by the era of '*Perestroika*' ushered in by Gorbachev, Estonians, Latvians and Lithuanians staged their own 'singing revolutions' in 1987-88. The three nations became the first republics of the former USSR to declare independence in spring 1990. While Gorbachev 'let go' the Warsaw Pact countries, the same was clearly not in the plans of the Soviet elite with

Table 1. Changes in the ethnic structures of the Baltic countries

	Before WWII		Soviet period			
	Population	Titular nationality	1959		1989	
			Population	Titular nationality	Population	Titular nationality
Estonia	1,126,400 (1934 census)	94 per cent	893,000	75 per cent	1,565,662	61.5 per cent
Latvia	1,950,500 (1935 census)	77 per cent	1,298,000	62 per cent	2,666,500	52 per cent
Lithuania	3,100,000 (1940 est.)	84 per cent	2,696,000	79 per cent	3,674,800	80 per cent

Source: Compiled by author. Data collected from national and Soviet censuses.

tively. Latvians were a minority in seven of the country's eight largest towns, including the capital Riga.⁶ While Lithuania also 'received' sizeable numbers of migrants, the repatriation of some 200,000 Poles from Vilnius and rather rapid natural population growth rate allowed the Lithuanians to retain a rather significant majority in their country. By 1989, 5.3 million Estonians, Latvians and Lithuanians were living in the Baltic States, forming 67 per cent of

regard to the Baltic countries. The myth of the bloodless break-up of the Soviet Union is not quite accurate – it did cost lives.⁸ Western powers were anything but ready for the events unfolding within the Soviet Union. It was one thing to take the Iron Curtain down and dismantle the Berlin Wall, but seeing the Soviet Union collapse altogether was quite another. International recognition of the Baltic States started with Yeltsin's Russia itself. In summer

⁵ For more detailed data see: Lithuanian Research Centre for Resistance and Genocide, <http://www.genocid.lt>; Estonian Museum of Occupations, <http://www.okupatsioon.ee>; also Audra Sipaviciene, 'The Russian and the other East Slavic diaspora in the Baltic States', a report for the Euroconference 'Diaspora Immigrants: a problem of dual loyalty?' (Berlin: September 1997).

⁶ Commission Opinion on Latvia's Application for Membership of the European Union, Brussels, 15 July, 1997, p.16, available online: <http://www.am.gov.lv/data/file/e/kom-kart-zin-1997.pdf>

⁷ Peteris Zvidrins, 'Recent Changes of Ethnic Structure in the Three Baltic States', in: *Demography, Economy and Welfare* (Sweden: Lund University Press. 1995), pp. 336-50.

⁸ The Nobel Peace Prize winner Mikhail Gorbachev sent Soviet security forces to suppress the national movements. 19 peaceful protesters were killed in Tbilisi, above a 100 in Baku, 14 in Vilnius and 12 in Riga while hundreds were injured.

1991, the three countries signed treaties with Russia whereby each side recognised the other's international status and established bilateral relations. The failed *coup d'état* in Russia in August 1991 opened the way for further international recognition.

In the early 1990s, with sovereignty still fragile, some among the Baltic political elites contemplated returning to the neutrality policy of the interwar period. With Russian troops still on the soil of the Baltic States and the Western countries reluctant to issue any security guarantees, not many options were available. Fortunately, there was a somewhat favourable momentum in the Baltic-Russian relations, partially caused by Russia's belief that the Baltic States would remain in its 'legitimate sphere of influence'. Lithuania was first to use this window of opportunity and negotiated the withdrawal of the Russian army from Lithuanian territory by August 1993. A year later, Russian troops also left Latvia and Estonia.

However, the security climate changed shortly thereafter. The democratic transformation of Russia was stalled by the inability or unwillingness of Yeltsin's administration to foster reforms. By that time, NATO's PfP programme was already well in progress and the EU offered the Europe Agreements to the Central and Eastern European countries. Encouraged by the changing Western attitude, the Baltic authorities completely abandoned the idea of neutrality in favour of the idea of returning to the European fold. In 1994 Lithuania officially applied for NATO membership. Latvia and Estonia followed soon after. In 1995, the Baltic States signed the Europe Agreements with the EU.

2.2. The 'high politics' of low stakes

Relations between the Baltic States and Russia became stormy when Tallinn, Riga and Vilnius declared membership in the EU and NATO to be

their primary strategic goals. This move triggered a mini-Cold War between Moscow and the Baltic capitals. Baltic countries saw NATO membership as the only possible permanent guarantee of their security. Russia pictured NATO enlargement as an ultimate challenge to its own security. Meanwhile, the Euroatlantic community was not ready to offer security guarantees to the Baltic States, fearing a hostile reaction from Russia.

In 1997, the US and the EU tried to smooth the edges by offering the 'Northern European initiative' and the 'Northern Dimension' initiative respectively. Both initiatives focused on building a network of non-governmental institutions and cross-border economic ties that were supposed to help transcend the security dilemma. With hindsight, one could argue that the objectives of assuaging the Baltic States' strive for membership while also attempting to alleviate Russian concerns had little success. The Russian government in its own right offered a series of unilateral and multilateral security guarantees to the Baltic States, which they promptly rebuffed. In 1998, the Clinton Administration signed the Baltic-US charter, which declared full American support for the Baltics' NATO integration efforts. Finally, the tragedy of 9/11 led to *rapprochement* between Russia and the US and spurred a new wave of NATO enlargement, immediately followed by EU enlargement. Americans, Europeans and Russians all found themselves on the same side of the barricades facing the old-turned-new threats of terrorism and WMD proliferation. However, these events did not mean 'the end of history' in Baltic-Russian relations.

The Baltic States, as well as some other Central European countries, continue to suspect the Kremlin of trying to regain its geopolitical presence in this part of Europe. In his 2005 annual address to the Federal Assembly, Vladimir Putin called the collapse of the Soviet Union the 'greatest geopolitical catastrophe' of the twentieth century.⁹ Many in the Baltic States saw the celebration of the sixtieth anniversary of the end of

⁹ Latvian President Vaira Vyke Freiberga in an interview to a German newspaper *Der Zeit* responded that for her the collapse of the Soviet Union was 'the happiest day of a long and gloomy century'.

World War II in Moscow on 9 May 2005 as another manifestation of unfaltering imperial nostalgia. The Lithuanian and Estonian Presidents, Valdas Adamkus and Arnold Rüütel, refused Vladimir Putin's invitation to attend the ceremony, while Latvia's President Vaira Vike-Freiberga accepted it, explaining that it was necessary to remind the world what the end of the World War II meant to Latvia and other Central and Eastern European countries. Despite the different responses, Russian officials and the media castigated all three states for anti-Russian attitudes, support for fascism, disrespect for the fallen World War II heroes and other alleged sins. These accusations reinforced suspicions held in the Baltic States that the sixtieth anniversary was intended to justify the occupation rather than to offer reconciliation.

Putin offered his account of history in a press conference on 9 May 2005, maintaining that under the Brest-Litovsk treaty in 1918 'Russia turned over some of its territories to Germany. In 1939, Germany returned them to us, and these territories joined the Soviet Union. In 1941 we could not possibly have occupied them, inasmuch as they were already a part of the USSR (*sic*).'¹⁰ Russian officials dismissed claims that the Soviets occupied the Baltics as 'inappropriate and inopportune'.¹¹ The international community does not favour the Russian version of history. On 12 May 2005, the European Parliament passed a resolution recognising that 'for some nations the end of World War II meant renewed tyranny inflicted by the Stalinist Soviet Union'¹². On 19 May 2005, the US Senate passed a resolution urging Russia to 'issue a clear and unambiguous statement, admitting to and con-

demning the illegal occupation and annexation' of the Baltic States.¹³ The Parliamentary Assembly of the Council of Europe also urged the Russian government to settle the issues of 'compensation for those persons deported from the occupied Baltic States'.¹⁴

Despite being strained, relations between Russia and the Baltic States since 1991 have never descended into any armed confrontation with human casualties. In the official national security strategies of the Baltic States there are no direct references to Russia as a military threat. There are only indirect assumptions that there are countries in the immediate neighbourhood who do not exert full democratic control over their armed forces and could therefore pose a potential security risk, but the likelihood of this seems relatively remote in the foreseeable future.¹⁵ Even the latter assumption is somewhat exaggerated given the membership of the Baltic States in NATO. Moreover, there is no direct or indirect mention of Russia as a threat in NATO's strategic concept of 1999 or in any of NATO's subsequent communiqués.

The most recent Defence White Paper of the Russian Federation also states unambiguously: 'a global nuclear war and large-scale conventional wars with NATO or other US-led coalitions have been excluded from the list of probable armed conflicts for which the Russian Armed Forces are prepared'.¹⁶ A more ambiguous statement indicates that 'the expansion of military blocs and unions to the detriment of the military security of Russia or its allies' is an external threat 'whose neutralisation is the function of the Armed Forces of the Russian Federation'.¹⁷

¹⁰ Cited in: Vladimir Socor, 'Kremlin assails Baltic States', *Eurasia Daily Monitor*, 12 May 2005.

¹¹ A comment made by Sergei Yastrzhembsky after EU Commissioner Gunter Verheugen urged Moscow to admit the illegality of the Soviet Union's rule in the Baltics. See: Sergei Blagov, 'Russia, EU sign partnership treaty, despite historic differences', *CNSNews*, 11 May 2005.

¹² 'The future of Europe sixty years after the Second World War', European Parliament, 12 May 2005.

¹³ 'Concurrent Resolution 35', US Senate, 19 May 2005.

¹⁴ 'Honouring of obligations and commitments by the Russian Federation', Parliamentary Assembly, Council of Europe, 22 June 2005.

¹⁵ See, for example, the National Security Strategy of Lithuania, available online: <http://www.kam.lt/index.php?Itemid=9671&Lang=5>

¹⁶ 'The Priority Tasks of the Development of the Armed Forces of the Russian Federation', p.26, available online: <http://www.mil.ru/articles/article5005.shtml>

¹⁷ *Ibid*, p. 45.

No military action followed the 2004 NATO enlargement, nor did tension increase when four NATO fighter aircraft started patrolling the Baltic airspace from the day of their accession. The Russian political and military leadership, apart from some trigger-happy cold-warriors, never dared to call the four NATO fighters policing the Baltic skies ‘a significant deployment’ threatening Russia. The only consequence of this NATO move was a drop in the attempts of Russian aircraft to breach Baltic airspace. One incident did cause some tensions when an armed Russian fighter Su-27 made an unauthorised incursion into Lithuanian airspace and crashed on Lithuanian territory in September 2005. Lithuania did not try to inflate the matter – the Lithuanian investigation committee concluded that it was not a deliberate provocation but an accident ‘caused by a combination of procedural, technical, and human factors’.¹⁸

In 2005, the NATO-Russia Council signed the Partnership for Peace Status of Forces agreement, which enabled an ever-closer military cooperation between the two parties. The likelihood of a military conflict between Russia and the Baltic States is nil for the foreseeable future, unless some dramatic changes were to take place within the Kremlin, along the lines of a military *coup*. No one reasonably expects Russia to try to use military force against the Baltic States, or NATO to use the Baltic States for any kind of hostile endeavour against Russia. This does not mean however that ‘low politics’ are tension-free.

2.3. The ‘low politics’ of high tensions

The Russian government has an active albeit little-advertised agenda aimed at influencing the politics and the policies of the Baltic States. This agenda encompasses political measures (e.g. financing the political parties and minority movements, sending public relations experts to advise in electoral campaigns), cultural influence (via Russian media and entertainment)¹⁹ and economic pressure (via overwhelming Russian presence in the Baltic energy sector). Also Moscow is not hesitant about using certain ‘special’ measures. Almost every year Russian ‘diplomats’ are expelled from Tallinn, Riga and Vilnius for spying. The shadow of the Russian secret services was behind the presidential campaign of Rolandas Paksas in 2003 and during his short presidency.²⁰ The Russian diplomatic corps seeks to influence the opinion of other EU members by undermining the image of the Baltic States as credible partners. An Estonian member of the European Parliament, Toomas H. Ilves, has expressed concern that these efforts are not totally fruitless.²¹

The Russian government is also using the ‘Baltic factor’ in its domestic politics. The Russian mass media keeps ‘informing’ the Russian public about the severe conditions of the Russian minorities in Latvia and Estonia, the isolation of the Kaliningrad region, attempts to ‘rewrite the history of World War II’, neofascist demonstrations in the streets of Riga, even support for the Chechen terrorists.²² Many

¹⁸ RIA Novosti, ‘Human, procedural errors to blame for Su-27 crash – Lithuanian investigators’, 4 October, 2005.

¹⁹ Russia capitalises on the fact that for the older generation of Lithuanians, Latvians and (to a somewhat lesser degree) Estonians, Russian is still the first foreign language.

