# *Small States in a Turbulent Environment:*

## *The Baltic Perspective*

*Edited by Atis Lejiņš and Žaneta Ozoliņa*

Latvian Institute of International Affairs

Riga
1997

UDK 327 (474) (082)
Sm 150

**THE LATVIAN INSTITUTE OF INTERNATIONAL AFFAIRS**

The Latvian Institute of International Affairs (LIIA) was established on May 20, 1992 in Riga as a non-profit foundation charged with the task of providing the people of Latvia with information about international events and Baltic security issues.The LIIA is an independent public service institution that organizes lectures, seminars, exchange programs, issues publications, maintains a specialized library, and conducts research relevant to Baltic security interests.

The views expressed by the authors do not necessarily reflect those of the Institute.

The LIIA expresses its gratitude to the Swedish government for financing the research program "Small States in a Turbulent Environment: the Baltic Perspective" and this book.

*Translation: Kārlis Streips (chapters 1, 2, 3, 5, and the Conclusion)*

*Cover design: Indulis Martinsons*

*Lejiņš A., Ozoliņa Ž*, eds. – Small States in a Turbulent Environment: The Baltic Perspective.– Riga: Latvian Institute of International Affairs, 1997. – 245 p. – (Baltic Security Studies; V)

ISBN 9984–583–07–4

# CONTENTS


INTRODUCTION, *Atis Lejiņš and Žaneta Ozoliņa* 4

CHAPTER ONE
THE BALTIC STATES IN THE EUROPEAN SECURITY ARCHITECTURE, *Aivars Stranga* 11

CHAPTER TWO
INTEGRATION OF THE BALTIC STATES IN THE EUROPEAN UNION: THE LATVIAN PERSPECTIVE, *Daina Bleiere* 60

CHAPTER THREE
BALTIC-NORDIC INTERACTION, COOPERATION AND INTEGRATION, *Žaneta Ozoliņa* 113

CHAPTER FOUR
THE QUEST FOR BALTIC UNITY: CHIMERA OR REALITY?, *Atis Lejiņš* 147

CHAPTER FIVE
BALTIC-RUSSIAN RELATIONS:1995 – BEGINNING OF 1997, *Aivars Stranga* 184

CONCLUSION, *Daina Bleiere, Atis Lejiņš, Žaneta Ozoliņa, Aivars Stranga* 238

ABOUT THE CONTRIBUTORS 245

# INTRODUCTION

*By Atis Lejiņš and Žaneta Ozoliņa*

> *Global order is more an emergent pattern than a fixed arrangement. Order is slowly developing out of the ruins of the cold war, but it is not doing so with linearity or clear-cut dimensions. It is an order that expands incrementally at the margins rather than by wholesale changes at the center. It is an order that sustains both fragmentation and integration. These are not necessarily conflicting processes, but they unfold simultaneously. And when they clash, they do so in different ways at different times in different parts of the world, with the result that the prevailing global turbulence is profoundly nonlinear, uneven in its evolution, uneven in its intensity, uneven in its scope, and uneven in its direction.*
>
> *James N. Rosenau*

This volume is the result of the second research program carried out by the Latvian Institute of International Affairs. The first major project was titled "The Baltic States: Search for Security" and a team of scholars from Estonia, Latvia and Lithuania were brought together in order to analyze the factors influencing the security policies of these countries, the directions they may take and possible outcomes for the time period 1990–1996.

We focused on what we thought was the main issue, the security concerns of the Baltic states and related areas. Special attention was therefore paid to bilateral and multilateral rela-

tions with neighboring states; Russia, Belarus, Ukraine, Poland and the Nordic states. However, since one of the intrinsic features of the security policies of all the three Baltic states is gaining membership in international institutions, our attention accordingly was also devoted to how the Baltics were integrating in the world community through regional cooperation and international institutions.

Our "Baltic-centric" approach allowed us to study the formative process undergone by the Baltic states in becoming independent subjects in international politics and the development of security policy in newly established states. We arrived at a number of conclusions, one of which was that all three of the Baltic states in a comparatively short period, that is, in less than five years, have become true actors in world politics who actively try to engage themselves in the international agenda in order to stabilize their democracy and secure the irreversibility of their restored independence.

In 1990–1994 Estonia, Latvia and Lithuania identified their foreign and security policy goals. The choice of these was dictated by the international environment which prevailed at that time. There was no particular difference among the decisions which were made by all three countries to draw closer to Western structures. As this process proceeded, however, differences in tactics began to emerge. We therefore concluded that in future we would need to concentrate on the specific resources and methods used by Latvia. This would allow us to compare Latvia with Estonia and Lithuania in how these states were seeking integration in European and Transatlantic institutions.

The future of EU and NATO enlargement and its effect on Baltic security must be considered in tandem with Russia's foreign policy goals. As there was very little hope that the Baltic states would be in the first-wave of NATO enlargement and may find it difficult to join EU at an early stage, their security (or, rather, insecurity) would largely be dependent upon Russia's integrationist course, on the preparedness of the

Western countries to strengthen Baltic security, and on the status of traditional spheres of influence in the region.

In beginning our next project "Small States in a Turbulent Environment: Baltic Perspectives" we wanted to answer the question how the integration of the Baltics in the European structures could be facilitated and which would be the factors that would hinder this.

Considering the results of our previous research we concluded that the various factors hindering and contributing to integration can be divided into two groups, internal and external. Clearly, not all factors could be taken into account and accordingly we focused our attention on the distinguishing security aspects of the Baltic states as small states in a post-Cold War turbulent international system.

The central question that we investigated was whether it was possible for the Baltic states to find a position in the international system that would ensure their independence. We tried to identify the security policies pursued by the Baltic states as small countries as well as the policies of the international community which have supported or hindered the Baltic states in achieving their aims. We also attempted to extrapolate the policy directions that could be pursued by the Baltics in the future.

In this we made use of studies already carried out on the status and experience of small states in an international environment. We were not so much interested in drawing up a table of quantitative and qualitative criteria which would classify a country as a small state, but rather to identify the security policy options and possibilities of small states to ensure their security in the international system.

If large states are more or less free to determine their policy choices according to national interests because they do not lack the required power resources, then small states must measure their security requirements against the opportunities and possibilities available in the international system and institutions in a particular period of time.

Until the end of the eighties' the security policy options available to small states were contingent on the bipolar balance of power environment as described in the literature by Anette Baker Fox, Karl Deutsch, Morten Kelstrup and Allen Sens. Here we see such phenomena as bandwagoning, counteralliance, alliance (with a great power or multilaterally) and neutrality.

Post-Cold War Europe provides small states with a new international environment having simultaneously both advantages and disadvantages. The more significant advantages are the absence of direct military threats, growing opposition to even the notion of applying military force to settle conflicts between states, multiple opportunities available in international fora for small states to defend their interests, regionalism, and the presence of the USA.

The disadvantages are that some small states, especially new political actors in the international system with a particular geopolitical situation, namely the Baltic states, feel less secure than others; efforts toward European integration raise concern over national sovereignty in the economic, social and cultural spheres, as do divergent views of EU's future monetary policy and possible effects thereof, and unsatisfactory progress in establi-shing a coherent post-Cold War order in Europe.[1]

In order to investigate the present options available to small states an analysis of the international system was in order. Hence our recourse to the concept of "turbulence" in understanding the international environment. This concept – or notion – is a tool that describes in general the systemic changes that have occurred in the international system since the end of the Cold War and which, as a result, influence both old and new political actors.

We have used James N. Rosenau's definition as our point of departure to characterize the situation prevalent in the international environment where the Baltic states must define their security policy and seek the means to implement their political goals. According to Rosenau, "when the fundamental patterns

that normally bind and sustain international life are overcome by high degrees of complexity and dynamism – that is, when the number, density, interdependency, and volatility of the actors that occupy the global stage undergo substantial expansion – world politics can be said to have entered into a turbulent state."[2]

We think that two criteria are essential in understanding turbulence in the world political process – change and its underlying dynamics. Turbulence as a phenomenon has a different meaning when analyzing the behavioral model for large and powerful states as opposed to small and weak states. Accordingly, we concentrated on how change and its underlying dynamics, a complicated and dynamic process, influence the Baltic states in choosing their security policy options.

The offers made by the large and strong political actors to join the European and Transatlantic institutions through the EU and NATO enlargement processes is one way found in the search for means to minimize turbulence, and thereby in trying to cope with the multiplication of independent political units, legitimacy of supranational and subnational bodies, internationalization of national economics and social processes, and challenges caused by growing interdependence, to name only one.

Presently it is perhaps too early to claim that turbulence is declining as the search for new and reformed mutually reinforcing institutions gathers pace. Much, after all, depends on the internal stability of the states themselves. However, security strategies, which rest on the principles of isolationism, neutrality, self-help and whose thrust is "against," i. e. bandwagoning, are not acceptable to small states. Therefore we placed our emphasis on those strategies which conform with the changes taking place in Europe and would correspond to the future needs of Europe: an alliance (NATO), the European security complex (EU and WEU) and regional security arrangements (the Baltic Sea region).

The structure of this book reflects our efforts to analyze the reaction of the Baltic states to changes taking place in

the turbulent environment, that is, how do the policies chosen by the Balts measure up to the options offered by the international system?

The first chapter by Aivars Stranga is devoted to the debate in Europe on the various future security models on offer and their relevance to the Baltic states.

Daina Bleiere deals with the EU integration of the Baltic states, concentrating especially on Latvia. Her conclusion is that although security concerns are a very significant factor driving the Baltic states to join the EU, the problem of approximation of legal norms and other practical measures needed to be taken to meet EU membership criteria is making itself increasingly felt. So far little of the debate in the Baltic states has been devoted to the kind of EU the Baltic states would like to join and what EU membership would mean for Baltic sovereignty and security. Although integration into the EU by the Baltic as well as Central European countries in general promotes regional cooperation, at times it may also have negative effects.

The third chapter by Žaneta Ozoliņa takes a wider view of the Baltic environment and analyzes the growing role of the Baltic sea states within the context of Baltic security and EU enlargement. Regional cooperation that was begun five years ago between the Baltic sea states has reached a relatively high level of integration and is gradually gaining an identity and significance in Europe.

The chapter by Atis Lejiņš deals with the integration process taking place between the Baltic states themselves. Turbulence has effected not only the global and larger regional institutions, but also smaller regional formations. New regions and subregions with their own specific inner structures and dynamics now influence Europe as a whole. The Baltics is one such new political unit in Europe which brings with itself the specific characteristics pertaining to the Baltic region into Europe.

The chapter devoted to Russian-Baltic affairs by Aivars Stranga is a continuation of his in-depth analysis of Russian internal politics and how they effect the Baltic states published

in our previous research report; the chapter deals with the main aspects of Baltic-Russian relations in 1995–1997.

In our research on "Small States in a Turbulent Environment" we were confronted by a number of problems. The original idea was to analyze the security policy of the Baltic states in their role as small political actors. We quickly realized, however, that though EU and NATO enlargement puts all three Baltic states in "one boat," their reactions to processes taking place in Europe can be somewhat different.

The second problem we encountered is the same dilemma facing any policy related book – it becomes history by the time it reaches the reader no matter how topical the information was when concluding the analysis. Added to this is the propensity of every scholar to include last-minute developments and their significance. The time framework for this book is therefore limited to the year 1996 and the first three months of 1997.

This report, together with our first book published in early 1996, must be seen as a whole in an on-going effort to define the main problem areas with which the Baltic states must deal with presently and possible solutions.

We have focused mostly on outside factors that effect Baltic security, although the significance of the internal factors has been pointed out. Clearly, the stability of small states as well as their standing in the international system is directly tied to their ability to achieve an effective government able to develop growth in the economic, social, political and cultural spheres. The internal aspects of security will, accordingly, have a more prominent place in our future research.