²⁰ In 2004 Paksas became the first European president impeached and removed from office for committing severe breaches of the Constitution.

²¹ Toomas H. Ilves, Keynote Address, Public Forum, ‘The Hitler-Stalin pact today: consequences and accountability’, Riga Graduate School of Law, 30 April 2005.

²² The accusation of support to the Chechen terrorists is based on the fact that a Chechen website, <http://www.kavkazcenter.com>, operated from Lithuania for some time. Now it is located in Finland.

Russians still blame Lithuania, Latvia and Estonia for the break-up of the Soviet Union. The Baltic States are thus handy scapegoats to divert public attention from Russia's own numerous domestic and international problems.

Not surprisingly, polls indicate that Russians perceive the Baltic States as the most hostile countries to Russia: Latvia is perceived as a hostile country by 49 percent of Russians, Lithuania by 42 percent, and Estonia by 32 percent (Georgia, the US and Ukraine lag further behind).²³ At the same time, 70.5 percent of Russian inhabitants believe that the annexation of the Baltic States was voluntary in 1940.²⁴ There is hardly any evidence for maintaining that anti-Russian sentiments are equally pervasive among the Baltic public. Only 20 percent of Latvians have negative feelings towards Russia.²⁵ In the parliamentary elections of 2004, a political party established and led by a Russian businessman, Viktor Uspaskich, received a majority of votes in Lithuania. Russian TV programmes, movies and music successfully compete with Western cultural productions in both Lithuania and Latvia.

De-dramatising the issue of the Russian minorities

The question of the Russian minorities in Latvia and Estonia is one of the central dimensions of Russian policy towards the Baltic States.²⁶ The Russian version of the story holds that there are continuous and severe violations of human and minority rights in the two countries. In 1997, the Russian government adopted long-term policy guidelines towards the Baltic States. The document insisted that the integration of the Baltic States into NATO could not proceed without Russian agreement, coupled with the

explicit linkage of the border question to the condition of the Russian *diaspora*.²⁷ Moscow has thus sought to delay the integration of both countries into the EU and NATO for not fulfilling the criteria of liberal democracy.

Citizenship policy in both Latvia and Estonia in the early 1990s was hardly in line with the standards of international law. Latvia and Estonia sought to re-assert their national identity, which was greatly weakened due to the heavy Russification of the two countries. The political elites in Riga and Tallinn feared that large cohesive minorities would have a decisive influence over the political direction of their countries. Both states set up strict citizenship laws, effectively limiting citizenship to the indigenous inhabitants and to those who had lived in the region before 1940. As a result, at the beginning of the 1990s, some 30 percent in both Estonia and Latvia were people with 'undetermined citizenship', in other words, non-citizens, who were not eligible to vote, travel abroad or occupy public offices. By contrast, in 1991, Lithuania adopted a liberal citizenship law with the so called 'zero option', granting citizenship to all legal residents of Lithuania, including recent immigrants.

Moscow was not happy with the way Riga and Tallinn handled the citizenship issue and directly linked the withdrawal of Russian troops to the issue of minorities. To dissolve the tense situation and prevent a major crisis, the OSCE established monitoring missions to both Latvia and Estonia in 1993. They turned out to be instrumental in helping the two countries bring their citizenship and naturalisation policies up to international standards. Although many in Latvia and Estonia saw the missions as interference in their internal affairs, these missions mitigated Russian attacks by providing an objective analysis of the minorities' situation.

²³ The Levada Center, results available online: <http://www.levada.ru/press/2005060100.html>.

²⁴ Bashkirova & Partners, 'Were the Baltic States actually occupied?', 16 June 2005, results available online: http://www.bashkirova-partners.ru/eng/?m_plg=articles&act=view&id=91.

²⁵ The Russian polling centre WCIOM, poll results available online: <http://www.wciom.ru/?pt=57&article=1234>.

²⁶ Laura Kauppila, 'The Baltic Puzzle: Russia's policy towards Estonia and Latvia 1992-1997' (University of Helsinki, 1999).

²⁷ Graeme P. Herd, 'Baltic Security Politics', *Security Dialogue*, vol. 28, no. 2, June 1997, p. 252.

Estonia's and Latvia's aspirations to join the EU required significant improvements in their citizenship and naturalisation policies. In 1995, Estonia approved a new citizenship law, which eased the naturalisation procedures. In 1998, after a referendum, Latvia also eased its citizenship rules. In 2001, Estonia's parliament amended laws on parliamentary and local self-government elections, abolishing language qualifications for candidates. In 2002, Latvia's Parliament also passed a law that lifted the requirement for persons running for elected office to speak Latvian.

In Estonia, between 1992 and 2005, some 133,000 persons acquired Estonian citizenship through the naturalisation process.²⁸ By 2005, some 142,000 (10 percent of the Estonian population) still did not have any citizenship. From 1995 to 2005, the number of non-citizens in Latvia decreased from 735,000 (29 percent of the population) to 452,000 (19 percent). The decreases are significant, even if the number of non-citizens remains a concern. The naturalisation board of Latvia estimates that some 130,000 people would still choose to retain the non-citizen status for the rest of their life.²⁹ While young people are expected to naturalise and exercise their full political rights, there will remain a hardcore of older Russian speakers and hardliners who will refuse and keep calling for automatic citizenship.³⁰

Today, the naturalisation process procedures in Estonia and Latvia are similar to those of many other European countries. For example, a person who wishes to acquire Estonian citizenship by naturalisation must have been a permanent resident of Estonia for at least five years,

have a basic knowledge of the Estonian language, have knowledge of the Constitution and the Citizenship Act. Yet, life remains difficult for almost every fifth Latvian inhabitant – they cannot vote, cannot hold most types of public posts and require a visa to visit other EU countries.³¹

Russian policies in support of their compatriots were ambivalent at best from the early 1990s. The break-up of the Soviet Union left some 25 million ethnic Russians living outside Russia. Yeltsin's initial policy line to help all those who intended to return changed abruptly by the end of 1992. Russia's policy towards its 'near abroad' became increasingly aggressive and the Russian diaspora question gained geopolitical significance.³² The policy of the 'right to return' turned into a 'right to stay' policy. Under the banner of the protection of the rights of compatriots, the Russian government expected to forge re-integration with the 'newly independent states'. Although some of the Central Asian countries had a much worse human rights record, Latvia and Estonia became the primary targets of Russian political and diplomatic pressure on all fronts: the Council of Europe, the OSCE and the UN. Despite a lot of international attention garnered by Moscow, Russians in Latvia claim they have 'felt no real help from Russia'.³³ In 2003 Moscow allocated some 210 million roubles³⁴ (6 million euro) for the 25 million Russians living abroad, i.e. 24 cents per person. Not surprisingly, only some 25 percent of the Eastern Slavs in the Baltic States opted to return to their countries of origin (the number of Eastern Slavs decreased from 2.1 million in 1989 to 1.5 million in 2000).³⁵

²⁸ Information of the Ministry of Foreign Affairs of the Republic of Estonia, available online: http://www.vm.ee/estonia/pea_172/kat_399/4518.html.

²⁹ Information of the Ministry of the Foreign Affairs of the Republic of Latvia, available online: <http://www.am.gov.lv/en/policy/4641/4642/4651/>.

³⁰ Andrew Rettman, 'Latvia's Russians call on EU for help with human rights', *EUobserver*, 21 April, 2005.

³² An extensive analysis of the Russian migration policies is provided in Cristiano Codagnone, 'New Migration and Migration Politics in Post-Soviet Russia', *Ethnobarometer Programme Working Paper no. 2*, 1998.

³³ Vladimir Kovalyev, 'Baltic States ponder decade of independence', *The St. Petersburg Times*, 23 February 2001.

³⁴ Eleonora Mitrofanova, "'The Russian World' Without Borders', *Russia in Global Affairs*, 17 February 2004.

³⁵ Peteris Zvidrins, *op.cit.*, p.24.

The Russian government continues to exploit the minority issue in its domestic politics. In his 2005 annual address to the Federal Assembly, Vladimir Putin declared: 'We hope that the new members of NATO and the EU in the post-Soviet area will show their respect for human rights, including the rights of ethnic minorities, through their actions'.³⁶ Evidently, Russian government still considers the Baltic States as constituting a part of 'the post-Soviet area', not a part of the Euroatlantic area.

There are good reasons to believe that minority rights are no longer a major problem in Latvia and Estonia. The European Commission, well known for its close scrutiny of candidate countries during accession negotiations, already in its 1997 Opinion concluded that Latvia and Estonia fulfilled the political criteria, including respect for and protection of minorities. The OSCE missions to Latvia and Estonia were terminated in December 2001. The reports of the missions presented to the Permanent Council of the OSCE concluded that citizenship legislation and its implementation in the two countries had been brought into conformity with their international pledges.³⁷

To conclude, the Russian government's attempts to 'securitise' the minorities issue in Latvia and Estonia failed and Russia did not gain the political leverage to influence the strategic policy choices of Riga and Tallinn. Minority movements did not turn into separatist movements. Complete removal of the minority issue from the agenda of Baltic-Russian relations depends on the future pace of naturalisation in Estonia and Latvia. Another long-standing Russian objective, to delay the signing and ratification of border agreements with

Latvia and Estonia and the demarcation of the border with Lithuania, has also failed. The European Commission made it clear that it would not be possible to move over the long term towards suppression of visa obligations as long as Russia does not settle the border issues with the Baltics.³⁸ The Russian government finally agreed to sign the border treaty with Estonia in May 2005, only to renounce it in June 2005, objecting to the way the Estonian parliament carried out domestic ratification procedures.³⁹ Russia also cancelled the signing of the treaty with Latvia, objecting to the unilateral declaration that Latvia wanted to add to the treaty, which mentioned the Latvian-Russian peace treaty of 1920. The Russian side interpreted the declaration as a 'territorial claim' on the part of Latvia.

Kaliningrad — a problem with an opportunity

Just as the minorities were a tool Russia used to exert pressure on Latvia and Estonia, the question of civil and military transit to Kaliningrad region was a tool Russia sought to use in order to influence Lithuanian foreign and security policy. Sander Huisman contends that 'Russia has not conscientiously developed a real policy or approach towards Kaliningrad'.⁴⁰ Although the policies of the Kremlin towards this region seem chaotic, Raimundas Lopata argues that there is a rather sophisticated rationale behind Moscow's inconsistent approach, calling the Kaliningrad region Russia's 'geopolitical hostage'.⁴¹ In any case, it is clear that the primary goal of Russia's strategy is to maintain its sovereignty over and assure connection to Kaliningrad, whereas the

³⁶ Annual address to the Federal Assembly by the President Vladimir Putin, 25 April 2005, available online: http://www.kremlin.ru/eng/speeches/2005/04/25/2031_type70029_87086.shtml.

³⁷ 'OSCE Mission to Latvia closed', Press release, Ministry of Foreign Affairs of Latvia, 18 December 2001, available online: <http://www.am.gov.lv/en/news/press-releases/2001/dec/2450/>.

³⁸ *Agence Europe*, Brussels, 3 May 2005.

³⁹ Lisbeth Kirk, 'Russia pulls out of Estonia border deal', *EJObserver*, 28 June 2005.

⁴⁰ Sander Huisman, 'A New EU Policy for Kaliningrad', *Occasional Paper* no. 33 (Paris: EU-ISS, March 2002), p. 13.

⁴¹ Raimundas Lopata, 'Geopolitical hostage: the case of Kaliningrad oblast of the Russian federation', *Lithuanian Annual Strategic Review*, 2003, pp. 203-20.

region's social and economic development is of secondary importance. Such a policy line is based on the assumption that more openness for Kaliningrad would undermine Russia's sovereign rights over the region. While the top Russian officials every now and then present Kaliningrad as 'the European façade of Russia', or a 'pilot region of EU-Russia partnership', in practice Russia deliberately prevents this special status of the region from manifesting itself in any substantive form.

In the early 1990s, Kaliningrad was assigned the role of a Russian military outpost – the last fortress of the tumbling empire in Central Europe. Some of the troops withdrawn from surrounding countries were moved to Kaliningrad. The Russian military leadership even contemplated putting tactical nuclear warheads in the region if NATO went ahead with its expansion plans.⁴² However, economic recession in mainland Russia was beginning to take its toll and the numbers of troops and major equipment stationed in Kaliningrad had dropped significantly by 1998. Moscow made a rather desperate move by offering demilitarisation of Kaliningrad in exchange for Poland and the Baltic States refraining from entering NATO.⁴³

Russia also tried to exploit the issue of military transit, pressing Vilnius to sign an international treaty that would establish an uncontrolled civil and military transit corridor through Lithuanian territory to Kaliningrad. Lithuania saw these demands as an attempt to undermine its sovereign rights over its own territory. Vilnius was also concerned that such a treaty could jeopardise its NATO membership prospects and kept rejecting Russia's proposals. The Lithuanian government adopted domestic regulations for the transit of military and hazardous materials over its territory in 1994. Russia consented to the unilateral decision of Lithuania, as it did need a ground transit route to Kaliningrad. Although on several occasions Russia tried to relaunch the negotiations and

sign a bilateral treaty, the issue may now be considered closed, as Lithuania succeeded in rebuffing all Russian efforts. Today, Russian military transit continues to function smoothly in accordance with Lithuanian domestic rules.