## NOTES

1. Sens, A., *The Security of Small States in Post-Cold War Europe: A New Research Agenda*, Working Paper no. 1 (Institute of International relations, University of British Columbia, Jan. 1994), pp. 11–36.
2. Rosenau, J. N., "Security in a Turbulent World," *Current History* (May 1995), p. 194.

*Chapter One*

# THE BALTIC STATES IN THE EUROPEAN SECURITY ARCHITECTURE

*By Aivars Stranga*

The main aim of this chapter is twofold; the first – to evaluate the development of ideas concerning European security in the post-Cold War world; the second – to estimate the possibilities and constraints of the security policy of the Baltic states.

## I. THE METHODOLOGY

Our project is not devoted to the theoretical problems of international relations, but it is not possible to avoid a few brief remarks, the goal of which is to offer an answer to one question: Which theory or school of international relations is more or less appropriate for investigating the Baltics' international situation? A simplified version of this issue is the following: Will we rely on realism,[1] will we rely on the theory of institutionalism (or its various interpretations – liberal institutionalism, collective security, critical theory, etc.)? Will the new international system involve the old laws of realism (first of all, the balance of power) and institutions hence will have little influence on the behavior of nations, as has generally been the case over the last 700 years? Or will, perhaps, the new post-Cold War system be based on institutions as an independent factor which can overcome the logic of the balance of power and ensure peace?[2] The

school which we choose for our theoretical basis will have much to do with our ideas about the character of the emerging system. For realists, this system will largely involve anarchistic self-help, as was the case with previous systems when intensive competition prevailed and where the laws of the balance of power could not be overcome.[3] Institutionalists, however, will believe quite the opposite.[4] Realists, to borrow a phrase from Josef Joffi, will continue to insist that "peace does not flourish because of institutions; institutions flourish because of peace."[5] Institutionalists will insist on the opposite idea. At the very beginning of our research project, it is worth emphasizing that in the Baltic case there is no ground for the idea that the old laws of balance of power and strategic interests (or – the lack of interests) are close to completely disappearing.

The next issue which emanates from any approach to studying the system of international relations – even from the theories of institutionalism – is the question of main actors in the system; my approach is based on the idea of a multi-polar world which has several major powers and one superpower (the United States).[6] At least two issues are of great importance to the Baltic states: the range of American involvement in Europe, and the opportunities which Russia possesses in our region. One can agree, at least in part, with the view that Baltic security (at least in the semi-traditional sense of the word) is dependent upon the global American security umbrella.[7] However, given the Baltics' geopolitical status, the Russian factor in the Baltic states is much more significant than is the generally weakened position of Russia in the system of international relations. These days Russia is merely a regional power, and its integration into the new structure of the international system is one of the major security issues which faces the Baltic states; as small countries in a complicated geopolitical situation, the Balts cannot afford to ignore realism; but, equally, they cannot choose only realism.

Perhaps the most appropriate theoretical approach to international relations for the Baltic states is the so-called hybrid

approach[8] – the involvement of hybrid structures in international relations, where efforts are made to merge realism and institutionalism (how successful these efforts are is a separate question). In this introduction let us note also that the research is devoted not only to the Baltics' place in the international system (i. e., the international factors which affect the existence of the Baltic states) but also the Baltics' foreign policies, i. e., the countries' response to the challenges that are presented by international conditions and the international environment.

At the beginning of our research project we cannot avoid the question of whether the new post-Cold War international system is still in development or whether it is already in place. Naturally, in the Baltic states we give priority to the view that the system is still developing and that it will not be complete until the newly independent states are not integrated into all Western European institutions. Another view insists that the new system is already in place; institutionally it is based on the key role of NATO (in this case the issue of NATO expansion is not the most important thing; the most important thing is the role of NATO here and now), as well as on the role of the European Union and the OSCE. From the perspective of the theory of balance of power, this idea is based on the view that there is no single great power in Europe or elsewhere in the world which is making a bid for hegemony, i. e., there is no factor of the type which caused the two previous world wars, and the main pillars of the international system are remarkably stable.[9]

A specific factor for the Baltics, however, is that the expression of general tendencies in the development of international relations is quite specific in our region: the absence of any hegemonistic country on the continent nevertheless does not resolve an issue which is of great importance to the Baltic states, i. e., that Russia still has protectorship ideas about the territory of the former USSR. Furthermore, if we assume that the establishment of a new system in Europe will be really only when it will be crowned by the wide expansion of western institutions such as

NATO and the European Union, then we have a firm base for predictions that the Baltic states will be beyond the borders of this new system for quite some time to come.

Assuming that the new international system is still developing, it is understandable that there is some confusion in the area of choosing appropriate notions and concepts with which the newly born system of international relations can be analyzed or, at least, described. These concepts themselves are still very much under development. For example, several new modern notions do not correspond to the theory in its traditional sense. I can mention a few examples: the European security architecture; the European security order; the New European Security Order (NESO);[10] the EU security zone or space; strategic home,[11] etc. In the literature it has been already been noted that excessive excitement over "architectural metaphors" may be dangerous, especially for the new countries, as long as this excitement does not keep pace with the way in which these countries resolve their specific and fundamental problems.[12]

For the purposes of our research, we will assume that the phrase "European security architecture" refers to an institutional architecture – the interplay of various institutions, which fulfill a security function by the way in which their mutual relations are arranged.[13] It is clear that an institutional approach to European security is only one of the possible approaches, and the extent to which it is appropriate is largely dependent upon an answer to the aforementioned questions about the role of institutions in the system of international relations. In the Baltics' case, the observation of John Mearsheimer that "misplaced reliance on institutional solutions is likely to lead to more failures in the future"[14] cannot be ignored. Involvement in the institutional architecture of the European security systems is just one possibility for the Baltics' security policies, albeit quite a very important one. This involvement cannot, however, provide a completely adequate response (at least in the near term) to some of the essential questions in the area of Baltic security; the

most important of these are the countries' domestic security and the future development of Russia.

Among the many notions (or "notions") which are abroad is one which in some cases is applied too excessively in the Baltic states. This is the idea of guarantees (security guarantees, guarantees against threats from Russia, etc.). It is worth noting a very precise remark which the distinguished British analyst Michael Howard has made with respect to the various types of threats which exist and the security response which are chosen in response (a response which must involve the issue of guarantees).

Writing about the question for security in Europe since 1918, Howard noted three types of threats and the security strategies which corresponded to them. First, there are threats which are created by a specific country or countries and the security systems which are erected against such threats (participation in traditional military-political alliances or establishment of collective security organizations). Second, there are threats which are created by war, by the arming of nations (the response involves peace movements or disarmament as a resource against these threats). Third, there are threats which are created by social instability within a country (a resource against these is economic, social security).[15]

In the Baltics' case, this distribution is very useful: concentration only on the desire to obtain security ("guarantees") in the classical sense of the word - by participating in a military-political alliance (NATO) and thus obtaining security against "canonical threats"[16] (Russia) – will not only fail to guarantee near-term security for the Baltic states, but also will at least in part be inappropriate for dealing with threats that are much more important to the Balts at this time than are threats from Russia (economic insecurity, social instability, personal insecurity for the population, etc.).

Concluding this semi-theoretical introduction, I would like to note the Danish author Bertel Heurlin's view that often notions or even concepts have a fairly weak analytical significance ("*the*

*notion of security* is not an analytical term").[17] In the Baltics' case this is extremely significant. Our goal must be not so much a pursuit of analytical clarity in the conceptual realm of a state's security, but rather it must be an attempt to come to a more or less realistic evaluation of the Baltics' opportunities to join those institutions which are the target of our foreign policy doctrine, as well as to evaluate their domestic and external security problems, using not just the institutional approach for this purpose.

## II. The Baltic states and the European and Transatlantic organizations.

One part of our previous research project reviewed the Baltic relations with the major European organizations. The conclusion that the goal of the Baltic states' foreign policy strategy is to become a full member of the two most important organizations – the European Union and NATO – was supplemented with a very essential caveat, i. e., that this goal can be fulfilled only in a lengthy and gradual process.[18] In 1997 this idea is all the more significant. In introducing a review of the Baltics' opportunities to join the most important European organizations (at least as those opportunities appear today), it is difficult to avoid a few general remarks. These are the following:

First of all, when we speak of European organizations we traditionally tend to think solely or at least mostly of those organizations which at the outset were Western European organizations (the EU, the WEU, NATO) but which could through enlargement become at least partly pan-European in nature. This approach is understandable: the Baltic states wish to integrate into those organizations which would fully provide political, economic and military security. Inevitably, though, at least two questions arise: First, can organizations which were created as western organizations, expand quickly enough and extensively enough to become truly pan-European organizations?

This is a question which speaks to the limitations of integration; this is a question about illusions that these institutions could quickly embrace new tasks and new members.[19] The answer to the question is, to some extent, associated with ideas about the various developmental models for Europe. I can cite two of these. In 1993, the Swedish researcher Nils Andren defined the following scenarios of development: 1) Bloc Europe; 2) West-Central Europe; 3) All-European Europe; 4) German Europe; and 5) Anarchic Europe.[20] It is clear that none of these scenarios will be played out in full, but only the third model – an All-European Europe – would provide sufficiently strong integration impulses to include not only the former Soviet satellite states in Eastern Europe, but also the countries of the former Soviet Union, including the Baltic states.

A second research project was carried out in 1995 by the American Hudson Institute, and its title speaks directly to the theme of our research: "Europe 2005: the Turbulence Ahead and What it Means for the United States." The authors of the project offered four development scenarios: 1) U. S. engagement and European enlargement; 2) U. S. detachment and European intrigue; 3) U. S. engagement and European discord; and 4) U. S. engagement and European dynamism. Only the first of these options would allow for Baltic membership in the European Union in the early years of the next millennium.[21] No matter which scenarios might in the end be implemented, it is very clear at this time that the Balts cannot count on rapid membership in the European Union or NATO.

The second question is closely tied to the first: the great part of the literature in the Baltics' so far has been devoted solely to the countries' desire to join organizations and institutions which at the present time can still be defined as western organizations. Alongside our country, however, there is a second, albeit contradictory, effort at integration involving the so-called CIS (see Chapter Five). Russia itself – again, in a contradictory fashion – is participating in pan-European integration. The fact that the

Baltic states have officially declared that they will not participate in the integration of the space of the CIS, as well as the fact that Russia is not seeking to join the European Union or NATO, does not mean that current events in the relationship between the CIS or Russia with western countries do not include various elements which can seriously impact on the Baltic states.

Let us now turn to the issue of the Baltics' relationship with the main Western European organizations – NATO, the WEU and the European Union – and the main problems which persist in these relations.

NATO. The Baltics' desire to join the alliance is undoubtedly grounded in the desire to obtain strict security guarantees against possible future threats from Russia, to be fully integrated into the Western security and political system and to avoid being included in a "grey zone" which, many people in the Baltics seem to believe, exists between Russia and the West. Because of this, I would like to add to this brief review of the Baltics' relationship with NATO a remark about this so-called "no man's land" or "security vacuum" – just another of the "loaded metaphors" (to borrow a phrase from Philip Zelikow)[22] which is more popular than it is completely appropriate for the true situation in the Baltic states.

The opinion one takes vis-a-vis the "grey zone" and its existence is directly dependent upon the methodology which one chooses to consider this issue. Henry Kissinger, who is a realist and a prominent interpreter of the balance of power theory of international relations, believes that a strategic and conceptual no man's land has been created in Eastern and Central Europe,[23] and that it can be eliminated in the interests of the security of the people of Eastern and Central Europe only by expanding the military and political alliance which NATO has become.