The idea of Kaliningrad as a pilot experimental region for liberal economic reforms was another key concept in the Kremlin's policy towards the region. In 1991, Russia granted Kaliningrad the status of a Free Economic Zone, which in 1996 was transformed into a Special Economic Zone. Neither project led to a substantial improvement in the region's economic performance – the vision of the 'Baltic Hong Kong' has never materialised. By that time, Vilnius had started to promote the idea of Kaliningrad as an economic bridge for developing West-East relations. Lithuanian diplomats argued that the 'problem of Kaliningrad' should be seen as a window of opportunity to improve Europe's relations with Russia by engaging in a common endeavour. By the end of the 1990s, Kaliningrad finally found its way onto the agenda of the EU and the Council of the Baltic Sea States. Russia's initial reaction was positive. Vilnius and Moscow even launched a common 'Nida initiative' – a package of various economic projects – under the auspices of the Northern Dimension in 2000.

Moscow's ambivalence towards the region resurfaced during the EU-Russia negotiations over the issue of civil transit to Kaliningrad. Instead of dealing with the numerous consequences of EU enlargement for the region, Moscow concentrated on a somewhat secondary matter – how to retain the regime of free transit of persons to Kaliningrad after Lithuania joined the EU. For the Kremlin, the dynamic economic development of Kaliningrad was not a priority – ensuring Russia's territorial integrity and free access to its strategic outpost was.

Lithuania got a chance to reap the benefits of the structural power the EU provides to its individual members even before the actual accession. The European Commission adopted a

⁴² Ingmar Oldberg, 'Kaliningrad: Russian Exclave, European Enclave' (Stockholm: Swedish Research Defence Agency, 2001), p.15.

⁴³ Raimundas Lopata, *op.cit.*, p. 207.

strong stance to separate the issue of Lithuania's accession from the issue of Kaliningrad transit, while providing Lithuania with the possibility of participating indirectly in the negotiation process with Russia. Despite rather uncompromising positions of both sides – Russia's insistence on a visa-free transit, and the Commission's rejection of any notion of 'corridors' in the Schengen space, the agreement was reached in November 2002. The EU agreed that inhabitants of Kaliningrad would be issued with facilitated transit documents instead of visas for travel through Lithuania.

Relations with Kaliningrad for Lithuania are of particular political and economic importance. Politically, it provides a rare opportunity to pursue cooperative relations with Russia, albeit at a technical, administrative level, as manifested by a few common, and to a certain extent successful, projects. The economic stakes are no less important: investment in Kaliningrad constitutes some 20 percent of the total amount of Lithuanian foreign investment abroad. However, Moscow's stance remains an obstacle to further strengthening this cooperation. The new amendments of the law on the special economic zone in the Kaliningrad region established preferential treatment for 'large-scale' (for which read Russian) capital at the expense of small and medium enterprises (for which read Polish and Lithuanian), which now dominate in the region.⁴⁴ In addition, the Russian Foreign Minister Sergei Lavrov has warned the leaders of the Russian regions not to pursue any relations with the Baltic States that would not be first endorsed by the Kremlin. Revealingly, in July 2005, the Kremlin did not invite the Polish and Lithuanian Presidents to the celebration of the 750th anniversary of Kaliningrad city.⁴⁵ The appointment of the next governor of the region by Vladimir Putin himself (under the law passed in 2004) will further limit prospects for more local autonomy and prosperity for Kaliningrad.

To sum up, quite a few problems persist in realising the opportunities that Kaliningrad could offer for the improvement of the relations between Russia, Lithuania and the EU. In Kaliningrad, the EU faces a dilemma between the external security issue and the internal one. An isolated, militarised, socially and economically backward region could well become an external source of instability in the middle of the EU. On the other hand, loosening border control and allowing more mobility could boost the internal threats of illegal migration, organised crime, spread of HIV etc. While positive changes can only occur with constant, pro-active and all-around engagement of the EU and its members, Russia does not seem to be ready to loosen its centralised grip on the region. If the status quo persists, the economic, social and environmental situation in Kaliningrad may deteriorate further. On the positive side, the principle of 'the worse, the better' may backfire on Moscow, forcing Russia to reassess its current policy and let the 'hostage' go back to normality.

The energy sector: business as usual?

With political leverage slipping from Moscow's hands after the double enlargement, the Kremlin sought alternative ways to retain influence in the Baltics.⁴⁶ Baltic dependence on Russian energy supplies is arguably the strongest tool Russia currently possesses to influence the policies of Estonia, Latvia and Lithuania. The sheer size of the Russian energy sector is a factor neither the Baltics nor the EU can disregard – Russia is the world's largest exporter of natural gas and second largest oil exporter.

Central and Eastern Europe as a whole is a transportation and processing zone of Russia's raw energy resources. Through this region, Russian oil and gas flow to the lucrative Western European markets. In recent years, Russia has started to pursue a rather aggressive energy policy in Central and Eastern Europe with the

⁴⁴ 'Of Kant and cant', *The Economist*, 14 May 2005, p. 29.

⁴⁵ 'Kaliningrad 750th anniversary not international event', Interfax, 28 June 2005.

⁴⁶ F. Stephen Larrabee, op. cit., p.73.

objective of gaining full or at least partial control of the oil and gas sectors of all the transit countries. Russia seeks to obtain key segments of the oil and gas industries, including refineries, transportation infrastructure, wholesale and retail sale networks. Russia already supplies more than 75 percent of the new EU members' oil and gas, compared to 20 percent of Western European supplies.⁴⁷ The gas imports of the Baltic States from Russia amount to a 100 percent, while oil imports stand at nearly 90 percent.⁴⁸

Russia pursues its energy policies via such giants as Lukoil, TNK-BP and Gazprom. The companies that do not succumb to direct or indirect governmental control are ousted from the equation as illustrated by the Yukos case. Yukos had developed a dominant presence in the Baltic oil market before the clash with the Kremlin. This is why the crackdown on Mikhail Khodorkovsky raised fears among the Baltic authorities about the possible consequences if (or rather when) the Russian government should attempt to take over Yukos shares in the Baltic oil industries.

During the Soviet era, key oil export terminals were located in Ventspils (Latvia), Tallinn (Estonia), and Klaipeda (Lithuania). After the break-up of the Soviet Union, Russia itself became dependent on the countries in the transportation and processing zone and had to pay significant fees for the transit of its resources westwards. To reduce this dependence, Russia undertook a twofold strategy: building new terminals and pipelines bypassing the Central European countries and recapturing control over existing infrastructure. By 2001, the Russian Transneft company had finished a major project encompassing a new system of oil pipelines in the Baltic Sea and a new export terminal in Primorsk. This project reduced Russia's dependence on the Baltic terminals. It also allowed Moscow to exert pressure on the Latvian government to give preference to the Russian

companies in the privatisation of the Ventspils Nafta, Latvia's oil transit company (Russia stopped shipping its oil through Ventspils).

The Lithuanian government's experience in the privatisation of the Mazeikiu Nafta company (which encompasses a refinery and export terminal) was also revealing. Lithuania rejected the Russian bid and chose an American company, Williams, as a strategic investor. The 'strategic investment', for which the American government itself heavily lobbied, proved to be everything but profitable due to the reluctance of the Russian oil suppliers to supply the crude. In the end, Williams sold its shares to Yukos without even informing the host country.

In the oil sector, the Baltic States do have some space to manoeuvre by buying more expensive crude oil from other suppliers. In the gas sector the dependency on Russia's supplies is total. Gazprom already has a strong foothold in the three national gas distribution companies of all three countries. Besides, there is no crucial gas transit infrastructure in the Baltics, which further diminishes the chances of the Baltic governments being able to rebalance their dependence on Russian gas supplies. Not surprisingly, central bankers in Lithuania and Estonia grew concerned that the chances of adopting the euro in 2007 could be dashed if Gazprom sharply increased the price of gas, thereby causing a surge in inflation.⁴⁹ The plan agreed between Gazprom and the German company BASF to build a North European Gas Pipeline under the Baltic Sea that would allow Russia to deliver gas directly to the Western European markets will further diminish the strategic importance of the Central European transit infrastructure.

The Russian-Ukrainian gas war at the very end of 2005 added a new angle to Russian gas policy. The crisis started when Gazprom deliberately cut the gas supply to Ukraine on 1 January 2006. This move not only had an immediate impact on Ukraine's consumers, but also triggered an uproar in quite a few European

⁴⁷ 'Oil and gas needs give Moscow influence', *The Financial Times*, 21 February, 2005.

⁴⁸ 'Baltic Sea Region', The Energy Information Administration of the US Department of Energy, available online: <http://www.eia.doe.gov/emeu/cabs/baltics.html>.

⁴⁹ George Parker and Arkady Ostrovsky, 'Baltic states face Gazprom "threat" to euro entry hopes', *The Financial Times*, 27 July 2005.

countries, including France, Italy and Poland, because as much as 80 percent of supplies to Europe transits through Ukraine. The Russian government has shown that it will not shy away from using gas as an instrument of political leverage even if this endangers its relations with the EU.⁵⁰ Paradoxically, this crisis may also benefit the Baltic States, as it has prompted a debate on the need to create a common EU energy policy.⁵¹

Electricity is of rather limited importance in the structure of Russia's energy exports, standing at some 1 percent of all energy materials exported in 2004 (compared to oil 46 percent, gas 36 percent).⁵² Electricity is cheap and easily available in the European markets. Both Estonia and Lithuania are electricity exporters. Latvia is the region's only electricity importer, buying electricity from other Baltic States and Russia. However, even in this sector the Baltics may end up depending on Russia's supplies. Lithuania will shut down its Soviet-era Ignalina nuclear power plant in 2009. Estonia may also see its environmentally hazardous oil shale-fired electricity generation decline under EU environmental policies.⁵³ A plan to integrate the energy system of the Baltic States with that of Western Europe via Poland remains stalled due to lack of interest in the latter country in pursuing such a project. In order to avoid future dependence on Russian electricity supplies, Lithuania may have to consider developing a new nuclear facility. Latvia is working with Estonia and Finland to develop the 'Estlink' project, which should link the Baltic States to the Nordic power grids by 2006.

To sum up, energy policy is a significant factor in Russia's political relations with its neighbours.⁵⁴ The Baltic States are losing the only leverage they probably had *vis-à-vis* Russia in the energy business – the transit of oil. The interests of the Western European countries and the Baltic States hardly coincide in their energy policies towards Russia. While some Western European countries are deliberately increasing their dependence on the Russian energy supplies, the Baltics see this dependence as a vulnerability in their security. The governments of the Baltic States themselves seem to be liable to the pressure of the large Russian companies in a business in which the line between legitimate lobbying and corruption is a very thin one.

Several factors could prevent the possibly negative consequences of Russia's energy politics in the Baltic States. There are vital economic interests at stake for Russia, which effectively limit Moscow's willingness to use its energy policy for geopolitical purposes. Russian economic growth remains extremely dependent on energy exports and sensitive to fluctuations in world oil prices. According to some estimates, a \$1 per barrel change in oil prices results in a \$1.4 billion change in Russian revenues⁵⁵. If the Russian dependency on the EU market increased further, the political undertones of Russian investments in the Baltic energy sector would likely fade away. Meanwhile, the EU should uphold its policy of diversification of suppliers.⁵⁶ American and Western European plans to increase their presence in the Russian energy sector, if carried out, could also serve as a safeguard ensuring that Russian investment motives remain purely economic. But the likeli-

⁵⁰ Peter Zeihan, 'Russia's Gas Strategy: Turning Up the Heat on Ukraine', *Stratfor Geopolitical Intelligence Report*, 4 January 2006.

⁵¹ "'Lessons' for EU from gas crisis', BBC News, 4 January 2006.

⁵² 'Energy strategy of the Russian Federation until 2020' (in Russian), the Government of the Russian Federation, available online: <http://www.mte.gov.ru/docs/32/189.html>.

⁵³ 'Baltic Sea Region', The Energy Information Administration of the US Department of Energy, available online: <http://www.eia.doe.gov/emeu/cabs/baltics.html>.

⁵⁴ David Lane, 'The Political economy of Russian oil' (Oxford: Rowman & Littlefield Publishers Inc., 1999), p. 165.

⁵⁵ The data of the Energy Information Administration of the U.S. Department of Energy, available online: <http://www.eia.doe.gov/emeu/cabs/russia.html>.

⁵⁶ Interview with an EU official, 27 May 2005.

hood of the latter scenario remains limited given the iron grip of the Russian government over the oil and gas industries.⁵⁷

To summarise the status quo of Baltic-Russian relations, the longstanding fears that the membership of the Baltic States in the EU and NATO will cause a major crisis between these organisations and Russia has proved to be hollow. The risks that the Baltic States face in their Eastern neighbourhood are no longer of a traditional military nature. Yet, there is more than enough evidence to believe that Russia seeks to retain political, economic and even cultural influence in the Baltic States. Paradoxically, the

sovereignty and territorial integrity of the Baltic States – the things Estonians, Latvians and Lithuanians so feverishly sought to defend from the ‘Eastern’ threat – are not at stake today. After all, Russia may not be all that worried about the membership of the Baltic States in the EU and NATO. Moscow may have started considering it an opportunity to gain an inside access to these organisations via vulnerable Baltic governments. In the long run, the EU may have to worry more about growing Russian influence in Brussels via the Baltic and other Central and Eastern European states, not about their influence on the EU’s policy towards Russia.

⁵⁷ In Russia, licences to run strategic gas and oil fields are granted only to companies, which are at least 51 percent state-owned.

The Baltic States in the Europe of regions

Although the Baltic authorities saw membership of the EU and NATO as the only possible long-term solution to all their security concerns, they also pursued an active regional cooperation agenda as an ‘interim’ solution. The ‘interim’ solution consisted of two essential components: (1) close trilateral cooperation between the Baltic States; (2) embedding the Baltic States into the wide network of regional organisations and cooperation frameworks. The Baltic governments saw this cooperation primarily as a tool to achieve their ultimate goals. For their partners, it was a means to keep the Baltic countries happy without extending clear EU or NATO membership guarantees. The double enlargement created an entirely new strategic situation in the region (or regions) inhabited by the Baltic States. A major reassessment of the necessity, value and importance of various sub-regional and regional cooperation formats is long overdue.

3.1. *The myth of Baltic unity*

The Baltic States can claim several different regional dependencies. On various occasions and in different contexts, they have been considered as belonging to Central and/or Eastern Europe, Northern Europe, and the Baltic Sea region. The ‘Baltic’ identity of Estonia, Latvia and Lithuania is arguably the best known and the most politically significant, but also the least appreciated among the Baltic States themselves. The term ‘Baltic States’ is a modern political invention of the twentieth century, which has little to do with the historical or cultural identity of the three countries. In the 1990s, the West expediently lumped Lithuania, Latvia and Estonia into one geopolitical entity, imposing the ‘Baltic unity’ on the three historically and culturally diverse nations (see Table 2).

Table 2. Historical and cultural diversity of the Baltic States

	Statehood first established	Language	Dominant religion	Geographical (self-) identification	Major cultural influences
Estonia	1918	Finno-Ugric (Uralic family)	Lutheran	Northern Europe	German, Danish, Swedish, Finnish
Latvia	1918	Baltic (Indo-European family)	Lutheran	Northern Europe	German, Swedish
Lithuania	13 th century	Baltic (Indo-European family)	Roman Catholic	Central Europe	Polish, German

Source: Compiled by author.

Out of the three Baltic States, only Lithuania has a long-standing tradition of statehood dating back to the thirteenth century. The lands now known as Latvia and Estonia were under German rule throughout the Middle Ages, before the Swedes conquered them in the seventeenth century. German and Nordic influences are still evident in the culture, literature and architecture of both countries. Both Latvians and Estonians are also predominantly Lutherans. For Lithuania, a dynastic union with Poland established by the end of the fourteenth century became the gateway to Europe. Lithuania was the last European nation converted to Christianity. Only at the end of the eighteenth century did the destiny of the Baltic countries converge when Lithuania, Latvia and Estonia all became part of the Russian empire.

The historic record of Baltic cooperation is dismal at best. The 'Baltic Entente' that was established in 1934 remained nothing more than a declaration, making it easier for the Soviet Union to swallow up the three countries one by one. For Estonians, Latvians and Lithuanians the term 'Baltic' itself is associated with Soviet rule.⁵⁸ The years under the Russian empire in the nineteenth century and the Soviet empire from 1945-1991 are the only truly common experiences of the Baltic States.⁵⁹

Despite their dislike of imposed unity, the three countries had to demonstrate a certain degree of close cooperation during the 1990s. The Baltic States had at least two reasons to put some effort into the 'Baltic dream': first, to show their socio-economic maturity and readiness to integrate with a larger entity – the EU –, and second, to rebuff doubts about their 'defensibility' and hence become eligible for NATO membership. With foreign assistance, the Baltic States launched a number of defence cooperation projects that played an important role in achieving

NATO membership, e.g. BALTBAT (the Baltic peacekeeping battalion), the Baltic Defence College etc. Some of those projects were successfully integrated into relevant NATO military structures, e.g. BALTRON (Baltic Naval Squadron), and BALTNET (Baltic Air Surveillance Network).

The downside of this cooperation was heated diplomatic battles between the three countries over the right to host a particular project. There also was a 'beauty contest' over which country was best prepared for EU and NATO membership (Estonia was seen as leader in the quest for EU accession, while Lithuania was considered as more advanced towards NATO membership). Although there has always been more competition than cooperation among the Baltic States, it was not necessarily a bad thing as they did eventually achieve their goals.

Today, the foreign and security policy agendas of the Baltic States still overlap considerably. The Baltic governments share similar concerns over Russia, have a common interest in preserving a strong transatlantic link, agree on certain security and defence issues within the EU and coordinate their assistance efforts to the South Caucasus countries. However, Lithuania has a broader regional agenda and plays a more active role in the Eastern neighborhood than Latvia and Estonia. Relations with Kaliningrad, support for the European integration efforts of Ukraine and support for the democratisation of Belarus rank high on Lithuania's agenda, whereas Latvia shares only the concern over the future of Belarus and Estonia does not show much interest in the Eastern borderlands apart from Russia and the South Caucasus.

The three countries should not put too much energy into preserving the myth of Baltic unity as something sacrosanct. The leaders of the Baltic States sometimes seem to be uneasy about

⁵⁸ Grazina Miniotaite, *Convergent Geography and Divergent Identities: A decade of transformation in the Baltic states* (Cambridge: Cambridge Review of International Affairs), vol. 16, no. 2, 2003, p.212-13.

⁵⁹ Symbolically, probably the famous manifestation of the Baltic unity was the 'Baltic Way' – a massive demonstration against the Soviet oppression that took place in August 1989 when the people of the three countries formed a human chain that ran from Vilnius through Riga to Tallinn.

voicing their differences in national interests and policies, including those towards Russia. This anxiety is reinforced by the stereotypes that still inform Western attitudes towards the Balts. For example, an article in *The Economist* dramatised Baltic disunity over the question of the Victory Day celebration in Moscow by maintaining that ‘inability to agree on a common line over going to Moscow highlighted lack of trust – and the success of Russia’s policy of divide, and perhaps, rule again.’⁶⁰

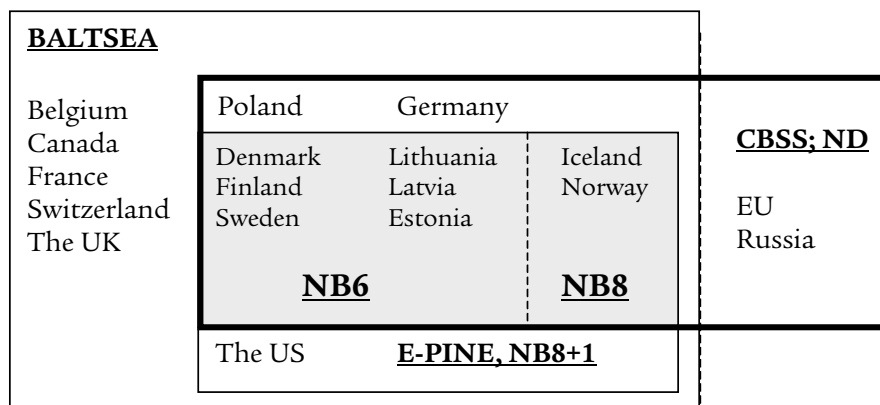
In fact, such an externally imposed unity only constrains national decision makers and limits room for manoeuvre. At the same time, there are cases when the Baltic States would be better off standing firmly together – a common Baltic initiative would have a better chance of succeeding than an individual initiative of Tallinn, Riga or Vilnius. But the criterion for evaluating the utility of trilateral cooperation projects should be the value added to the activities of the EU and NATO, not political symbolism. In order to reinvigorate Baltic cooperation, the political elites of the three countries have to acknowledge openly their existing differences, while pursuing together the interests they do have in common.

3.2. Regional cooperation: churning substance out of acronyms

The engagement of most of the international institutions that now operate in the Baltic Sea area stemmed from the need to anchor the three Baltic States and Russia to Europe at large via a web of transnational economic, social and cultural ties. This effort produced a broad albeit loose network of regional cooperation with quite a few overlapping intergovernmental and non-governmental organisations (see Diagram 1).

Different frameworks served different purposes for the Baltic States, as well as their partners. On the one hand, the importance of regional cooperation for the Baltic States has faded with membership of the EU and NATO. On the other hand, some of these formats became important venues for coordinating activities within both the EU and NATO. The challenge that the countries in the region as well as actors outside of it (primarily the EU and the US) now face is churning substance out of this array of undecipherable acronyms (see table 3).

Diagram 1. Overlapping frameworks of cooperation in the Baltic Sea region



⁶⁰ ‘The Baltic Borders and the War: Frontier Justice’, *The Economist*, 7-13 May, 2005, p. 26.

With the Baltic States' accession to membership of the EU and NATO the importance and relevance of some of the regional formats is changing. The Council of Baltic Sea States (CBSS) and the Northern Dimension (ND)⁶¹ both encompass the same group of participants: eight EU members, the Commission, Iceland, Norway and Russia. Both aim at strengthening dialogue and cooperation on a variety of regional issues, such as economic and social development, environmental and nuclear safety and cross-border cooperation. However, given the comprehensive if general agreements on the four common spaces signed between the EU and Russia in 2005, the importance of the CBSS and ND for all parties concerned may wane.

NEI⁶² – an American initiative designed to showcase the US interest in the stability of Northeastern Europe – was replaced in 2003 by a new E-PINE initiative, which has yet to show

any value beyond a catchy acronym. Although the CBSS, ND and E-PINE could all be instrumental in fostering development of the Northwestern regions of Russia, including Kaliningrad, the centralising trends within Russia could severely undermine such prospects. Nordic, Baltic and US Defence Ministers met in the format of NB+1 in 2002. A few informal meetings of defence experts in the same format have also taken place, but these have yet to transpire into anything substantial.

The Baltic Security Assistance Forum (BALTSEA) was a Western creation of the 1990s to provide support for defence reforms in the Baltic States and the upgrading of their armed forces. Having acceded to NATO, today the Baltic military leadership sees little need for such assistance outside the framework provided by the Alliance itself. BALTSEA was terminated in November 2005.

Table 3. Regional cooperation formats in the Baltic Sea area

FORMAT (year launched)	ORGANISATION	AGENDA	PARTICIPANTS
CBSS - Council of Baltic Sea States (1992).	Intergovernmental organisation.	All areas of regional cooperation excluding defence.	Baltic States, Nordic States, Germany, Poland, Russia, EU Commission
ND - Northern Dimension (1997).	Non-governmental cooperation.	Most areas of regional cooperation excluding defence.	Baltic States, Nordic States, Germany, Poland, Russia, EU Commission.
NEI - Northern European Initiative (1997).	Non-governmental cooperation.	Replaced by E-PINE.	Baltic States, Nordic States, the US and Russia.
E-PINE - Enhanced partnership in Northern Europe (2003).	Non-governmental cooperation.	Cooperative security, vibrant economies, healthy societies.	Baltic States, Nordic States, the US.
NB + 1 - Nordic-Baltic and the US (2002).	Informal meetings of defence officials.	Defence cooperation.	Baltic States, Nordic states, the US.
BALTSEA - Baltic Security Assistance forum (1997).	Meetings of the defence officials.	Coordination of assistance to the Baltic States. Terminated in 2005.	17 nations (incl. all Nordic and Baltic states).
NB8 - Nordic - Baltic Eight (1992).	Intergovernmental cooperation.	Cooperation in most sectors.	Baltic States, Nordic states.
NB6 - Nordic-Baltic Six.	Intergovernmental cooperation.	Coordination of policies within the EU.	Baltic States, Sweden, Finland, Denmark.