Kissinger's view, albeit a popular one in the Baltic states, is not the only view, not even in the United States. One of the more visible opponents of this view, but by no means the only one, is analyst Michael Mandelbaum, who insists on quite the

opposite: "In fact, there is no such vacuum... The foundation of a new and radically different security order is in place."[24] Differences between these two conclusions are, again, grounded in differences in methodology. Mandelbaum and others[25] feel that the new security order is based not on the age-old balance of power (the same is the view of British diplomat and analyst Robert Cooper who believes that 1989 marked the end of the balance of power system in Europe), but rather on consensus and cooperation, a specific example of which is the arms limitation system that was elaborated in the last years of the Cold War and in the first years of the post-Cold War era, especially the CFE treaty which virtually eliminated the possibility of a successful Russian attack against the West.[26]

At the basis of this approach is the idea that the security of a newly independent states is much more dependent upon their own viability and internal stability, upon the the integration of Russia into the system of international relations, (the destiny of Russia's internal development is a crucial question) and on the arms limitation system, not on the expansion of NATO, which could lead to fundamental contradictions (especially for the Baltic states) between the maintenance of the existing and non-traditional system of security and the possible threats which could be created by the expansion of the alliance.

The enlargement of NATO would provide traditional security to some countries, but could lead to a deterioration in the security of other countries which fall outside the first phase of expansion, not least because the expansion, if managed without properly dealing with Russia, might lead to such consequences as the withdrawal of Russia from the CFE treaty. This is a question of fundamental importance for the Baltic states.[27]

Slightly simplifying our approach to the issue of the Baltics' relationship with NATO, let us separate out the issues which are of interest primarily to NATO itself and which, of course, may have a certain effect on the desire of the Baltic states to join NATO, but which are not the main source of concern for Balts at

this time. These issues include the purpose and operational interests of NATO in the post-Cold War world;[28] in terms of the expansion of the alliance (that is not the only problem NATO currently faces, despite the fact that the impression is often created in the Baltic states that the opposite is true), this issue poses the question of how NATO can be expanded without turning into a second OSCE. In other words, will NATO continue to exist as a collective defense or whether it will turn into a system of collective security? There are, and there will continue to be other problems that are NATO-specific.

For the Baltic states, two other questions are of much greater importance: first, what effect will NATO expansion have on the relationship between the Baltics and Russia (i. e., to what extent will NATO expansion be compatible with Russia's integration into the European security system that is now being established); and second, will NATO, by accepting as members countries which have no fundamental security problems (in the traditional sense of the word), lead to a worsening of the security of the other countries which *do* face specific threats? Briefly stated, the issue here is how NATO can be expanded without drawing new dividing lines in terms of the region's security. NATO itself has consistently denied that this is a possibility, emphasizing that the goal of the expansion is a unified and single Europe. Of importance here is the question of Russia and its attitude toward the desire of the Baltic states to join the alliance; this is the critical matter for the Balts.

In October 1995, the alliance's working group on NATO enlargement concluded that there are several arguments which speak against the expansion: "It would be wrong to draw a new line between East and West that would create a self-fulfilling prophecy of future confrontation," the group concluded, adding that "rapid discriminate enlargement would be viewed as provocative by Russia."[29] Let us look at the potential consequences of NATO enlargement. There is the desire of NATO itself to settle this matter, at least at the intellectual level. It is

now clear that the 1994 pronouncement about NATO expansion had no conceptual backing whatsoever. It was only in 1996 that the alliance began to devote more or less serious attention to the idea that the expansion of the alliance will lead to greater problems than benefits, at least for those countries which fail to make the cut in the first round of expansion. An attempt to provide an analytical response to these concerns was made by the RAND analysts Ronald D. Asmus, Robert C. Nurick, and F. Stephen Larrabee who discussed the issue from, mainly, realism positions.[30] The authors wrote that the fact that the Baltic states are not among those countries that are likely to be in the first round of expansion because the existing members of the alliance have no strategic interests in the Baltic states, to say nothing of any type of vital interest. They also emphasized that NATO expansion into the Baltic states would contradict a fundamental goal of the alliance, i. e., to integrate Russia into Europe (this conclusion is drawn from Russia's opposition to Baltic membership in the alliance). The authors wrote that it is very important that NATO relations with the Baltic states must not seriously undermine other western policy objectives towards Russia.

The RAND analysts also offered a "security plan" for the Baltic states, which included the following elements: 1) Encouraging political and economic reforms; 2) Facilitation of Baltic defense cooperation; 3) Support for Nordic-Baltic cooperation; 4) EU enlargement as the central building block of Baltic security strategy; 5) Expansion of the Partnership for Peace program.

What are the strong and weak points of this plan? Among the strong points are the fact that the authors approach the issue of Baltic security and threats against it in a broader context (emphasizing the social, economic and other aspects of security); previous commentators have tended to view Baltic security in a narrow and canonic manner. Especially important here are the security issues that are posed by the so-called "Russian

speakers" in Latvia and Estonia. The authors recommend that the two countries implement more inclusive policies "to insure that they {the Russophones}, too, have a stake in Baltic independence and the reform process."[31] As we will see later, when we look at the Baltics' own approach to security issues, all three Baltic states must devote more attention to the domestic aspects of national security; the most significant threats against the states right now are not external in nature (Russia); they have to do much more with various shortcomings in the domestic situation.

I will address the issue of the so-called PFP+ program, which the RAND authors propose in their papers, a bit later. At this point I would like to stress that the point of contention in their research papers is the idea that Baltic security would be strengthened by the admission of Estonia (alone) into the ranks of the European Union.[32] The most important result of the RAND projects was that the Baltic security issue was actualized analytically and even politically. It must be understood, however, that there is no possibility of fully resolving the dilemma of how to expand NATO without drawing new security lines in Europe, not even theoretically, as long as Russia holds to its implacable opposition to Baltic membership in the alliance.

There are two other so-called plans (I use the term broadly, as in neither instance has the respective document been given official acceptance or even been worked out in specific written form) which are less academic than in the RAND studies, but slightly more practical. First among these is the so-called Swedish plan for Baltic security which was discussed by President Bill Clinton and Swedish Prime Minister Göran Persson in Washington on 6 August 1996; the program contained five elements, the first two of which dealt with non-traditional aspects of security (facilitation of economic relations, the fight against crime, etc.). The last three elements addressed more traditional security concerns (support for

Baltic efforts to join the EU and NATO, facilitation of dialogue with Russia).*

The "Persson plan" provides no security guarantees to the Baltic states; it is not meant to address traditional threats against the Baltics; the plan may well be successful to a greater or lesser extent, but only up to the point where truly canonic threats appear. No plan can do much to facilitate more rapid membership of the Baltic states into the European Union or NATO. EU expansion, which we will discuss at another point in this project, is dependent upon the pace of internal developments in the Union, upon the preparedness of the Baltic states to carry out the necessary reforms (which will take years to fulfill), and upon Baltic security issues in the context of the congruence between the EU, the WEU and NATO.[33]

The Baltic Sea region is already crowded with all types of institutions, some of them quite weak. Along with the Council of Baltic Sea States, there is now Persson's private Baltic Sea Cooperation Council, which only serves to increase the proliferation of various institutions. The attraction of investments to the Baltic states, which is one of the most fundamental tasks of the aforementioned council, has no direct relationship to the existence or absence of any institution; instead, the issue is the creation of a favorable investment climate in the Baltic states.

The activization of Swedish policy vis-a-vis the Baltic states is commendable, but the most essential question is not about Sweden, but about the United States. Will American interests in the Baltic states continue at their present level, decrease, or perhaps even increase? Any diminishment in those interests, per-

*The Russian problem is the most sensitive moment in "Persson's plan." It's not curious that Russia's response to Swedish "encroachment" on the Baltics was the retargeting of Russian security services activities: the chief of the Russian Federal Security Service (FSB) Nikolay Kovalev has placed the "Scandinavian direction" as one of the main priorities of FSB operation. – *Nezavisimaya Gazeta*, 31 Jan. 1997.

haps in yielding to Sweden in some instances, would be unfavorable for the Balts. It is for this specific reason that we must address yet another plan: the "Baltic Action Plan" that has been elaborated in America. The plan[34] specifies a series of steps which Washington could take to resolve the contradiction between the expansion of NATO to include countries that have no real security problems and the possible consequence of this action – the possible worsening of the foreign policy situation of countries which are already in a far more problematic situation than is Poland or the Czech Republic.

The plan is not an officially accepted set of steps, but it is an idea which may eventually lead to a Baltic-American charter where mutual cooperation between the two entities would be addressed formally. In practical terms, this might mean American support for Baltic efforts to move towards the European Union and NATO; American support for improved Baltic relations with Russia; and deepening of bilateral relations between the United States and each of the three Baltic countries.[35] Given that the main reason for the appearance of this "security plan" was the expected enlargement of NATO and its possible consequences for the security of the Baltic states, the central feature in the proposal is expansion of the Partnership for Peace program to create PFP+ or PFP-2 – a way for countries to come as close as possible to NATO without actually becoming member states and the creation of the list of so-called "recognized aspirants" for NATO membership – a proposal, which is, really, at odds with so-called self-differentiation approach, promoted by the USA government.[36] It is not my purpose at this point to look at the ways in which these hopes might be carried out, but a few principles which are characteristic of the current PFP program must be noted.

First of all, the way in which the PFP program was created and implemented led to at least two different answers to the question of what are the program's goals. One response, typical in the realist school of thinking, was that PFP provided an alter-

native to NATO enlargement. The second response was that PFP is an integral part of the new European security scene with a multi-purpose framework.[37] The Baltic countries, of course, did not interpret the PFP as an alternative to NATO enlargement; rather they saw the program as a way station to full NATO membership.* This view is problematic in two respects.

First, it is difficult to imagine that any country might become a member of NATO without participating in the partnership program, but at the same time, even the most active participation in the PFP is no guarantee of eventual membership in NATO. There is no scope within PFP for developing a pre-enlargement relationship with NATO that would definitely identify a country as heading for NATO membership.

Secondly, NATO expansion is, in fact, a separate process from PFP,[38] one which takes into consideration also the concerns of Russia and which need not threaten the integration of Russia into Europe (it was not surprising to hear from Strobe Talbott that his main preoccupation in 1996 was the model of relations between Russia and NATO[39]).

It is certainly in the interests of the Baltic states to participate in PFP or PFP+ as actively as possible, not least because of the values that are imbedded in the PFP program: commitment to freedom and democracy, respecting existing borders, democratic and civilian control of military forces, transparency in defense planning, etc. The Baltic states must be fully conscious of all of these principles.

*The ''concept'' of ''a waiting room'' was very clearly expressed by Vytautas Landsbergis, the chairman of Lithuania's parliament, and by Albinas Januška, the state secretary of Lithuanian Ministry of Foreign Affairs, on 18 November 1996, in Vilnius, at the conference devoted to Lithuania's relations with NATO; ''a waiting room,'' as it was explained by both speakers, should include ''a recognized aspirant list'' – with the Baltic states and the PFP+ program. – Archives of Latvian Embassy in Lithuania. P. V. – 160/96. The ''concept'' of ''a waiting room'' has not been recognized by NATO itself.

Concluding this brief review of the various so-called security plans which have appeared (or are still in the process of appearing) within the context of NATO enlargement, permit me to note the following:

The Baltic states will not be included in the first wave of NATO enlargement, but NATO will continue to hold the line that the first wave will not be the last and that the door for other potential member states will remain open. This, however, will lead to at least two sets of new problems. First, even if the NATO member states' parliaments all ratify the first group of new members, it is difficult to imagine that the member states would be willing to approve an ongoing series of nuclear guarantees; it's clear that while officially open, the door to NATO will be closed for at least some years. Second, even the first round of enlargement will be troublesome with respect to the relationship with Russia, and in the future there will be a serious issue about how the door can be kept open for potential Baltic membership in NATO without damaging one of the alliance's important goals – the integration of Russia. In other words, NATO will have to find a way to make sure that NATO-Russian relations are not a source of continuous crisis. Accordingly, we must take a close look at the relationship between NATO and Russia as a fundamental element of the European security architecture.

The idea of an agreement between Russia and NATO. Russia's relationship with NATO is one of the most important aspects of European security. For the Baltic states, however, the issue is particularly critical, because the Baltics' security is largely based on cooperation and partnership between Russia and NATO. The possibility that Russia and NATO may sign a formal agreement must be considered from three approaches.