⁶¹ For more on the ND, see: Errki Olavi Aalto, 'The Northern Dimension of the EU and the Trends in Security Policy in the Baltic Sea Region: A Finnish Point of View', available online: http://www.bmlv.gv.at/pdf_pool/publikationen/02_intinf24_aalto.pdf

⁶² Edward Rhodes, *Rethinking the Nature of Security: the US Northern Europe Initiative* (Copenhagen Peace Research Institute, June 2002).

At the centre of all these frameworks has stood the Nordic-Baltic cooperation, which was initially based on a loose and non-binding formula of 5N + 3N but later developed into a more cohesive NB8 format. For Baltic elites, association with wealthy and peaceful Northern Europe had clear merits. Nordic countries were instrumental in bringing the Baltic States back to European structures. NB8 and NB6 are the acronyms that will likely have a lasting impact on foreign and security policies of the Baltic States. Today, the NB8 is a microcosm of Europe itself: there are members of both the EU and NATO (Estonia, Latvia, Lithuania and Denmark), there are non-aligned countries (Finland and Sweden) and there are non-EU countries (Iceland and Norway). In addition, they are all relatively small and share geographic proximity to Russia. It is obvious that all parties concerned can benefit in one way or another if the NB8 group becomes more cohesive and coordinates their foreign and security policies more closely. The NB6 format, encompassing the EU members, already seems to work quite well – it has become routine for the Prime Ministers of the six to meet before the European Council meetings.

The Nordic Council (inter-parliamentary body) and the Nordic Council of Ministers (inter-ministerial body) have been reluctant thus far to open their doors to full-blown participation of the Baltic States in their activities. Although the Nordic Council and the Nordic Council of Ministers hold joint sessions with the Baltic Assembly and the Baltic Council of Ministers respectively, the Baltic States still fall under the Adjacent Areas Programme together with Russia and the Arctic area. If the NB8 cooperation is to deliver, the Nordic countries will have to accept the Baltic States as equal partners, not apprentices. By the same token, the Baltic States will have to prove some proficiency in areas of utmost importance to their Northern neighbours, such as environmental protection and gender equality.

Apart from the context of Northern European identity, the Baltic States are often mentioned among the Central and/or Eastern European countries. However, at least in institutional terms, none of the Baltic States have ever been invited to take part in any significant Central European cooperation format – the Central European Initiative, Visegrad group, Central European Free Trade Agreement or any other.

Lithuania presumably has the strongest affiliation with Central Europe. The majority of the Lithuanian public would more likely identify with Central rather than Northern Europe due to historical and cultural reasons. In 2000, with the creation of the Vilnius Group to coordinate NATO integration efforts, Lithuania did acquire some visibility as a Central European state. The Central European identity is especially reinforced by the country's strategic partnership with Poland. In the early 1990s, the two countries managed peacefully to bury their interwar hostilities. Currently, Lithuania and Poland share the same interests in fostering democratic trends in Belarus and turning the Kaliningrad region from a grey zone into 'a window of opportunity'. In the defence realm, Lithuania and Poland have a common battalion (LITPOLBAT); Lithuanian troops serve with Polish contingents in Kosovo and Iraq; Vilnius has also decided to join the Polish-led EU Battle Group. In 2005, Poland, Ukraine and Lithuania decided to transform the Polish-Ukrainian battalion (POLUKRBAT), which is currently deployed in Kosovo, into a trilateral peacekeeping battalion (POLUKRLITBAT).

Apart from the challenges posed by the Kaliningrad oblast and Belarus, the Baltic Sea area seems to be an island of peace and stability amidst an ocean of trouble brewing around. The major hotspots of the world are relatively far away, and major military conflicts in the closest vicinity are also highly unlikely. The region is not immediately exposed to potentially large inflows of illegal migration in contrast to some

southern European countries. In comparison to Western Europe, there have been no major terrorist attacks in any of the countries surrounding the Baltic Sea. In other words, the efforts to desecuritize the agenda of regional cooperation in the Baltic Sea area and in particular the Baltic-Russian relations were to a large extent successful. However, the countries of the region (especially the smaller ones) should be wary of the trap of the 'golden corner' mentality - no region or country should feel completely safe in the era of unpredictable, uncertain, unidentifiable and increasingly transnational threats.

3.3. Making a difference in the European neighbourhood

With the accession of the new member states, the neighbourhood agenda of the EU became more complicated than before. The new neighbours - Ukraine, Belarus, Moldova, the South Caucasus countries - are still in the process of transition towards democracy (with varying degrees of success), they are poorer and less stable, and they are far from fulfilling EU membership criteria. All of this means the EU will be unable to offer them a membership promise anytime soon. The European Neighbourhood Policy (ENP) was to a great extent designed as a response to this challenge.

Arguably, the new member states have had the greatest impact in CFSP terms on EU policy towards the Eastern neighbours. The keen interest of the new members in the stability, economic and social development of the Eastern neighbours prompted the EU as a whole to pay more attention to and put more energy into this area. The new members brought a critical mass of knowledge and expertise about the new EU's neighbours.⁶³ It still remains to be seen if this increased attention will transpire into more substantial financial support for the new neighbours. EU member states will have to find a bal-

anced approach towards allocating financial aid between the Mediterranean countries, the Balkan countries and the Eastern neighbours.

Despite the active participation of the Baltic States in deliberations over the ENP, the actual success of their initiatives is constrained by their lack of experience in procedural matters. Even good initiatives are doomed to fail if presented in the wrong, amateurish way. This is a malaise common to most new member states. Their initial stance of 'we know better' how to deal with Russia, Ukraine or Belarus did not fare well with the old members, but it taught the new members 'a lesson in humility'.⁶⁴ Yet, the Baltic States have a natural interest in trying to 'make a difference' in the closest neighbourhood and in some cases they have already delivered. First of all, these countries are now responsible for the safety of the Eastern borders of the EU. Curiously, Lithuania is the only European country bordering Russia to the West (the Kaliningrad region). Latvia and Lithuania both border Belarus to the East. Safeguarding these borders is no easy task given the smuggling, human trafficking, trafficking of drugs and guns, organised crime, illegal migration and other challenges that could hit the EU ever more heavily if the development gap between the wealthy club of the West and the rest widened further. Stability, peace and economic prosperity in the Eastern neighbourhood should therefore be the top priority of the foreign and security policy of the Baltic States.

Lithuania, together with Poland, claims to have put Belarus, Ukraine, and the Kaliningrad region on the EU agenda long before they themselves became members. Even more remarkably, the three Baltic States already for a few years have been supporting and promoting democratic transformation and defence reforms in the South Caucasus countries, whereas the EU only in 2004 extended the ENP to Armenia, Azerbaijan and Georgia. Such activities help to diversify the foreign policy of the Baltic States

⁶³ An interview with an EU official, 27 May 2005.

⁶⁴ An interview with an EU official, 25 May 2005.

away from focusing solely on Russia, while, at the same time, helping their major interest to see Russia becoming a normal democracy.

What make the Baltic States well placed to pursue an active policy is first and foremost the experience, expertise and credibility gained during their own transformation period. Estonia, Latvia and Lithuania share the same past as former Soviet socialist republics with Ukraine, Belarus, Moldova and the countries of the South Caucasus. However, thus far, only the Baltic States have managed to become established democracies and members of the EU and NATO. Their experience is particularly valuable to their Eastern neighbours in two regards: first, they know how to shake off the Soviet legacies and transform centrally planned economies into freemarket economies; second, they know how to adapt their legal and political systems and meet other EU and NATO demands in order to become eligible for membership. Another somewhat subjective factor is knowledge of the Russian language. The Baltic States could well play the role of interlocutors for day-to-day and people-to-people contacts between the EU and the Eastern neighbours. The challenge now for Vilnius, Riga and Tallinn is to 'sell' these advantages to the rest of the EU, and the EU has to find a way to exploit the strengths of individual members to the benefit of all.

The Baltic States individually and together are too small to assist, for example, Ukraine in its complex agenda of cooperation with the EU. Given the constraints of diplomatic weight, human and financial resources, they inevitably must coordinate their endeavours not only among themselves but also with other interested parties. The Nordic-Baltic cooperation provides one such opportunity, which has not yet been exploited in any significant way. Cooperation with other new EU members in Central Europe and in particular Poland provides another opportunity. The key role of the Polish President Alexander Kwasniewski and the Lithuanian President Valdas Adamkus in the

crisis resolution during the Orange Revolution in Ukraine provided an especially convincing example of the possible benefits of such cooperation. The presence of the High Representative of the EU Javier Solana in Kiev with the two presidents provided the EU clout and guaranteed the success of the whole affair.

Although the activism of the Baltic States towards such difficult cases as Belarus or the South Caucasus may seem venturesome, the rationale behind it is sound. Some politicians in the Baltic States tend to argue in favour of the 'golden corner' mentality, which would entail a policy of self-restraint and general passivity towards any sensitive security issue that could draw their countries into unnecessary meddling with other nations, especially Russia. In their view, respective Baltic governments should focus exclusively on domestic problems. However, mainstream political thought seems to favour international activism, on the assumption that only an active foreign policy, even if risky, can ensure security for small states.

The Baltic States together with other interested EU members have a few ways to proceed with their efforts towards the Eastern neighbourhood. There could be a certain informal specialisation among the Central European countries. For example, Poland would focus on Ukraine, Lithuania on Belarus, while Latvia and Estonia would focus on South Caucasus, providing a contact point for the rest of the members. Obviously, these individual efforts should only be complementary to those of the relevant EU institutions, especially if the post of the EU Foreign Minister is eventually established.

Another way is to focus on certain functional aspects of the ENP: conflict resolution, border control, or institutional reforms. In any case, the Baltic States will have to be as pragmatic as possible in order to avoid spreading their resources too thinly. Lithuanian decision makers in particular face such a danger, as they picture Lithuania as a regional leader pursuing a very ambitious agenda of foreign affairs.⁶⁵

⁶⁵ For example, see: 'Lithuania's New Foreign Policy', Speech by Artūras Paulauskas, Acting President of the Republic of Lithuania, at Vilnius University, 24 May 2004, available online: http://www.urm.lt/data/2/EF51153536_Paulauskasspeech.htm.

Lithuanian ambitions to be among the leading EU members in all crucial areas related to CFSP – relations with Russia, the transatlantic link and the ENP – outstrip the capabilities of the country, creating a potentially dangerous overstretch, which could diminish rather than strengthen the influence of Lithuania within the EU. After all, being a ‘regional centre’ cannot be a goal in itself – the strengthening of democracy and the rule of law in Lithuania’s Eastern neighbourhood should be the key strategic aim for Lithuania.

Summarising the current position of the Baltic States in the Europe of regions, several important conclusions can be drawn. First, with membership goals attained, they should reinvent their trilateral cooperation by focusing on pragmatic interests, rather than political symbolism. Second, the Baltic authorities must

reassess the utility of participation in different regional frameworks – they cannot devote equal attention to all possible forums and must adopt a more selective approach. Third, they have a natural interest in devoting more of their resources to the Eastern neighbourhood, which could well become their greatest value added to the EU’s CFSP. All in all, the importance of regional cooperation to the Baltic States has not diminished since their accession to the EU and NATO. Despite the new international status gained by Estonia, Latvia and Lithuania, the foreign and security interests they pursue, the challenges and problems they face, and the tools they have to tackle those problems will continue to be regional in nature. However, as will be argued in the next chapter, they must also see the bigger picture and think ‘outside of the box’ in order to put their regional policies in a global perspective.

The Euro-Atlantic dilemma

Popular myth holds it that the Baltic States, as well as most of the other Central and Eastern European countries, have a pro-American and anti-Russian mindset. They tend to rely on the US-led NATO Alliance as their primary security guarantor, while being lukewarm towards CFSP and even trying to obstruct its development, serving as America's 'Trojan horse' in Europe. This myth was reinforced by the war on Iraq, which gave rise to heated debate about the division between 'old' and 'new' Europe. This narrative oversimplifies a more complex reality and, in certain respects, is plainly wrong. This section attempts to reappraise the place of the Baltic States in the transatlantic security dialogue and the role they play (or could play) in the pursuit of truly common European foreign, security and defence policy.

4.1. *The puzzle of the strategic triangle*

Throughout the 1990s, the foreign and security policies of the Baltic States were driven by the urge to dissociate from the past of the Soviet occupation and become an integral part of the Western community. Grazina Miniotaite eloquently captures the importance of the East/West opposition to the Baltic States.⁶⁶

The Baltic States (...) have been creating narratives of belonging to the West, with the East as their threatening 'other'. The West is being associated with prosperity, security and democracy, whereas the East is linked with poverty, unpredictability and insecurity. Positive identification with Europe is accompanied by dissociation from non-Europe, with the emphasis on Russia's threats.

The EU and NATO for the Baltic leaders were two sides of the same coin. Membership in the EU symbolised political, cultural and ideational reunion with Europe as well as economic and social prosperity, whereas membership in NATO was seen as the most efficient 'hard' security guarantee against perceived military threats. The buzzword for NATO-EU security cooperation at the time was ESDI – European Security and Defence Identity *within* NATO. Semiotics was important for the Baltic States: it was always about *Euroatlantic* and not simply *European* integration.⁶⁷

The Baltic leaders, however, could not foresee that they would join a qualitatively different Euroatlantic community from the one they aspired to join in the mid-1990s. The launch of a more autonomous European Security and Defence Policy (ESDP) in 1999 at least nominally made the EU a defence actor in its own right. In the aftermath of 9/11, Russia became an important ally for the US in the war against terrorism and the NATO-Russia Council was created. In 2003, NATO went 'out of area' after it took over the ISAF mission from the UN. NATO also transferred missions in FYROM and Bosnia and Herzegovina to the responsibility of the EU. These rapid changes in the global and European security architecture were already complex enough for the Baltic leaders to fully apprehend, but the diplomatic rift over the Iraq war between the US and France and Germany was a nightmare.

As a result of these 'tectonic' shifts, the Baltic States have joined the two organisations with a somewhat more complex 'mental map' from the one they had in the 1990s (see Diagram 2). The US and NATO and the EU are no longer seen as

⁶⁶ Grazina Miniotaite, op. cit., p. 214.

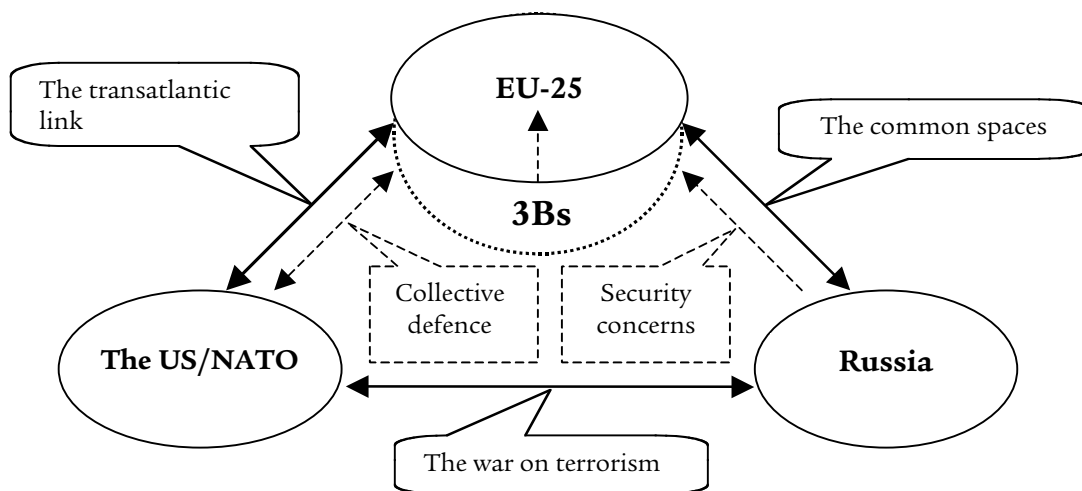
⁶⁷ Interview with Vytautas Landsbergis, member of the European Parliament, 24 May 2005.

two sides of the same coin, but as separate actors with sometimes conflicting interests. Russia has become a 'strategic partner' for both the US and the EU. The idea of the European security identity within NATO has never materialised and is already being replaced by a more balanced EU-US strategic dialogue.

The Baltic States thus see themselves as being stranded in the strategic triangle with no easy way out. Their best bet, as they see it, is the survival of the transatlantic link as epitomised by Article 5 of the Washington Treaty. What further complicates this puzzle for the Baltic leaders is that both the bigger EU member states and the US seek to have special relations with Russia, albeit for different reasons. These relations could potentially jeopardise the vital security interests of the Baltic States if the transatlantic link breaks down irreparably.

Notwithstanding the dramatic changes over the past few years, the Baltic States continue to perceive their close partnership with the US as vital to their security for a number of reasons. The US (despite taking part in the Yalta agreements) formally never recognised the occupation of the Baltic States.⁶⁸ The oppressed nations saw more hope in the American *Realpolitik* of destroying the 'evil empire' than in the Western European *Ostpolitik* of engaging the Soviets. In the post-Cold War situation, the Baltic States sought to rely on the support of the US when it came to withstanding the provocations or outright pressure of Russia. The US was among the most ardent supporters of Baltic membership in NATO in contrast to widespread hesitancy among the Western European countries.

Diagram 2. The 'mental map' of the Baltic decision makers



⁶⁸ For example, after the signing of the Helsinki Final Act in 1975, the US House of Representatives passed a resolution declaring that the Final Act would not affect the continuity of US recognition of the independent Baltic States.

The EU's lack of a viable defence dimension led the Baltic countries to believe that the EU would be unwilling or simply not able to repel a major aggression had Russia re-emerged as an expansionist and revisionist regime. Conscious or not, the Baltic view of EU policy towards Russia as being 'myopic' is undermining the credibility of the EU as a strategic actor in the eyes of the Baltic States and other Central and Eastern European countries inside and outside the EU's borders. This is the factor that pushes them towards a closer alignment with the US on certain strategic matters, especially those concerning European defence – an area in which the EU seeks to become a more prominent actor. Toomas H. Ilves argues that if some old member states resented the Central and Eastern European countries' pro-American attitudes, the new members view the old members' approach to Russia in a similar way. And this is, according to Ilves, 'the crux of internal EU relations in the realm of CFSP'.⁶⁹

The US has been reinforcing Baltic pro-American sentiments with high-profile diplomatic gestures. During his visit to Vilnius in 2002, George W. Bush declared: 'anyone who would choose Lithuania as an enemy has also made an enemy of the United States of America'. The Baltic States have never heard anything remotely similar from any of the Western European leaders. In sharp contrast, Jacques Chirac made his infamous comment on the Vilnius Group communiqué⁷⁰ supporting the war on Iraq: 'they missed a good opportunity to keep quiet'.

All in all, if there were a serious contingency in the Baltic neighbourhood, the Baltic leaders would most likely first dial Washington's number, not Brussels'. Not surprisingly, the Baltic States fully supported the US in the run-up to the Iraq war. Lithuania was among the initiators of the Vilnius Declaration in February 2003. The Baltic States did not perceive their decision as anti-European – the EU itself did not have a clear policy line towards the issue and many among

the old members supported the US decision to go to war. In the end, the choice of the Baltic States to send troops to Iraq was based on a rational calculation: the Baltic States had to assist their most important strategic ally if they expected this ally to help them in times of trouble.

However, the alleged Baltic pro-Americanism does not go far beyond 'hard' security issues and relations with Russia. The importance of the latter factor is also fading, because, as argued earlier, any military clash between NATO and Russia is unlikely if not unthinkable. Apart from America's moral support on the historical question of the occupation of the Baltic States, there is little the US can offer the Baltic States in other areas of crucial importance, such as the economic and social development or their dependence on Russian energy supplies. In the case of the Eastern neighbourhood (with the notable exceptions of Russia and South Caucasus) due to objective historical, economic and geographic reasons the EU has stronger vested interests and, therefore, is a more active player than the US. The Baltic States are also of no particular strategic importance for the Americans in terms of their number one priority – the war on terrorism. The Baltics were hardly even mentioned among potential candidates for the global realignment of the US defence posture. Meanwhile, the importance of the EU to the Baltic States in political, economic and social spheres will continue to grow. These are some of the reasons why the Baltic leadership should reassess their sceptical approach towards the development of the CFSP.

4.2 Reappraising the CFSP

The importance of the EU in the life of ordinary Estonians, Latvians and Lithuanians as well as their governments has rocketed since accession. The Baltic governments have already synchronised their schedules with those of the European institutions. Economic cooperation with

⁶⁹ Toomas H. Ilves, 'The Pleiades Join the Stars: Trans-Atlanticism and Eastern Enlargement', *Cambridge Review of International Affairs*, vol. 18, no. 2, July 2005, pp.191-202.

⁷⁰ 'Statement of the Vilnius group countries', available online: http://www.urm.lt/view.php?cat_id=9&msg_id=1791.

the EU was of the utmost importance for the Baltic States in their quest to diminish all-around dependence on the Russian economy. For example, in 1996, Lithuania's imports from and exports to the EU stood at 45 percent and 38.5 percent respectively. Imports from the CIS constituted 32.2 percent and exports 39.3 percent of total Lithuanian foreign trade. By 2004, the trend had been reversed. Lithuania has boosted its trade with the EU: imports from the EU stood at 63 percent and exports to the EU at 66.4 percent of the respective totals in 2004, while the share of trade with the CIS has significantly dropped (imports – 16.1 percent, exports – 26.9 percent in 2004).⁷¹ The trade dynamics have been similar in Latvia and Estonia.

project in overwhelming support for the membership of their countries in the EU: 91.04 percent voted 'yes' in Lithuania, 67.49 percent in Latvia and 66.8 percent in Estonia in 2003. By the end of 2004, 69 percent of Lithuanians, 52 percent of Latvians, and 40 percent of Estonians considered membership in the EU 'a good thing' (the EU-25 average was 56 percent).⁷² In addition, Lithuania became the first EU member state to ratify the EU Constitution. Latvia did so immediately after the failure of referenda in France and the Netherlands.

Public support in the Baltic States for the common foreign, security and defence policies is also more than significant and surpasses the average of the EU-25 (see table 4). Even in decision-

Table 4: Support for common foreign, security and defence policy

	Common foreign policy		Common security and defence policy	
	For	Against	For	Against
Estonia	70	18	84	8
Latvia	71	14	85	6
Lithuania	71	6	81	5
EU25:	69	20	78	14

Source: Eurobarometer 62: 'Public opinion in the European Union', May 2005, p. 121.

The growing importance of the EU to the Baltic States has been reflected in the public mood. The inhabitants of the Baltic States expressed clear commitment to the European

making on European defence policy, inhabitants of the three countries are ready to give a stronger say to the EU institutions than to the national governments or to NATO (see table 5).

Table 5. Decision-making regarding European defence policy

	EU	National governments	NATO
Latvia	50	20	16
Estonia	58	15	16
Lithuania	49	16	17
EU25:	52	22	15

Source: Eurobarometer 62: 'Public opinion in the European Union', May 2005, p. 121.

⁷¹ Statistics Lithuania, available online: <http://www.std.lt/lt/eb/main.php>.

⁷² Eurobarometer 62: 'Public opinion in the European Union', December 2004, p. 8.

The accession negotiations on the CFSP chapter were fast and smooth for all three countries. The Baltic States did not have any problems in adopting the CFSP *acquis*. In practical terms, even before enlargement, Baltic diplomats were aligning themselves with the EU positions on all of the global issues on the agenda of the UN, be it the Kyoto protocol, the ABM treaty or the International Criminal Court. Yet, when it comes to the question of cohesiveness of the CFSP, the Baltic governments do not seem to share the public sentiments. Baltic diplomats thus far have tended to prefer intergovernmentality and consensus principles as *modus operandi* of the third pillar over supranationalism and qualified majority voting. The Baltic elites still cannot get rid of persisting if unvoiced fears that the development of the CFSP could somehow have a negative impact on the future of the transatlantic link.

In fact, a strong CFSP will not kill transatlantic relations, but a weak CFSP is undermining Baltic security interests *vis-à-vis* Russia. Intergovernmentally driven CFSP may guarantee more autonomy for the Baltic decision makers but it by no means guarantees more weight and success in relations with Russia. It is also naïve to assume that the veto right the small countries enjoy under the consensus principle is a measure they could seriously consider let alone use. The Baltic States should instead put all their energies in support of a stronger, more cohesive and more supranational CFSP. The choice for the Baltic leaders is between pursuing narrow national interests they cannot attain alone and compromising in favour of common interests that have more chance of success.

It would be unrealistic to expect that CFSP could replace the bilateral relations that individual member states pursue *vis-à-vis* Russia⁷³ (or any other country, for that matter). However, a stronger CFSP based on commonly agreed goals and principles would both diminish the necessity to pursue national interests bilaterally and

increase the likelihood of attaining them. Europe speaking with one strong voice would have more chances of success than a chorus of 25 soloists. It is much more difficult for Russia to deal with the EU institutions (be it the Council, the Commission or the Parliament) based on the common goals of all member states, than to pursue bilateral relations with individual countries. Not surprisingly, the Russian media rejoiced after the French voted 'no' to the Constitutional Treaty,⁷⁴ one of whose objectives was to give the EU more weight in international affairs.