Russia's main aim was to delay the first wave of NATO expansion as much as possible and then to block any second wave completely. As part of this effort, Russia in September 1996 suggested that the relationship develop in the following

sequence: First, NATO transformation (including Europeanization) followed by a special NATO-Russian agreement, and only then enlargement.

NATO, of course, took a different approach, believing that the development of relations with Russia could proceed simultaneously with the expansion. Russia rejects this approach.[40] Russia's approach involves a very broad and binding Russian-NATO agreement (*not* a charter)[41] which would, as *The Economist* has correctly noted[42], mean political membership in NATO for Russia. If Russia's view of the sequence of events prevails, NATO enlargement will not be only delayed, it will be threatened outright.

The NATO approach at the end of 1996 and in 1997 continued to stick to the idea of parallel movement in the sense that Russia would be offered broad opportunities for cooperation, but NATO enlargement would proceed irrespective of whether an agreement is actually signed.

The Baltic states, meanwhile, are pre-occupied with something that was expressed quite precisely by the Finnish diplomat Max Jakobson: "Once the charter is in force, any further enlargement is bound to become subject to negotiations with Russia."[43] It is clear that Russia may very well raise the issue of future NATO membership for the Baltic states in negotiations about the agreement with NATO; it is also clear that NATO will never provide written guarantees that the Baltic states will never be taken into NATO. However, this by no means eliminates the possibility that Russia may receive signals that NATO's expansion into the territory of the former USSR is unthinkable for a long time, if ever. It seems nevertheless that the Baltic states should not focus excessive attention on the Baltic issue in the context of the Russia-NATO agreement. Russia cannot force NATO into anything that the members of the alliance are not willing to accept. Baltic membership in NATO, moreover, is an issue which involves not only Russia's "no," but also the alliance's signal lack of desire to spread the

nuclear umbrella over the Baltic states. The Balts must devote more attention to the fact that the prospect of stable and predictable cooperation between Russia and NATO could be a more significant factor in Baltic security than is the yearning of the three countries for full NATO membership.[44]

The attitude of the Baltic states vis-a-vis NATO expansion in 1996 and at the beginning of 1997.

The nervous reaction of the Baltic states to the pronouncement that William Perry made in September 1996 (the content of which was of no surprise to anyone, i. e., that the Baltic states would not be among the first countries to be admitted to NATO) reflected the fact that the Balts failed to observe several principles of realism. Among these: security and peace usually are divisible; there are very few times in history where the security and peace are indivisible (in fact, such instances are usually associated with the appearance of hegemonistic countries; Germany twice in this century and the Soviet Union once); this type of situation does not exist at this time;[45] the major countries which will take the decisive decisions with respect to NATO expansion are countries which are thinking strategically; the strategic approach states that these major powers have no interests in the Baltic states which could be considered vital (i. e., interests which the respective countries would be prepared to defend by going to war),[46] although this does not mean that the major powers are not interested in the ongoing security and independence of the Baltic states; American interests in Europe are being maintained but probably are not increasing; and there is a growing disparity between America's commitments to the world and America's decreasing resources to fulfill these obligations.[47]

The Baltic states in 1996 had officially declared two goals: the maximal goal is to achieve the admission of the Baltic states to NATO in the first round of expansion; the minimal goal is to achieve "security guarantees" in the absence of first-round membership. It is not clear whether the Balts, in declaring both of

these goals publicly, believed that either one could be reached (a pronouncement by Latvian Defense Minister Andrejs Krastiņš in September 1996 to the effect that the Balts had been discussing NATO membership but they had at no point been convinced that the Baltic states will be accepted to the alliance in the first round[48] gave rise to the aforementioned doubts). Let us take a look at the realistic possibilities the Baltic states have to carry out the two aforementioned goals and, especially, the tactics which the Baltic states use in this process.

With respect to the first goal, first-round acceptance of the Baltic states into NATO, it must be understood that this goal is *a priori* unreachable. There is virtually no point in discussing the tactics which might be applied to the fulfillment of this goal. On 28 September 1996, the three Baltic presidents adopted a declaration "On security in the Baltic region," in which they defined the following resources to achieve the goal: a) intensive diplomatic activity; and b) bilateral security processes with the member countries of NATO.[49] The Baltic presidents promised to make "any sacrifice" (sic!) to achieve membership in NATO. Before we take a look at the adequacy of these resources vis-a-vis the goal which has been set out, it must be noted that the language of the declaration was vague and imprecise, and this is a common indicator of the confusion which reigns in Baltic strategic thinking.

In the declaration, the presidents used such terms as "collective security," "grey zone," "security processes," and others which the Balts tend to exaggerate: NATO is more a collective defense alliance than a system of collective security; the image of the grey zone limits the Balts to the concept that they can only avoid this zone only by joining the military-political alliance that is NATO; security processes are interpreted largely in traditional form – expansion of military and political contacts with western countries. This limits the choices and abilities which are available to the Baltic states with respect to their security. There is virtually no chance for the Baltic states to develop

bilateral military and political relationships with other countries that would serve as a substitute to NATO membership or which would provide security guarantees until the second round of expansion. Furthermore, the promise to make "any sacrifice" in pursuit of these goals risks turning the Baltic states into that which small countries must avoid at all costs – objects of irony. The fact is that even "any sacrifice" may well not lead to NATO membership, and even limited "sacrifices" can worsen the social and economic conditions of the Baltic countries, creating real, not just imagined threats to their security.

There is a second, somewhat more serious question: What might the Baltic states wish to gain from NATO in the form of "compensation" for failure to win admission to the alliance in the first round? In the fall of 1996 the Balts issued the following demands:

A) The Lithuanian defense minister, Linas Linkevičius, asked that Lithuania be given guarantees against any threats from Russia[50] which cannot be taken seriously. It is important, however, to note once again that the Balts have a tendency to misuse the word "threat." Even the fifth paragraph of the NATO treaty does not provide protection against "any threat" (for example, the threat of Russian economic sanctions against Lithuania and their potential consequences); Lithuanians have misappropriated the term "guarantees" by requesting that guarantees be provided for eventual membership in NATO.[51]

B) Estonia suggested the development of a "Partnership for Security" program (formally the most articulate approach) which would involve two major elements: the requirement that NATO officially declare those countries which will become NATO member states sooner or later; and the demand that NATO open missions in the Baltic states, focusing particularly on the modernization of the Baltic armed forces, and providing "NATO curators" for each Baltic country.[52] There are several problems with Estonia's request. First of all, an official statement of future NATO member countries or of the order in which new countries

might be admitted would be contrary to two basic principles of NATO policy: integration of Russia (the publication of an official list would immediately specify the next object of conflict in the NATO-Russian relationship) and the so-called approach of self-determination, i. e., that NATO will not pre-select candidates and that the prospects of the enlargement process will depend on the efforts of those countries seeking entry. The concept of the self-determination of partners was approved in the "Study on NATO Enlargement" that was released in September 1995.[53]

It must be also noted that the Estonian proposal spoke of a "special status" in relations with NATO for Estonia, but excludes Russia. This prompted criticism from the Finnish foreign minister T. Halonen.[54] It is clear that hoping to receive security "against Russia" or of receiving "more security" than Russia has are mere illusions.

C) The Latvian Foreign Minister Valdis Birkavs, visiting Denmark in September 1996, stated that Baltic security concerns must be addressed before there is an expansion of the alliance. An even stronger expression of this idea was issued by President Guntis Ulmanis in an address to the Royal Institute of International Affairs in London on 12 November 1996. The president said that NATO expansion is unimaginable before Baltic security issues are resolved.[55]

The Baltic-friendly American analyst Paul Goble, writing about these various Baltic pronouncements and especially their emphasis on threats from Russia and reproaches to the West (which were particularly sharply made in a statement by Estonian President Lennart Meri to the effect that the West is devoting insufficient attention to the Baltic states), emphasized that "the Baltic states are adopting a high-risk strategy: they call attention to the problem that they cannot by themselves solve. That in turn could leave them in an even more difficult position."[56]

The issue here is this. The Baltic states are sticking to a traditional interpretation of security (security by virtue of participa-

tion in alliance), which has been demonstrated by the various Baltic pronouncements discussed above. The fact is, however, that this approach will do nothing to resolve the problems that are associated with NATO expansion and Baltic security as such. In fact, the only traditional way in which these problems could be resolved would be Baltic membership in NATO. It is no accident that when demanding "security" before NATO expansion, the Balts did not explain of what they meant by "security." There can only be one possible outcome of the traditional approach in this area: NATO will expand, but the security problems of the Baltic states will not be resolved by this.

Marginal ideas about Baltic security. Among these can be included the idea of a Baltic military alliance. This idea reoccurs now and again, but it never receives any serious support in the Baltic states. The idea of a Baltic alliance was proposed at an analytical level by the former Latvian Defense Minister Dr. Tālavs Jundzis, who proposed a Baltic military alliance as a NATO satellite organization (with associated rights and responsibilities). The new element in this idea was the relationship of the would-be alliance with NATO.[57]

Implementation of the idea, however, would be hindered by at least two major difficulties. The first (and more important) of these problems is that none of the Baltic states has given serious attention to the possibility of a trilateral (or even bilateral) military alliance as an element of security for the three countries. Baltic security policies has always been dominated, and continues to be dominated, by an emphasis on NATO and the European Union, without any subsidiary steps such as a Baltic alliance. Such subsidiary steps are usually seen in the Baltic states as a waste of time and effort which removes attention from NATO itself. All three Baltic states are implementing policies which are in reality a competition among the three for the ability to join the EU and even NATO ahead of the others. It must be said that the EU and NATO themselves have done much to facilitate these policies.

Inescapably, we must face the question of what will happen if the Baltic states are not accepted into NATO (or even the European Union) and, at the same time, do not manage to establish a mutual, defensive military alliance.[58] This issue is being considered by very few policy-makers in the Baltic states at this time. The relationship among the Baltic states, meanwhile (especially the unresolved sea border issue and economic zone between Latvia and Lithuania), including certain differences in foreign policy under the general umbrella of a pro-NATO approach (Estonia's emphasis on relations with Finland and Sweden, Lithuania's – with Poland), as well as several other factors (including the traditional fact that alliances are often created in response to threats, but there are currently no threats against the Baltic states from Russia), currently makes the creation of a trilateral military alliance very unlikely.

Secondly, NATO has not offered support for the idea of a "satellite organization," because such an organization would contradict the sense of traditional military-political alliances, which do not generally have associate members. Members of this alliance enjoy strict security guarantees, including the nuclear umbrella. Nevertheless, the idea of a "satellite organization" no longer seems entirely far-fetched, given the hopes which have been invested in the PFP+ program;* the establishment of a military-political alliance in the Baltics, however, is not a credible option today.

On 15 August 1996, a group of Estonian politicians, including Alexander Einseln, Arnold Rüütel and E. Tarto, proposed the idea of a Baltic security pact. This was no more than an example of electoral politicking, as the Estonian presidential election was at hand. The suggestion by the politicians that members of this pact might even include the United States,

* Cristopher Bertram has spoken recently about "...a form of associate membership in NATO for the more likely candidates for the second wave..." – *NATO Review*, no. 2 (March 1997), p. 16.

Germany, Russia, Sweden, Poland, Finland and Denmark is so peculiar that it does not deserve any further comment.