The Baltic States have a vital stake in the success of the European idea. The rejection of the Constitutional Treaty in France and the Netherlands was therefore a worrying development they could not possibly welcome. Although the worst case scenario – the return to power politics in Europe, which would plunge the whole of Central Europe back to the status of a buffer zone and a playground for the big powers – does not seem likely, the global strategic equation remains uncertain. The Baltic leaders can neither cheer the idea of the *multipolar* world advocated by some European leaders, nor should they be happy with the *unilateralism* of the US, which would defy international norms. In a multipolar system, where the balance of power dictates the rules of the game, the smaller countries become what Vladimir Putin once described as 'expendable change', referring to the situation of the Baltic States during the interwar period. By the same token, whenever multilateral norms of international law collapse, the small states are the first to suffer. For example, after the US invasion of Iraq that came at the expense of multilateralism, Russia was quick to include the possibility of pre-emptive strike into its own strategic planning – a move with which the Baltic decision makers were hardly happy.

Estonia, Latvia and Lithuania have yet to develop a clear long-term vision of what shape

⁷³ Interview with an EU official, 25 May 2005.

⁷⁴ See, for example: Maksim Yusin, 'The French said "no" to senseless enlargement of the European Union', *Izvestia*, 31 May 2005 (in Russian).

the CFSP should take in the future and pursue their foreign and security policies accordingly. So far, the predominant feature of these policies was *ad hoc* decision making without reflecting much on the future implications of their choices. The initiatives of the Baltic States would be more likely to succeed if they had at least a few older members on board. To do that, they have to follow the overall agenda of the EU and actively support the other countries when it matters to them. Although the Baltic States are very active in the Council meetings when relations with Russia or other Eastern neighbours are discussed, they tend to disappear during any other discussion⁷⁵ that may be of the utmost importance to other members or even the whole EU. Estonia, Latvia or Lithuania have hardly articulated an elaborated opinion on the negotiations with Iran or the future of the arms embargo on China.

If the Baltic States do not change this approach, there is a danger that the other members will see them as 'one issue countries'. Admittedly, adapting to life inside the EU, learning the rules of the game and procedures devour most of the time and energy of the Baltic representatives in the EU. It is therefore natural that Estonia, Latvia and Lithuania are as yet unable to fully take part in all of the EU policies. But there is a growing awareness that 'Africa will have to be important to us, if we are to be important in the EU and if we expect support for our Eastern neighbourhood initiatives'.⁷⁶

Every member state wants CFSP to be tailored to its needs and interests. Constant compromises may not be the most optimal way forward, but it is arguably the only way if the EU is to have a common policy towards the outside world. Therefore, the Baltic States and other new EU members should be more sophisticated and avoid pursuing their national interests too aggressively. The older members of the EU were not happy to take a back seat during a major

crisis in Europe. New members, including the Baltic States, will have to learn to take into account differences of interest and political sensitivities existing among the 25 members of the EU. By the same token, the older members themselves still need time to start treating the newcomers seriously. The EU will have to recognise that, due to the fact that it is unable to always act by consensus and in a timely manner on all issues, in some cases it will have to rely on the leadership of individual states, which will not necessarily be the major powers, and back them with its political and financial weight.

4.3. *Adding value to the ESDP*

There is a persisting fear among Baltic decision makers that the ESDP project could be detrimental to the transatlantic link that NATO represents. In other words, they do not take an autonomous EU defence role for granted, fearing it would eventually replace NATO in the European defence architecture. However, they should shed the illusion that the ESDP could represent a sort of an extension of NATO. It is a solely European project, one in an array of measures the EU possesses to pursue its own strategic goals.⁷⁷

Some Baltic diplomats already comprehend that the 'big battles are over' and the EU will go ahead with its separate defence structures and military capabilities. However, a stronger EU role will not necessarily undermine the role of NATO in European defence. To the extent that the distinction between 'Atlanticist' and 'Europeanist' camps of EU member states makes sense, enlargement strengthened the 'Atlanticist' camp. After all, the United Kingdom itself, as 'Atlanticist' as it gets, was the initiator of ESDP together with France in 1998. Despite reservations they may have towards the direction of the ESDP, the Baltic States have already

⁷⁵ Interview with an EU official, 25 May, 2005.

⁷⁶ An interview with Ambassador Rytis Martikonis, Permanent Representative of Lithuania to the EU, 25 May 2005.

⁷⁷ An interview with an EU official, 26 May 2005.

decided that it is better 'to sit at the table even if no one would listen' than not to.⁷⁸ The question is now what they can bring to that table?

Thus far, during ESDP deliberations, the Baltic representatives focused almost exclusively on the preservation of the NATO-ESDP link, scrupulously trying to get NATO mentioned in any ESDP-related text. Apart from such editorial comments, they contributed little on the substantial matters, including ESDP activities on the ground. For evidence, one only needs to look at the current and previous participation of the Baltic troops in major NATO and EU military operations (see table 6).

Until 2005, the three Baltic States altogether contributed 9 officers to the EU military operations in FYROM and Bosnia and Herzegovina and none to the operation in the Democratic Republic of Congo. Estonia would 'boost' its participation in the ALTHEA mission by sending one platoon in December 2005. Meanwhile, all three countries actively participated in nearly all NATO operations from the mid-1990s, contributing platoon or company-size units. The EU still does not appear to figure in the mentality of the Baltic authorities as a full-fledged military actor.

Table 6. Participation of the Baltic States in major military operations in 2005

Operation	Estonia	Latvia	Lithuania
ESDP Operations			
CONCORDIA*	1 staff officer	2 staff officers	1 staff officer
ARTEMIS*	-	-	-
ALTHEA	1 platoon (32) 1 staff officer	1 staff officer 2 military police instructors	1 staff officer
NATO operations			
KFOR**	1 company (100) 1 military police unit (22)	1 company (100)	1 company (100); 1 platoon (30) within Polish-Ukrainian battalion
ISAF	7 specialists	11 specialists (medical team)	1 provincial reconstruction team (120)
Pakistan relief operation	-	-	10 specialists
US-led operations			
Iraqi Freedom	1 platoon (32) Staff officers (5)	1 company with Polish contingent (120)	2 platoons with Polish and Danish contingents (110); Staff officers (12)
Enduring Freedom	5 specialists	-	1 staff officer
Notes:			
* Operation was terminated in 2003.			
** The three Baltic States have rotated a company size unit (the Baltic Squadron) every six months within a Danish Battalion in Bosnia and Herzegovina since 2000.			

Sources: The Ministry of National Defence of the Republic of Lithuania; the Ministry of Defence of Latvia; the Ministry of Foreign Affairs of Estonia.

⁷⁸ An interview with Ambassador Rytis Martikonis, Permanent Representative of Lithuania to the EU, 25 May 2005.

It would be an exaggeration to talk about ‘strategic culture’ of countries as small as the Baltic States but it would be also wrong to assume that they are negligible in terms of military capabilities. The Baltic States started from scratch in 1991 – they had no military equipment, uniforms or even shoelaces to equip the first volunteers with, to say nothing about defence management structures. From this perspective, the progress made during the past 15 years is remarkable. After the Baltic States were granted the Membership Action Plans in 1999, Baltic defence establishments pursued an ambitious agenda of defence reforms. Upon NATO recommendations, the Baltic governments decided not to build all-round defence capabilities and focused instead on developing deployable land forces capable of contributing to the full spectrum of operations led by NATO/EU, or

The three countries have to continue their efforts to scale down their oversized territorial defence structures and reorganise them into modern reserves capable of carrying out a wider range of missions, including international ones. Also, only Latvia has announced plans to fully professionalise its forces, whereas the Estonian and Lithuanian defence establishment still retain conscription, although the conscripts are not allowed to participate in the international operations, which is the top priority for all three countries. Modernisation of armaments and equipment should also continue if they are to meet the high requirements of NATO and the EU.

The political elites in the Baltic States have been supporting the development of the Armed Forces. This support resulted in a gradual increase in defence expenditures in the three

Table 7. The Armed Forces of the Baltic States

	Total Armed Forces (conscripts)	Army	Navy	Air Force
Estonia	4,980 (2 410)	4,450	335	95
Latvia	4,880 (1 600)	4,000	620	250
Lithuania	13,510 (3 950)	11,600	710	1,200

Source: *The Military Balance 2004-2005* (London: Oxford University Press/The International Institute for Strategic Studies, 2004), pp.47-60.

ad hoc coalitions. The Navies and Air Forces of the Baltic States retain limited combat capabilities and are maintained for certain support roles, such as search and rescue missions and sea and air surveillance. BALTRON is contributing mine countermeasure capabilities to the NATO maritime forces.

countries (see table 8) amidst meltdown of the defence budgets in many other EU member states. The question now is whether the political elites will be able to avoid the temptation to reallocate the funds to more popular areas. ‘Free-riding’ may not be the best way to showcase their credibility and guarantee their security.

Table 8. The defence expenditure of the Baltic States

	2001		2002		2003	
	US\$m	% of GDP	US\$m	% of GDP	US\$m	% of GDP
Estonia	67	1.2	99	1.5	172	2
Latvia	75	1.0	113	1.3	194	1.9
Lithuania	215	1.8	247	1.8	342	1.8

Source: *The Military Balance 2004-2005* (London: Oxford University Press/The International Institute for Strategic Studies, 2004), pp.353-54.

The success of the defence reforms in the Baltic States reflects on their increasingly active participation in international operations. However, this activity thus far manifested itself in a peculiar form. While the Baltic States tended to participate in several operations at a time, in many cases the actual contributions were limited to platoon size units or even one staff officer. Although such participation puts the flag of the country on the map, from the point of view of military expediency it does not make much sense. All three countries have therefore undertaken commitments to NATO to prepare far more substantial contributions – deployable battalion-size units (some 1,000-1,200 troops).⁷⁹

All three countries have taken an active part in both ‘coalitions of the willing’ in Afghanistan and Iraq (see table 6).⁸⁰ From 2002-2004, Lithuania was among the handful of Allies whose special forces carried out expeditionary tasks, including combat, during the Operation *Enduring Freedom* in Afghanistan. Last but not least, from 2005, Lithuania has engaged into the most ambitious military project thus far by deciding to set up a national Provincial Reconstruction Team as part of the NATO-led ISAF operation in Afghanistan. Lithuania also contributed a water purification unit to the humanitarian relief effort of the NATO Response Force in Pakistan in 2005. These episodes suggest that the Baltic States do not shy away from expeditionary tasks as a possible response to counter contemporary threats – the kind of missions the EU’s Battle Groups will have to be ready to undertake if needed. It also indicates that the Baltic States have a broad approach to security, which does not end at their national borders. Although such threats as terrorism or proliferation of WMD may not be of immediate danger to the security of the Baltic States, they develop rapid reaction capabilities for international missions at the expense of territorial forces, necessary for national defence.

All of this is an asset for the EU. The armed forces of Estonia, Latvia or Lithuania may not be headliners among the EU members, but at a time when defence spending is ever more unpopular and the populations all the more wary of international engagements, every contribution counts and matters. All three countries have earmarked contributions to the EU’s Headline Goal. They will also join the EU Battle Groups. Lithuania will contribute a 200-strong convoy unit and Latvia a 30-strong military police unit to the Battle Group that will also include Slovak and German troops, and Poland as the framework nation. Estonia will join the Nordic Battle Group and contribute a 45-strong force protection unit. In the longer run, with further improvement in readiness levels and modernisation of equipment, the Baltic States should be able to increase their contributions to the EU’s pool of military capabilities.

Estonia, Latvia and Lithuania have yet to develop a coherent approach towards the civilian dimension of ESDP. Thus far, they hardly even had necessary legislation in place to be able to deploy civilians to international operations. The three countries contribute only a few police officers to the EUPM mission in Bosnia and Herzegovina and the PROXIMA mission in FYROM. More notably, Lithuania has initiated the first EU rule-of-law mission (EUJUST THEMIS) in Georgia.

The Baltic States have two concerns regarding the future of ESDP. First is the concern that the EU’s military standards will become different and the defence planning system separate from those of NATO. For the past decade the Baltic defence establishments worked hard to live up to the high NATO standards. In recent years, however, the EU has established its own security and defence dimension. There is already a considerable duplication between the civil and military bodies of NATO and the EU, which forces member states to split time, energy and personnel between the two. Once the EU

⁷⁹ Lithuania is planning to rotate such a unit in operations from 2014. For Estonia and Latvia it will be a longer-term prospect.

⁸⁰ Lithuania sent its first contingent to Iraq, albeit a small one (8 logisticians and 4 medics), when the active phase of war was still ongoing (April 2003).

and NATO rapid reaction forces (the Battle Groups and NRF respectively) become operational, clashes of ambitions over which flag to use in a particular operation may become inevitable, unless both organisations work out a way to coordinate their decision making and synchronise their defence planning. Otherwise, the members of both organisations will be forced to take sides, as they all have only a single set of forces. This is of acute importance to such small states as the Baltic countries, which can only make one substantial deployment at a time.