The Western European Union. Relatively little attention in the Baltic states is still devoted to the WEU. In 1996 in Europe one could find (if infrequently) the idea that full membership in the WEU would be an interim solution to cover the period before the admission of the Baltic states to the NATO.[59] Only one argument was offered in support of this viewpoint: membership in the WEU would provide security for the Baltic states without alienating Russia.[60] This recommendation, however, is not realistic. The WEU *de iure* is a military-political alliance (in terms of type, quite the same as NATO itself), one which provides security guarantees to its members. *De facto*, furthermore, the WEU is inoperable without NATO. Among NATO member countries, there is a consensus that full membership in the WEU is not possible without membership in NATO. The 1995 NATO Enlargement Study stated quite clearly that the membership of the two defense groupings should be kept in line.[61]

There can, of course, be academic discussions of the relationship between the WEU and the Baltic states, as well as the influence which this relationship has on Baltic hopes to join the European Union. *The Economist* has posed a truly interesting question in this respect: Why should participation in the WEU be a condition for joining the European Union, given that the Baltic states are likely to be virtually indefensible, whatever the wording of WEU member duties?[62] The issue is of no practical consequence, however. Quite the opposite approach may turn out to be the more likely one, i. e., that a condition for Baltic membership in the EU be that they agree not to press for full membership in the WEU (which currently is a right of all EU member countries).[63]

The European Union. It is already clear that the EU will not accept the Baltic states as members unless there is an accepted overall western strategy on how to handle the security issue.[64] In practice, this issue can be resolved in two ways. The first

(and, in Baltic terms, the less favorable) option for EU is to engage in so-called full congruence (EU-WEU-NATO) in terms of membership expansion, which would bar the Baltic states from full EU membership (we wrote about this issue in our previous book)[65] and would keep them in the status of associate members for an undetermined period of time to come.[66] No matter how unpleasant this possibility, it is not one which can be ignored. The second possibility is the aforementioned option of separating membership in the EU from potential membership in the WEU (and, by extension, NATO); the nub of the matter is this: either the Baltic states will have to wait for EU membership for quite some time and cope with the fact that EU membership will not, at least at first, mean simultaneous membership in the WEU, or the Baltic countries will remain outside the EU and in (perhaps somewhat enhanced) associate status on a permanent basis. It is clear to me that one other possibility which is mentioned in the press (but not in any serious EU documents) can be eliminated altogether – rapid EU membership for the Baltic states as "compensation" for no membership in NATO.

Even though in 1995 and 1996 there were no major achievements in resolving the Baltic security issue (in the context of EU expansion), I would like to mention the views which two major powers – America and Germany – hold with respect to EU expansion and the Baltic states. These views are not entirely favorable for the Balts. America has expressed official support for Baltic membership in the EU, but by failing to provide equal support for Baltic membership in NATO (at least, during the so-called first wave of the enlargement), Washington is, in fact, bolstering the second of the aforementioned options. America is not a member of the EU, but its views are of critical importance with respect to the issue of EU-WEU-NATO congruence. It is for that reason that we find arguments in the literature to the effect that by refusing to endorse WEU membership without full NATO membership, America effectively wields a veto over the issue which countries can become members of the EU.[67] If

America's attitude toward Baltic membership in NATO does not change (and there is no reason to believe that it will), the best that we can hope for is membership in the EU without simultaneous membership in the WEU (i. e., NATO).

Germany's attitude toward Baltic membership in the EU at one time created unjustified illusions in the Baltic states, especially in Estonia. As these illusions have dissipated, there has occurred, sometimes, an equally unjustified attempt to blackmail Germany over the issue.[68] The Balts have devoted insufficient attention to Germany's foreign policy strategy in terms of EU expansion since the end of 1993. First there was a belief in EU "deepening" as a pre-requisite for enlargement (including the further development of the CFSP and the integration of the WEU into the EU: at an 28 August 1996 meeting with the three Baltic foreign ministers Klaus Kinkel said that future Baltic EU membership depended not only on Baltic reforms but on the EU success in rendering itself more efficient; the EU risked "collapse" if it accepted new members before introducing institutional changes).

With regard to enlargement, Germany expressed its support for a very limited EU enlargement which would go hand-in-hand (albeit not literally) with NATO enlargement ("parallel strategy"). Germany saw EU enlargement as a matter of extending the policy of stabilization – first and foremost in Central Europe, which naturally is a sphere of geopolitical, strategic and economic interests for Germany.[69] Given the weak progress that has been made in EU "deepening," as well as the financial burden which Germany incurred as the result of German unification, the growing weight of internal transfers within the EU, and various other factors, it is difficult to imagine that Germany will actively support much more than the acceptance of Poland, the Czech Republic and Hungary into the EU (or, even more likely, the rapid acceptance of that trio in NATO and then, later, the European Union; this is a significant change in Germany's policy amounting to almost an abandonment of "parallel strategy").[70]

The Baltics' approach to EU expansion, at least publicly, has been dominated by the principle (which again serve to remind us that in the Baltic states officially expressed views can be different from true policies and conceptions, and the determination of which is which sometimes requires considerable effort): "all or nothing" – the European Union is not seen as an alternative to NATO, and the Baltic states demand strong security from NATO first, and then only membership in the EU.[71] Clearly this is an unrealistic position, the results of which are not difficult to forecast. Neither NATO nor, at least in the near term, the EU are truly within the Balts' sights. Because the Balts, especially – Latvia and Estonia, have failed to give sufficient attention to several security aspects, both countries have fallen into two traps – the same which have been sprung with respect to NATO membership. Even Estonia's widely recognized progress in economic reform loses at least some of its weight when seen in the context of another process – the very slow pace of naturalization of so-called "Russian speakers" and rapid increase in the number of Russian citizens living in Estonia (in October 1996, the number of people in Estonia who had accepted Russian citizenship was 116,000).

Latvia and Estonia have been made to understand that a further opening of the "naturalization window" in both countries will be a pre-requisite for EU membership.[72] Speaking at a conference "The Baltic Dimension of European Integration" in Riga in 24 August 1996, Latvian Foreign Minister Valdis Birkavs proposed the following sequence for dealing with the issue of the "Russian-speakers": Membership in the EU first, integration of non-citizens second. Though understandable, this approach may not work.

The second issue involves border negotiations with Russia (see Chapter Five). In the fall of 1996, both Estonia and Latvia began to evidence a greater willingness to accept the realities of the political situation in this respect, but both countries openly indicated that the border issue is, for them, intricately linked to potential NATO membership; Russia immediately recognized

that this approach gave it a new and important tool to use in complicating the relationship between the two Baltic states and the EU and NATO. Almost inescapably, Moscow began to talk of linkage: the border issue must be linked to the issue of "Russian speakers" in Latvia and Estonia, as well as various security issues (the desire of the two countries to join NATO).[73] The fact is that even if Latvia and Estonia manage to sign border agreements with Russia, there will almost certainly be great difficulties in achieving ratification of the treaties in the Russian parliament (where the linkage issue will certainly be broached).

The OSCE. The German analyst Falk Lange, writing about the attitude of the Baltic states vis-a-vis the OSCE, noted that Baltic enthusiasm for the EU and NATO have caused the Balts to devote less attention to the OSCE. However, the road to the EU and NATO is much longer than the Balts have imagined, so they will be forced to grant the OSCE a more important role in their foreign policies.[74] This view is generally justified, but I must add a few remarks. First, the OSCE has always been, and continues to be, the one institution which can embody the principles of cooperative security. In practice, however, despite the Paris Charter of November 1990, which banned the use of threats and military force among the OSCE member countries, and the 43-item Code of Conduct on Politico-Military Aspects of Security which the OSCE Budapest Review Meeting adopted in November 1994, the principles of collective security have proved ineffective in several conflict areas (Bosnia being the most striking example).[75] The OSCE failed to force its members to observe the various norms that had been set out, and this meant that the OSCE simply cannot become an organization of collective security. This played no small role in Baltic coolness vis-a-vis the OSCE.

Secondly, between 1992 and 1994, the Baltic relationship with the OSCE was dominated by one issue: the withdrawal of the Russian armed forces from the Baltic states. After that issue was resolved, the only outstanding matters concerned the Skrunda radar station (Latvia). The OSCE has delegated two

members to the commission which is supervising the fulfillment of the Skrunda agreement. Since the withdrawal of the Russian military, the Baltic states have turned their attention to EU and NATO expansion. As Lange has noted, the role of the OSCE in Baltic foreign policies has diminished.

In addition to Skrunda, the OSCE was left with not much more than the issue of the "Russian speakers" in Latvia and Estonia.[76] There can be no doubt that it is in interests of Latvia and Estonia to broaden, not to narrow cooperation with the OSCE with respect to the integration of "Russian-speakers" in the two countries. We may well conclude, however, that the diminishing role of the OSCE in Baltic strategy was inevitable – both because the OSCE is unable to create a true system of cooperative security and because the number of issues which were handled by OSCE missions in the Baltic states declined.

A security model for Europe in the 21st century. An important factor in determining the attitude of the Baltic states vis-a-vis the OSCE will be the following: Will the OSCE manage to establish a security model for Europe which is not only formal, but which actually has some effect. The creation of this model was mandated during the 1994 Budapest conference, and it must be noted that the stated goal was to set up an interlocking multi-functional cooperative venture, an interlocking system of diverse organizations. In other words, the core of the issue was more than just the development of the OSCE and the search for new roles for it. The model is still a long way from being fully developed, and it is not uncommon to encounter reflections in the literature not on the issue of the interlocking system, but rather on the future of the OSCE.

It should be noted that none of the OSCE member countries has devoted any kind of serious interest to the development of the model, which was mocked by *The Economist* as fancy, fine-sounding phrases.[77] The Swiss analyst Curt Gasteyger has put it this way: "To be sure, the public, and, one is inclined to think, governments are unlikely to wait desperately for the result of

such a crystal-ball exercise."[78] It is not hard to explain the lack of enthusiasm, which arises largely because of an understanding that conceptual and intellectual models of security seldom have practical application, as well as a sense that the terms which are being bandied about in the discussion – "common security," "indivisible security," etc. – often are popular fallacies. Ideas about security and security guarantees (or threats against security) are equally diverse.[79]

In the context of this discussion of security models, I would like to broach two questions. First – how can this intellectually constructed model be characterized? As the American delegation to the OSCE has stressed,[80] the model must include cooperation among all the various organizations that emerged until 1994, plus two new structures – the PFP (or, perhaps, PFP+), and the NATO Combined Joint Task Force Project (CJTF).[81] The Americans also feel that the model must address not only an exclusive notion of legal "security guarantees" or similar legally binding commitments, but it should also include economical, social, environmental and other aspects of security. This inescapably leads to a question: What type of mechanism can be created to operationalize the model and how to implement the interinstitutional division of labor? Several delegations have tried to deal with this problem,[82] but it is still far from final resolution. It is not difficult to predict that work on the security model will continue for some time to come.

The second question concerns Baltic views on the security model.[83] The true attitude of Latvia (as well as Lithuania and Estonia) toward the model was not much more active than the attitude of other countries. If the limited interest of the "secure" countries of Western Europe was dictated by their existing security provisions, both unilateral and within the confines of NATO and the EU, then the level of Baltic interest was the result of a desire for hard security guarantees and the hope that discussions of an OSCE security model would not divert attention from this desire.[84]

Formally speaking, the Baltic position during discussions of the security model was articulated quite well. The Balts argued that the discussion of the model should not be limited to the possible institutional changes within the OSCE and that the model need not create a system of hierarchy among the various organizations. No country, argued the Balts, should have superior responsibility for maintaining peace and stability in the OSCE region; the model must facilitate regional arms control and confidence building measures; and implementation of existing norms (the Code of Conduct, et al.) is a fundamental pre-requisite for the functioning of the model.[85] Clearly the Baltic position had certain elements of polemics vis-a-vis Russia,[86] but the argumentation has not breached the bounds of proper political discussion.

No one, the Balts included, is expecting the discussions of the security model to lead to significant results in terms of the Baltic security. It is obvious that the discussions will continue for several years. The Baltic states have an interest in improving the operational effectiveness of the OSCE as a fundamental element of the security model, and in seeing that the OSCE carries out its obligations. It is not difficult, however, to predict that the discussions of the model – even if they lead to formal results, such as the possible development of a "catalogue" of threats in the region – will not rise above the level of an intellectual exercise.

Words written by the prominent British historian Edward H. Carr in 1939 ring true today: "The human will will continue to seek an escape from the logical consequences of realism in the vision of an international order which, as soon as it crystallizes itself into concrete political form, becomes tainted with self-interest and hypocrisy, and must once more be attacked with the instrument of realism."[87]

The most significant result of the OSCE Lisbon summit of December 1996, from the perspective of Baltic interests, was not the decision that was taken to start formalizing the security model. Rather it was the decision that in January 1997, negotiations would begin on the modernization of the Conventional

Forces in Europe (CFE) agreement. This pact, which was signed in November 1990, is to this very day the most important arms control agreement in operation in Europe; it provides not only the main framework for arms control, it also fulfills the functions of normative formulation, shaping the all-European norms of behavior in the sector of military relation.[88] Even though in November 1995 Russia still had not fulfilled the flank quota requirements which are set out in the agreement, the Western countries did not choose to make an international issue of this. A compromise was reached in 1996: the overall CFE ceilings remained in effect, but the regions in the Leningrad and North Caucasus MD zones were removed from the flank zone.

There are some questions which are of significant importance for the Baltic states, especially in the context of the CFE fate after the expansion of the NATO alliance.

a) From the perspective of the various Central and Eastern European countries, the meaning of the CFE treaty is not homogenous. The countries of Central Europe do not face any threat of military invasion by Russia, but this does not adamantly hold true with respect to the Baltic states. These differences will not be overcome completely, if only for geographic reasons, but the Baltic states nonetheless have a greater interest than any other country in the maintenance of the CFE treaty. The 1996 compromise between the United States and Russia with respect to the flank zones was reached with no involvement by the Baltic states, and the decision led to a fairly nervous reaction in the Baltics. Clearly the compromise could only be reached in the absence of participation by the Baltic countries.

Even though the compromise will eventually increase the risks (I would stop short of calling them threats) which exist on the immediate periphery of Baltic borders, the maintenance of the CFE treaty as such is of critical importance to the Baltic states. A much less favorable situation could arise if NATO expansion is carried out in a way which destroys Russian trust in the treaty. A situation may emerge where the PFP+ program

(i. e., the best that the Baltic states can hope for in terms of "compensation" for not being admitted to NATO) proves inadequate to counter the losses which would occur as the result of a Russian abrogation of the CFE agreement.

b) Of lesser importance, for the Baltics, at this time is the matter of a possible CFE-2 treaty. Russia would certainly insist that the Baltic states be included in any new treaty, and it may well be that certain demands from Moscow (i. e., that there be a complete ban of any discussions about the placement of any foreign troops in the Baltic states) may be in contradiction with the Baltic desire to join NATO (without the placement of foreign troops in the territory, the Baltics are fully or at least mostly indefensible). These are more or less abstract questions at this time, but it is completely clear that the fate of the CFE is of great importance to the Baltics.

The Balts have more or less ignored (or even displayed open hostility toward) various ideas which have occurred regularly reflecting an increasingly clear conviction among western countries that the Baltic security problem cannot be resolved through early Baltic membership in the EU, the WEU and NATO. Among these ideas is a vague conception of regional confidence-building and an arms control regime in the Baltic region (including a regional "table" and the development of sub-regional organizations),[89] as well as a second idea (one which is highly irritating to the Balts) about the creation of a cooperative security regime based on the principles of neutralization, backed by appropriate security guarantees.[90] Even though the Baltic position has often been maximalist – all or nothing –the next few years unquestionably will force the Balts to consider various approaches and conceptions which presently seem completely unacceptable within the context of a clearly articulated pro-NATO strategy.

## III. Conclusions

The Baltic states cannot afford to ignore several premises. First of all, the Balts must begin to define their vital and national

interests, only afterward specifying the threats against these interests and, later still, the extent to which Western European institutions correspond to the Baltic states' interests and the extent to which these institutions are accessible. In the Baltic states the opposite sequence of events has occurred. All three countries see the Western European institutions as an end unto themselves, but all three countries failed to adopt coherent national security conceptions.[91]

Furthermore, Baltic security discussions have been dominated to a dangerous extent by a single institution – NATO – and by a single goal – to achieve strict security guarantees. This may lead to serious disappointment. It may be true that officially the USA government is currently indulging the illusion that NATO expansion is just another case of liberal institution building which may involve membership for each and every democratic country in Europe; in fact, however, the logic of the expansion is not liberal, but rather strategic and geopolitical in nature.[92] The Baltic states must devote much greater attention to the non-traditional and non-canonical threats which they face (economic, social protection, etc.); it is these threats that are currently the most significant, and if they are not dealt with, Baltic movement toward Western European institutions will be impossible. This is currently much more important than considering canonic threats and in pursuing a military-political alliance in response to these threats. A negative element in the Baltic states is the gap between the pro-EU and pro-NATO rhetoric which is abroad in the countries and the actual, practical work which is being done in order to resolve the country's domestic problems.

Concerning Latvia, at the end of 1996, European Union experts issued a report which stated that there is extensive corruption at every level of the Latvian government bureaucracy, thus affirming a statement which has been made earlier by a representative of the IMF claiming corruption in the Latvian privatization process. The EU experts also said that the

crime situation in Latvia is close to that in Russia. Though recent investment ratings given to the Baltic states are quite favorable the EU representatives insist that the Baltic states must demonstrate much more significant accomplishments in combatting organized crime, drugs and weapons smuggling, as well as in resolving issues that are associated with refugees and promoting a more rapid privatization of the economy.[93]

Bringing domestic order to the Baltic states (a process which can be accomplished only by the Baltics themselves) will involve economic reform, more rapid privatization, especially in Latvia and Lithuania, the establishment of modern judicial systems, greater accomplishments in the integration of minorities, etc. These are not only absolute pre-requisites for successful movement toward the EU, they are also necessary investments if the Baltic countries are to establish true (not symbolic) security for themselves. The role of western institutions in influencing domestic stability in the Baltic states (including democratic stability as a pre-requisite of national security), meanwhile, may not be quite as marginal as is suggested in literature.[94] On the other hand, this role is not as great (in a positive sense) as the Balts like to imagine.

Secondly, all countries view any organization from the perspective of their own national interests. The same holds true when western countries look at the Baltic question in terms of their relationship with the various institutions. Any "Baltic security plan" can be operational only as long as it does not threaten the interests or even hopes of the participants in the process. An example of this was provided by the so-called Persson plan (which garnered an unjustified amount of attention). If the Swedes and the Finns are forced into a NATO "waiting room" along with the Baltic states, they will inevitably become cool toward these plans (including the idea of PFP+). Sweden and Finland have no desire at this time to join NATO, but neither do they want to be included in a single group with the Baltic

states. This, of course, could bar the Swedes and Finns from rapid accession to NATO at such time as they decide to pursue such a course.

At this point we have a fairly clear idea of Sweden's approach toward Baltic security, as well as the opportunities and limitations which this approach engenders. Sweden will support the Baltic demand that negotiations on EU membership begin simultaneously for all candidate countries. That will not, however, mean simultaneous acceptance of all countries, and Sweden by no means will be the most powerful voice in determining EU decisions in the context of expansion. In the area of NATO expansion, meanwhile, Sweden can have no more than a symbolic role. Stockholm may well state that all countries have the right to choose organizations in which they want to participate, but such pronouncements, doubtless, will have no impact on NATO's expansion-related decisions.

Looking at the various "plans" that have emerged, meanwhile, we must note that Sweden does no t view these to be a basis for any sub-regional security institution or structure. The institutionalization of any of the "plans" would immediately lead to the question of what types of obligations and responsibilities Sweden would have to undertake; needless to say, Stockholm does not even want to discuss such obligations. The Swedish approach to Baltic security problems, apart from Sweden's relations with NATO by herself, will continue to be based on Sweden's conviction that there should be pan-European security arrangements. With respect to existing institutions, that would mean a greater role for the OSCE, while in terms of future organizations, favor would be bestowed to the Atlantic Partnership Council, precisely for the same pan-European reasons.

With respect to facilitating Baltic dialogue with Russia (which is an essential element in all of the various Swedish "plans"), this process will be dependent not upon Swedish involvement, but rather upon Russia's relationship with NATO

and the type and pace at which an "open door" policy is instituted. Should Russia find the "open door" policy to be unacceptable, there will be no dialogue. It is also true that the PFP or PFP+ programs, the development of which in cooperation with Russia has been a major Swedish concern, have never been of great interest to Moscow.

Third, enlargement is not the only important issue currently facing either the European Union or NATO, and, even more, the matter of Baltic membership in the two organizations is far down on the agenda. Central European (i. e., Poland, the Czech Republic and Hungary) membership in NATO and the European Union will take a number of years to arrange. The time factor will be even more essential for the Baltic states. The pre-occupation of the three Baltic states with NATO and EU membership as a goal which can be achieved quite rapidly may lead to several unfavorable consequences, among them disappointment in society when the goals are not reached in the next some years. The Baltic policies may also lead to insufficient attention to the domestic and real foreign policy problems of the three countries in hopes that these problems will be resolved by membership in the EU and NATO. It is likely that the Balts will be forced to admit sooner or later that the "European security architecture" will not mean rapid and irreversible expansion of NATO and the EU, but rather will involve mutual relationships among various organizations, in the context of which NATO and EU expansion will be no more than one of a number of elements.[95]

It must be assumed that for some time to come, both integration and disintegration tendencies will prevail in Europe. Furthermore, there will be fundamental differences in the interpretation of the word "integration." The Baltic countries tend to exaggerate the meaning of integration, promoting the idea that integration will not be complete or successful until the Baltic states are accepted into all of the world's organizations. From the perspective of the major powers of the West, there is a different interpretation. Germany may feel that integration will be

achieved once Poland, the Czech Republic and Hungary are accepted into NATO and the EU. America may conclude that integration will come once Russia is integrated into Europe (the issue of how this is to accomplished is another matter).[96]

The Baltic states must also take into account the fact that there will be an increasing number of international institutions (i. e., the Atlantic Partnership Council) which will seek to bring together all of Europe (including at least part of the CIS) on an institutional basis but which at the same time will undoubtedly be seen by many people as an alternative to major NATO and EU expansion. There will be an growing number of regional, sub-regional and bi-partisan solutions to various security problems, and greater attention will be devoted to the so-called trans-border soft security arrangements (among cities, regions, institutions, etc.), as well as specific arrangements for various issues. The opportunities of the Baltic states to achieve the "rigid" security guarantees, however, will not increase. New concepts, such as the Combined Joint Task Forces, will provide no more than access to consultative political and military forums, advice, some assistance in the development of armed forces, and participation in joint exercises and peacekeeping operations.

There will never be a final and irreversible solution to the Baltic security issues. The Baltic security formula will be based on (and will depend on) the following:

a) Increasing domestic stability in the Baltic states;

b) Internal developments in Russia;

c) Cooperation between Russia and the West as the key element in European security;[97]

d) The security of the Baltic states will largely be dependent upon the issue of how successfully the European security system, which is made up of several separate elements, ends up functioning.

I agree with Zelikow that the resolution of Europe's most fundamental security issues will be dependent not so much on

whether the countries of Central and Eastern Europe are or are not members in one or another international institution, but rather on whether Russia and the states of East-Central Europe will become part of the hierarchy of western political, economic and military power led by the USA, Germany, the UK and France.[98] The complex security system will be oriented toward NATO and the EU, but it will not (luckily for the Baltic states) be made up only of the NATO and EU member countries and of the slight expansion of these organizations; instead, the security system will consist of NATO and the European Union as such (although the two are different in many ways); of the expansion process and the admission of some new members; of the PFP program and its ongoing modernization; on the special charters that will be arranged between NATO and at least three of its partners – Russia, Ukraine, and the Baltic states; the CJTF concept which will include non-NATO countries; and the expansion of the European Union and the development of associative agreements with that organization. If this very heterogenous system manages to become effective, that will minimize the negative consequences that would emerge from the limited expansion of NATO or the EU.