The second concern relates to the future direction of the European Defence Agency. The Baltic countries in recent years have concluded several major arms acquisition deals with the US (see table 9). These deals were prompted by a number of political (partnership with the US),

subcontracts for major procurement projects. Yet, they would still have to follow the 'buy European' strategy, which thus far has not offered the same incentives as those put forward by the US. It is therefore of the utmost importance for the Baltic States that the European armaments policies remain open to the transatlantic cooperation, not only competition.

To sum up, the 'Euroatlantic dilemma' of the Baltic States is not as dramatic as one might think. To the extent that one can talk about the 'grand strategy' of the Baltic States, the preservation of the transatlantic link will likely remain the guiding strategic principle and daily mantra for the Estonian, Latvian and Lithuanian decision makers in the foreseeable future. As they see it, the transatlantic relations are not about being pro-European or pro-American, but about surviving in the first place. However, the transat-

Table 9. Major arms acquisitions of the Baltic States in 2001-2003

Country	Year of order	Equipment	Details of acquisition	Supplier
Estonia	2001	4 helicopters	Aid	US
		1 surveillance radar	\$ 12m, part of BALTNET project	US
	2003	18 towed guns	NA	Germany
		160 anti-tank missiles	NA	Germany
Latvia	2001	1 surveillance radar	\$ 13m, part of BALTNET project	US
		2 fast attack craft	Aid	Czech Rep.
	2002	1 minelayer	NA	Norway
	2003	1 armoured bridge layer	Aid	Poland
Lithuania	2001	75 anti-tank missiles	\$ 10m	US
		72 towed guns	Aid	Denmark
	2002	3 air surveillance radars	NA	Germany
	2003	60 surface-to-air missiles, 8 launchers, 15 Humvees	\$ 31m	US

Sources: SIPRI Yearbook 2002 (Oxford: Oxford University Press, 2002), pp.423-35; SIPRI Yearbook 2004 (Oxford: Oxford University Press, 2004), pp. 493-12.

financial (American foreign military funds), and defence (compliance with NATO standards) incentives. While the importance of the consolidation of European defence industries is understandable, a common European procurement policy would put the Baltics in an unfavourable position. They hardly have any significant defence industry and therefore could not expect

lantic link will not disappear – too many countries in Europe see it as vital to their own security. At the same time, there are a lot of reasons for the Baltic civilian and military leadership to reassess their approach towards CFSP and ESDP. Tallinn, Riga and Vilnius have a clear interest, strong public support and credible, if small, armed forces to do just that.

Conclusions

Since accession to the EU and NATO, the leaders of the Baltic States have set out to look for new ambitious priorities of their foreign and security policy. The three countries are in fact searching for something that has already found them: they face a very complex agenda without any set deadlines, clear landmarks or end-results to pursue. It will require some good diplomatic skills and political instincts to manoeuvre Estonia, Latvia and Lithuania through the troubled waters of an ever-changing strategic landscape. In order to succeed as established democracies and credible members of both the EU and NATO, these countries need a fresh approach to the problems that haunted them before the double enlargement. They need to rethink their relations with Russia, reconsider their position in different regional cooperation settings, and most importantly reappraise their perception of, policies towards, and behaviour within, the EU.

5.1 Rethinking Russia: building confidence into an awkward relationship

A flourishing European-style democracy in Russia is the most important long-term interest of the Baltic States, which, if accomplished, would render most of the other security concerns irrelevant. Meanwhile, the Baltic States will have to find a way to build more confidence into their awkward relations with Russia:

- *Using new opportunities, heeding new constraints.* Membership of the EU and NATO gave the Baltic decision makers a firm ground, confidence and structural power they never had before to deal with Russia. On the other

hand, the gains in structural power go hand in hand with a certain loss of an autonomous policy line towards Russia. The Baltic decision makers will now have to negotiate, adjust and often to concede to the policies agreed upon by all member states. Baltic-Russian relations will now be subsumed under EU-Russia and NATO-Russia relations. The Baltic leaders will have to be more cautious with initiatives of their own that could cause disputes between these organisations and Moscow.

- *Reassessing ambitions.* The Baltic States should understand that ‘playing’ at the geopolitical level with Russia bilaterally puts them in an unfavourable position. They do not have sufficient resources and are simply too small to become interlocutors between Russia and the EU at large – a role contemplated by some Baltic leaders. Russia itself does not see the Baltic States or even the whole of Central Europe as a ‘bridge’ to Europe. Vladimir Putin does not need to fly to Vilnius or Warsaw to get his message across to the EU – he flies directly to Brussels, Berlin or Paris. The only way for the Baltic States to achieve their long-term goals in their relations with Russia is working through the EU and NATO.
- *Becoming realistic and pragmatic.* Baltic leaders must apprehend the fact that Russia will not offer recognition of or compensations for the Soviet occupation as long as it remains a ‘managed democracy’ of ‘directed capitalism’. Building relations with Moscow on the condition that Russia will redeem historical grievances is a naïve and counter-effective approach. Tallinn, Riga and Vilnius should concentrate instead on more everyday and pressing challenges, such as the activities of

the Russian intelligence services, Russia's tightening grip over their energy sectors, and the development problems of Kaliningrad region.

- ❑ *Being confident, flexible, and assertive.* It is no secret that the policy of most of the EU member states and the European Commission itself towards Russia are *interest-* rather than *value-*based. The Baltic governments thus face a tricky dilemma. On the one hand, an interest-based approach towards Russia is not encouraging democratic transformation in that country and would need to change if progress in Russia is to be expected. On the other hand, if the Baltics tried to push the rest of the EU to get tougher on Russia, the end result could be counter-effective – the Baltics would only reinforce their anti-Russian image, alienate some of their own friends within the EU and end up being the oddballs outside the official EU-Russia dialogue. To overcome this dilemma, the Baltic States must be confident and pragmatic in their day-to-day affairs with Russia, flexible within the EU about their policies towards Russia, but also assertive in their long-term foreign and security policy goal – to encourage the real, not managed, democratic transformation of Russia.

5.2. *Sorting out priorities of regional cooperation*

Whatever merits the various regional cooperation formats that were set up during the 1990s had for the success of the Euroatlantic integration efforts of the Baltic States, their utility after double enlargement has to be reassessed.

- ❑ *Prioritising Nordic-Baltic cooperation.* It is crucial for Vilnius, Riga and Tallinn to sort out their priorities of regional cooperation. Membership of the EU and NATO is requiring a growing amount of time, people and energy from the three capitals. Due to objective constraints of resources, the Baltic States will be unable to give the same level of atten-

tion to all the regional frameworks they were actively engaged in during the past decade or so. They will inevitably have to concentrate on priorities. Their cooperation with the Nordic countries in NB8 and NB6 formats should top the list as best-suited frameworks to coordinate policies and pursue interests they have in common within the EU and NATO.

- ❑ *Making a difference in the Eastern neighbourhood.* After having ensured their long-term security and prosperity, the Baltic States are now well placed to make a difference in regions further East. They need to shake off the image of 'security consumers' and become contributors. The Baltic States should further strengthen their efforts in the immediate Eastern neighbourhood and beyond: Belarus, Ukraine, Moldova and the South Caucasus. They have the expertise new Eastern neighbours of Europe could use to pursue democratic transformation. In order to compensate the lack of resources, the Baltic States should seek for ways to combine their efforts among themselves but also more actively involve the Nordic countries. The Baltic States should also continue to work with Poland, which shares the same interest of reaching out to the Eastern neighbours.
- ❑ *Exploiting the weight of the EU.* The Baltic States should exploit the tools available within the EU. The question of the future EU relations with the Eastern neighbours will not go away. Sooner or later, the EU will have to decide whether they want to see Belarus, Ukraine, Moldova and the South Caucasus as part of the European project. Nobody would dare to forecast when these countries could become eligible for EU or NATO candidacy, but without these countries being anchored to the key European institutions, Europe's security architecture would remain incomplete. With the democratisation and integration of these countries, the Western community would help Russia to shed its imperial past once and for all.

□ *Keeping the US involved.* The Eastern European neighbourhood is not at the top of the agenda for the US. At the same time, having no direct stakes in the region makes it easier for Washington to take a relatively tough stance *vis-à-vis* Russia. It is important for the Baltic States and Poland, as well as the whole EU, to keep the US interested and involved in regional developments. In the case of Belarus, it is of particular importance to develop a common transatlantic strategy that would encompass sticks aimed at the authoritarian leadership of the country and carrots offered to its fledgling civil society.

5.3. *Becoming normal Europeans*

Important though it is, transatlanticism should not become a dogma overshadowing the rest of the foreign and security policy agenda the Baltic States have to deal with. The membership of the Baltic States in the EU in the long run will have far more profound and far-reaching effects on the three countries than NATO membership or the special partnership with the US could possibly have. The Baltic States must therefore reappraise their view of the EU.

□ *Seeing the bigger picture.* The leaders of the Baltic States must realise that Western Europeans and Americans alike have their own national interests, which sometimes will not coincide with those of Estonia, Latvia or Lithuania. No sensible Western leader would be willing to complicate his countries' relations with Russia because of historical anxieties and phobias of the Baltic States. Today, the security situation of the Baltic States is not special, has no immediate strategic significance to any big power and in the terms of high politics has become a closed issue with their accession to NATO. And there are no reasons for the three countries to want it otherwise.

□ *Thinking 'outside of the box'.* The three countries have to 'think globally' in order to be able to 'act locally' in the most expedient manner. What is important for other EU members and the EU as a whole should be important to Estonia, Latvia and Lithuania. They must be aware about the problems in Myanmar and Kinshasa if they want their partners to be aware about the problems in Minsk and Chisinau.

□ *Internalising the EU.* For Baltic governments, as well as the public, the EU to some extent still remains an external entity, not quite a part of their own national identity. The three nations need to develop a 'we feeling', a truly European mentality. It is no longer about Estonia *and* the EU, it is about Estonia *in* the EU. In addition, the rules and principles of inter-state relations that were valid outside the EU may not necessarily be applicable from within the EU. Such concepts as 'sovereignty', 'territory', 'borders', 'citizenship', or even 'democracy' gain new meanings once a nation state becomes a member state.

□ *Putting more effort into strengthening the CFSP.* A weak CFSP is not in the best interest of the Baltic States. If they want to feel the weight of the EU behind their backs when their vital interests will be at stake, they need a strong, cohesive and efficient CFSP. The Baltic leaders, as well as those of any other EU member state, must be ready to sacrifice part of the national sovereignty and decision-making autonomy in favour of common goals.

□ *Getting serious about the ESDP.* The Baltic civil and military leadership needs to develop a more knowledgeable stance towards the ESDP. Asserting the need for close cooperation between NATO and ESDP is one thing. Participating in the deliberations on the substance of ESDP and delivering actual capabil-

ities is quite another. The Estonian, Latvian and Lithuanian armed forces already have a proven record of peacekeeping under the US or NATO leadership but they are yet to contribute more substantially to civil and military endeavours of the EU. It is about time that some weight was put behind the repeated declarations of support to the development of ESDP if the Baltics want to

be considered credible EU members.

- *Becoming normal.* In the end, Baltic leaders should seek to turn their countries into ordinary, normal EU members, safely locked in the middle of a united, free and secure Europe, not a 'bridge', a 'transit link', a 'buffer zone' or other ambivalent entity, which would imply geopolitical uncertainty.

Abbreviations

ABM	Anti-ballistic missile (treaty)
BALTBAT	Baltic peacekeeping battalion
BALTNET	Baltic air surveillance network
BALTRON	Baltic mine countermeasures squadron
BALTSEA	Baltic Security Assistance Forum
CBSS	Council of the Baltic Sea States
CFSP	Common Foreign and Security Policy
CIS	Commonwealth of Independent States
ENP	European Neighbourhood Policy
E-PINE	Enhanced Partnership in Northern Europe
ESDI	European Security and Defence Identity
ESDP	European Security and Defence Policy
EU	European Union
EUPM	European Union Police Mission
FYROM	Former Yugoslav Republic of Macedonia
ISAF	International Security Assistance Force
KFOR	The Kosovo Force
LITPOLBAT	Lithuanian-Polish peacekeeping battalion
NATO	North Atlantic Treaty Organisation
NB8	Nordic-Baltic Eight cooperation
NB6	Nordic-Baltic Six cooperation
NB8+1	Nordic-Baltic and US cooperation
ND	Northern Dimension
NEI	Northern European Initiative
NRF	NATO Response Force
OSCE	Organisation for Security and Co-operation in Europe
PPF	Partnership for Peace
POLUKRBAT	Polish-Ukrainian peacekeeping battalion
POLUKRLITBAT	Polish-Ukrainian-Lithuanian peacekeeping battalion
SFOR	Stabilisation Force in Bosnia and Herzegovina
UN	United Nations
US	United States
WMD	Weapons of Mass Destruction

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