It is in the interests of the Baltic states to participate actively in as many of the system's parts as possible: the signing and implementation of a Baltic charter with NATO (or with the United States); opening of NATO offices in the Baltic states;[99] strengthening of relations with the WEU (which has already opened an office in Estonia); development of bilateral military agreements with NATO member countries (Latvia has already signed such agreements with nine NATO countries, most recently with Turkey in February 1997); and active participation in the PFP (or PFP+ program),as well as CJTF missions. By strengthening their institutional links with NATO and the EU, the Baltic states are becoming involved in the European security space.

The beginning of 1997 was gradually marked by an increasing realism in Baltic foreign policies; a key indicator of this fact

is the more pragmatic approach which Latvia and Estonia have taken with respect to relations with Russia (i. e., the border issue), as well as the increasingly realistic assessment which Baltic governments have been giving to the chance for their countries to join NATO and the EU quickly. In developing foreign policy priorities for 1997, for example, the Latvian Foreign Ministry recognized the necessity to develop alternative policies in the event that the European Union does not begin membership negotiations with all applicant states. With respect to NATO, the ministry speaks of activities aimed at obtaining candidate member status,[100] (leaving aside the issue of whether this status would be in concert with NATO's expansion strategy). It is a positive fact that Latvia is no longer so obsessed with the issue of the upcoming Madrid meeting and the first phase of expansion, choosing instead to emphasize the deepening and strengthening of relations between NATO and Latvia. The foreign policy environment in which the Baltic countries operate will continue to be turbulent for some time ago. Only the favorable and mutual development of all of the aforementioned factors (and especially the development of domestic stability in the Baltic states) will facilitate true security for the Baltic three.

## NOTES

1. It is not the purpose of this research project to address the various types of realism – hyper-realism, structural realism, contingent realism, etc. For purposes of simplicity, we refer to the "median" or traditional concept of realism, using as the basis the interpretation which is offered by Mearsheimer, J. J., "The false promise of international institutions," *International Security* vol. 19, no. 3 (Winter 1994/1995), pp. 5–50.
2. The realist approach is criticized in a group of articles under the heading "Promises, promises: Can institutions deliver?," *International Security* vol. 20, no. 1 (Summer 1995), pp. 39–82.
3. See Mearsheimer, J. J., "A realist reply," *International Security* vol. 20, no. 1 (Summer 1995), p. 9.

4. Ruggie, J. G., "The false promise of realism," *International Security*, vol. 20, no. 1 (Summer 1995), pp. 62–70.
5. Joffe, J., "Bismarck, or Britain toward an American grand strategy after bi-polarity," *International Security*, vol. 19, no. 4 (Spring 1995), p. 100.
6. Waltz, K. N., "The emerging structure of international politics," *International Security*, vol. 18, no. 2 (Fall 1993), pp. 49–60; Kissinger, H., *Diplomacy* (Simon and Schuster: New York, 1994), pp. 805–825.
7. Heurlin, B., *Security Problems in the New Europe* (Political Studies Press: Copenhagen, 1995), pp. 75–76.
8. Kupchan, Ch. A. and Kupchan, C. A., "Concerts, collective security and the future of Europe," *International Security*, vol. 16, no. 1 (Summer 1991), p. 144.
9. Maynes, C. W., "Bottom-up foreign policy," *Foreign Policy*, no. 104 (Fall 1996), p. 42. See also Zelikow, P., "The masque of institutions," *Survival*, vol. 38, no. 1 (Spring 1996), pp. 1–17.
10. Andren, N., "A New European Security Order," *The Royal Swedish Academy of War Sciences: Proceedings and Journal*, no. 4 (1993), pp. 161–184.
11. Kaiser, K., "Reforming NATO," *Foreign Policy*, no. 103 (Summer 1996), p. 143; Asmus, R. D. and Larrabee, F. S., "NATO and the Have-Nots," *Foreign Affairs*, (Nov./Dec. 1996), p. 18; about European security space (ESS) – Lenzi, G. and Martin, L., (eds.) *The European Security Space* (Institute for Security Studies of WEU: Paris, 1996), pp. 1–6.
12. Cornish, P., "European security: The end of architecture and the new NATO," *International Affairs*, vol. 72, no. 4 (Oct. 1996), p. 752.
13. Kostiecki, W., *Europe After the Cold War. The Security Complex Theory* (Institute of Political Sciences Polish Academy of Sciences: Warsaw, 1996), p. 166.
14. Mearsheimer (note 1), p. 49.
15. Howard, M., "Introduction," eds. Ahmann, P., Birke, A. M. and Howard, M., *The Quest for Stability: Problems of West European Security 1918–1957* (Studies of the German Historical Institute: London, 1993), pp. 1–17.
16. A senior associate at the Carnegie Endowment, Sherman W. Garnett, used the phrase "canonical threat" to describe threats which might occur if a revival of Russian military power and imperialist ambitions were to occur. See Garnett, S. W., "Poland: bulwark or bridge?," *Foreign Policy*, no. 102 (Spring 1996), p. 67.

17. Heurlin (note 7), p. 76.
18. Ozoliņš, A., "Estonia, Latvia and Lithuania in the European security architecture: Limits and opportunities," eds. Lejiņš, A. and Bleiere, D., *The Baltic States: Search for Security* (Latvian Institute for International Affairs: Riga, 1996), pp. 84–87.
19. Braithwaite, R., "The West has a Russian problem it isn't facing," *International Herald Tribune*, 3 Dec. 1996.
20. Andren (note 10), pp. 169–171.
21. Geipel, G. L. and Dujarric, R., *Europe 2005: Turbulence Ahead and What It Means for the United States* (Hudson Institute: Indianapolis, 1995), pp. 3–48.
22. Zelikow (note 9), p. 14.
23. Kissinger (note 6), p. 825.
24. Mandelbaum, M., "Preserving the new peace: The case against NATO expansion," *Foreign Affairs*, vol. 74, no. 3 (May/June 1995), p. 12; also "Don't expand NATO," *Newsweek*, 23 Dec. 1996, p. 17; about M. Mandelbaum's views – Cohen, R., "A bad night in New York for NATO enlargement," *International Herald Tribune*, 13 Dec. 1996, p. 9.
25. A similar view is presented in Maynes (note 9), p. 43; also in Fridman, T. L., "Enlarge NATO? Look who's pushing a bad idea," *International Herald Tribune*, 10 June 1996; also Matlock, J. Jr., "Dealing with a Russia in Turmoil," *Foreign Affairs*, vol. 75 (May/June 1996), p. 49.
26. For a more detailed view see Falkenrath, R. A., "The CFE flank dispute: Waiting in the wings," *International Security*, vol. 19, no. 4 (Spring 1995), pp. 118–145; also Arbatov, A., "Eurasia letter: A Russian-US security agenda," *Foreign Policy*, no 104 (Fall 1996), pp. 103–107; Pfaff, W., "European security isn't broken, so why try to fix it now," *International Herald Tribune*, 18 Feb. 1997.
27. "Mr. Clinton pledged that no one would be left out in a 'grey zone' of insecurity. This is the right goal. So far, neither has explained how it can be achieved in the context of piecemeal NATO enlargement," *International Herald Tribune*, 24 Oct. 1996, p. 10.
28. See a research project carried out by Ronald D. Asmus, Robert D. Blackwill and F. Stephen Larrabee in which the authors list the five major purposes for NATO in the post-Cold War world: 1) defense against a renewed hegemonic threat to Europe; 2) Preventing the return of European rivalry and renationalization of European politics; 3) Halting the spread of weapons of mass destruction; 4) Maintaining access to the Persian Gulf;

5) Promoting an open international trade and financial system." See "Can NATO survive?," *Washington Quarterly*, vol. 19, no. 2 (Spring 1996), p. 80. For comparison's sake, see a narrower approach to defining NATO purposes (by coincidence, there are also five goals set out in this paper): "A new kind of alliance?," *The Economist*, 1–7 June 1996, pp. 20–21.

29. North Atlantic Assembly Defense and Security Committee Working Group on NATOEnlargement, International Secretariat, Oct. 1995.
30. Asmus R. D., Nurick R. C., "NATO enlargement and the Baltic states," *Survival*, vol. 38, no. 2 (1996), pp. 121–142; Asmus R. D., Larrabee F. S., "NATO and the Have-Nots. Reassurance after enlargement," *Foreign Affairs*, (Nov./Dec. 1996), pp. 13–21.
31. Asmus and Nurick (note 30), p. 124.
32. Asmus and Nurick, (note 30), pp. 130, 134.
33. Veinberga, S., "Baltija pagaidām NATO vietā saņem Partnerattiecības mieram" (For now, the Baltics are receiving Partnership for Peace instead of NATO), *Neatkarīgā Rīta Avīze*, 21 Aug. 1996. Also "Īpašas partnerattiecības ārpus NATO palikušajiem" (Special partner relations for countries that remain outside NATO), *Diena*, 21 Sep. 1996; Asmus and Larrabee (note 11), p. 14.
34. The first, very rough draft of the plan was presented by U. S. Assistant Secretary of State Strobe Talbott to the Baltic ambassadors in Washington on 29 Aug. 1996. The draft was a simple reprint of America's ideas about a charter with Ukraine. See some details – *Baltic Times*, 5–11 Sep. 1996, p. 2.
35. Ozoliņš, A., "Harta neaizstāj NATO" (A charter would not replace NATO), *Diena*, 5 Sep. 1995; also "ASV veido Baltijas rīcības plānu" (U. S. A. developing Baltic action plan), *Diena*, 13 Sep. 1996.
36. Asmus and Larrabee (note 11), p. 16.
37. Williams, N., "Partnership for Peace: Permanent fixture or deciding asset," *Survival*, vol. 38, no. 1, (Spring 1996), pp. 98–100.
38. Williams (note 37), p. 105.
39. Talbott, S., "Amerika i Rossiya v menyayushchemshya mire" (America and Russia in a changing world), *Nezavisimaya Gazeta*, 27 Nov. 1996, p. 5.
40. Primakov, Y., "Na gorizonte – mnogopolyusnyi mir" (A multipolar world on the horizon), *Nezavisimaya Gazeta*, 23 Oct. 1996, pp. 1, 5.
41. In the spring of 1996, the Russian analyst D. Trenin noted that it would take too long to work out an agreement of this type and

that the result would be no more than a declarative document. See Trenin, D., "Avoiding a new confrontation with NATO," *NATO Review*, no. 3, (1996), p. 18. In September 1996, however, Russia adopted a policy which provided for attempts to delay NATO enlargement, in part by demanding from NATO a broad and binding agreement, not a declarative charter. Some idea of the requirements which Russia might have in this context can be gleaned in Rogov, S., "A constructive agreement is needed," *Nezavisimaya Gazeta*, 28 Sep. 1996, p. 2 (in Russian). Rogov writes that the agreement must ensure Russian participation in high-level NATO consultations and in the work of the Committee of Ministers, as well as exchange of military missions, permanent organs for the development of military cooperation, etc. In other words, Russia would seek an affirmation of its "special relationship" with NATO.

42. "Russia snarls," *The Economist*, 5–11 Oct. 1996, p. 32.
43. Jakobson, M., "NATO: The coming 'charter' with Russia will have a price," *International Herald Tribune*, 9 Oct. 1996.
44. In the Fall 1996, there were no formal negotiations between the two parties, but there was an exchange of views, according to a report from President Boris Yeltsin's foreign policy adviser D. Ryurikov in *Segodnya*, 1 Nov. 1996; that Russia's interest in an agreement could lessen if it turns out that an agreement would not serve to delay the enlargement of the alliance for at least some period of time. For a succinct account of Russia's game with NATO in the fall 1996 over the "charta" – see "Moskva otklonila neprozvuchavsheye predlozheniye" (Moscow rejected the informal proposal), *Kommersant Daily*, 7 Dec. 1996, pp. 1, 4.
45. The issue of divisibility of security has often been addressed in the literature. See Lehne, S., *The CSCE in the 1990s: Common European House or Potemkin Village?* (Austrian Institute for International Affairs: Vienna, 1991), p. 55. See also Hendrickson, D. C., "The ethics of collective security," *Ethics and International Affairs*, vol. 7 (1993), p. 8. Also Heurlin (note 7), p. 76.
46. Kissinger (note 6), p. 812.
47. Maynes (note 9), p. 47. The British analyst M. Howard has correctly emphasized that "...the virtually bipartisan agreement, that whatever happens, American lives should not be put at risk, has been noted both by America's friends and its adversaries." See Howard, M., "1945–1995: Reflections on half a century of British security policy," *International Affairs*, vol. 71, no. 4 (Oct.

1995), p. 713. The same is a view of Stephen M. Walt, "Why alliances endure or collapse," Survival, vol. 39, no. 1 (Spring 1997), pp. 171–173.

48. *Diena*, 27 Sep. 1996.
49. *Diena*, 29 Sep. 1996.
50. *Neatkarīgā Rīta Avīze*, 25 Sep. 1996.
51. Stankevicius, C. V., "NATO enlargement and the indivisibility of security in Europe: A view from Lithuania," *NATO Review*, no. 5 (Sep. 1996), p. 25.
52. *Biznes i Baltiya*, 25 Sep. 1996.
53. Williams (note 37), p. 106.
54. "I suspect that such a special status would not solve, but create problems," cited in "Finnish concern over Baltic NATO status," *Baltic Times*, 7–13 Nov. 1996, p. 1.
55. *Diena*, 13 Sep. 1996.
56. Goble, P., "Baltic hopes and fears," *Baltic Times*, 3–9 Oct. 1996.
57. Jundzis, T., "Defense models and strategies in the Baltic States," *The International Spectator*, vol. 31, no. 1 (Jan.–March 1996), p. 37.
58. See Schmidt, P., "German security policy in the framework of the EU, WEU and NATO," *Aussenpolitik*, vol. 47, no. 3 (1996), pp. 221–222.
59. Kaiser, K., "Reforming NATO," *Foreign Policy*, no. 103 (Summer 1996), p. 130.
60. Kaiser, K., "The author replies," *Foreign Policy*, no. 104 (Fall 1996), p. 186; support this viewpoint can also be found in some Russian writings. See, for example, Arbatov, A., "Letter: A Russian-US security agenda," *Foreign Policy*, no. 104 (Fall 1996), p. 106. I feel that the favorable attitude which some Russian authors have displayed with respect to the WEU is grounded in only one consideration – the need to give positive attention to anything that would at least postpone, if no avert, NATO expansion.
61. For a more detailed discussion of the relationship between the WEU and NATO, see Bailes, A. I. K., "European defense and security: The role of NATO, WEU and EU," *Security Dialogue*, vol. 27, no. 1 (March 1996), pp. 60–61.
62. *The Economist*, 18–24 May 1996, p. 31.
63. Asmus, Nurick (note 31), p. 134.
64. Asmus, Nurick (note 31), pp. 128 and 134–135.
65. Stranga, A., "Russia and the security of the Baltic states: 1991–1996," eds. Lejiņš, A. and Bleiere, D., *The Baltic States: Search for Security* (Latvian Institute for International Affairs: Riga, 1996), p. 170.

66. Alyson Bailes has emphasized at least three unfavorable repercussions of so-called full congruence: "Turning the EU into a defense organization now would offer Russia two bugbears in place of one, complicate the new members obligations and force requirements, and destroy any possibility of the EU assisting countries left out of NATO by taking them into its own, non-military community." – Bailes, A., "Europe;s defense challenge," *Foreign Affairs*, vol. 76 (Jan.–Feb. 1997), p. 19.
67. Kaiser (note 59), p. 142.
68. In October 1996, for example, Estonian president Meri denounced a Germany which, he said "...has not fulfilled its advocate's role." – *Baltic Times*, 3–9 Oct. 1996, p. 2. This attitude has not been expressed quite as succinctly in Latvia and Lithuania, but disappointment in Germany's attitude has been evident in those countries, too.
69. Rikken, K., "Kinkel's new EU wrinkle," *Baltic Times*, 5–11 Sep. 1996, p. 1; Schmidt (note 58), pp. 212–221.
70. "Germany's lost politik," *The Economist*, 7–13 Dec. 1996, p. 30; see also another remark by *The Economist* concerning the prospects of Poland, Hungary and Czech Republic: "Once in NATO, their German sponsors have begun to reason, the trio should be less ardent to join the EU." – "Germany's eastward urge," *The Economist*, 15–21 March 1997, p. 29.
71. See the pronouncements which Latvian president Ulmanis made in London on 13 November 1996. – *Diena*, 14 Nov. 1996, p. 1.
72. *The Economist*, 17–23 Aug. 1996, p. 75.
73. *Segodnya*, 1 Nov. 1996, p. 9; *Baltic Times*, 7–13 Nov. 1996, p. 2.
74. Zagorskiy A. (ed.), *OSCE Yearbook 1995* (Moscow Institute of International Relations: Moscow, 1996), p. 148 (in Russian).
75. Lucas, M. R., "The OSCE Code of Conduct and its relevance in contemporary Europe," *Aussenpolitik*, vol. 47, no 3 (1996), pp. 223–224.
76. A few other questions which the Baltic states raised in the context of the OSCE were of marginal importance. These included the creation of a regional forum to deal with security issues in the Baltic Sea region (an initiative which was proposed by Latvia and Estonia in 1993); the possible role of the OSCE in dealing with the issue of the Kaliningrad enclave, including monitoring of the territory (proposed by Lithuania in 1994); et al. See Lange, F., "Latvian and Lithuanian relations with the OSCE" in *OSCE Yearbook 1995* (note 74), pp. 146–147.

77. "Can Russia ever be secured," *The Economist*, 7–13 Dec. 1996, p. 29.
78. Gasteyger, C., "The OSCE: Overrated or underused?" REF.PC/416/96, 28 June 1996.
79. This has been emphasized by two prominent intellectuals – Curt Gasteyger and Adam Daniel Rotfeld. See Gasteyger, C., "Some reflections on a model for common and comprehensive security for Europe for the 21st century," 28 June 1996; presentation of the work of the Independent Working Group on the Security Model for Europe for the 21st Century, by Adam Daniel Rotfeld, director of SIPRI, at the OSCE Security Model Committee, 28 June 1996.
80. Presentation of Sam Brown, head of delegation to the June 14, 1995 Ad Hoc Group Meeting on the Common and Comprehensive Security Model for Europe, REF.PC/275/95, 19 June 1995.
81. The CJTF project was authorized by the North Atlantic Council Communique at Berlin on 3 June 1996; it calls for the establishment of new NATO missions, multinational and multiservice, both Article 5 and non-Article 5 missions with increased participation of PFP countries. Also for the expansion of relations with non-NATO countries, but, just like the security model itself, the CJTF still has to move from the conceptual stage to the operational phase. See Cornish (note 12), pp. 761–763.
82. One visible example was a joint proposal by Hungary, Poland and Slovakia which proposed the improvement of inter-institutional cooperation (practicality, equality, flexibility, mutual support, transparency, complementarity and comprehensiveness). Non-paper by the delegation of Hungary, Poland and the Slovak Republic; The OSCE Role in Conflict Prevention, Crisis Management and Post-Conflict Rehabilitation." REF.PC 169/96, 1 March 1996; see also: Borawski, J., "The OSCE in search of cooperative security," *Security Dialogue*, vol. 27, no. 4 (Dec. 1996), p. 402–406.
83. "Estonia, Latvia, Lithuania: Contribution to the discussion on a security model," REF.PC/486/96, 12 July 1996.
84. See note 83.
85. Statement by I. Kļava, director, Department of Multilateral Relations, Ministry of Foreign Affairs of the Republic of Latvia. Special Meeting of the Security Model Committee, Vienna, 11 Oct. 1996.
86. Russia's position during the discussions of the model grew less ambitious in several respects in 1996, and in some respects it corresponded to the views of the Baltic states. There are, however, ongoing differences of opinion with respect to the OSCE itself.

Russia wants to see the OSCE as the central structure of the new security model. To a certain extent, Moscow is seeking to place the entire discussion of the security model in the context of a growing role for the OSCE. Russia wants to see the establishment of a permanent council to facilitate the development of a new Helsinki-2 agreement. Statement by Ambassador I. Ushakov at the meeting of the Committee on the Security Model. – REF.PC/536/96, 30 Aug. 1996. Still, we must note that Russia has come up against a lack of desire among an absolute majority of OSCE countries to turn the OSCE into a "central coordinating organization" or to grant the OSCE a formally legal basis (another Russian idea). In response, Moscow has softened its tone a bit (Y. Primakov said in October 1996 that the "leading role" which is being proposed for the OSCE does not mean that the OSCE should command other organizations; see Primakov (note 40), p. 5; Borawski (note 83), p. 402.). Indirectly, a merger of the Baltic and Russian views in this area occurred with respect to a change in Russia's position on the principles of territorial integrity (as the result of the lessons learned in Chechnya, Russia is now supporting the right to self-determination and the principle of territorial integrity). Moscow has stated, at least formally, that no state, grouping or organization could consider a part of the region as a sphere of its influence. Special concerns for the Baltic states are, of course, still being created by changes to the CFE treaty, but these changes served to confirm that the OSCE has a marginal role at best in the arms control process.

87. Carr, E. H., *The Twenty Years Crisis: 1919–1939*, MacMillan: London, 1962), p. 93.
88. Falkenrath (note 26), pp. 118–145; Arbatov (note 26), pp. 112–116; Kostiecki (note 13), pp. 197–199.
89. Bailes (note 66), p. 62; also Bailes, A., "Sub-regional organizations: The Cinderellas of European security," *NATO Review*, no. 2 (March 1997), pp. 27–31.
90. Kaufman, S. I., "The Baltic states in post-Cold War U. S. strategy," a paper prepared for the conference "The Baltic States in Global Politics," Danish Institute of International Affairs, 15–16 Nov. 1996, p. 14. Dr. Kaufman is an assistant professor at the University of Kentucky, USA.
91. Lithuania, while proclaiming that its course toward NATO is a strategy without alternatives, has not even bothered to develop a national security concept which would detail threats and list pri-

orities. Holliday, D., "NATO is not a security panacea!," *Baltic Times*, 17–23 Oct. 1996, p. 23; the same is true concerning Latvia and Estonia, too: see Jansons, Ā., "Salūzušas plintes – NATO atbaidīšanai" (Use broken-down rifles to frighten NATO), *Diena*, 7 Oct. 1996.

92. Kaufman (note 90), p. 4.
93. Tihonovs, J., "ES kritizē korupciju Latvijā" (EU criticizes corruption in Latvia), *Diena*, 17 Dec. 1996. With respect to the assessment of Latvia that was issued by the Ernst & Young auditing firm, see *Diena*, 9 Sep. 1996. Also Kinkel, K., "Partners on the way to Europe," *Baltic Times*, 5–11 Sep. 1996, p. 23, and Noll, G., "EU membership hinges on the protection of refugees," *Baltic Times*, 12–18 Dec. 1996, p. 23. In 1996 only 56 percent of Latvian GNP were produced by private sector. – *Diena*, 27 March 1997.
94. Szulc, T., "Unpleasant truth about Eastern Europe," *Foreign Policy*, no. 102 (Spring 1996), p. 61; Also Zelikow (note 9), p. 15.
95. See, for example, the French approach to European security as a structure which consists of NATO enlargement, the PFP program, special relations between NATO, Ukraine and Russia. The enlargement of NATO is only one element in the architecture. – *Baltic Times*, 20–26 Feb. 1997, p. 4.
96. "If a charter can be worked out between Russia and NATO, it will complete the integration of Europe." Statement by Warren Christopher, December 1996. – *International Herald Tribune*, 12 Dec. 1996, p. 1.
97. Kaiser, K., "Expanding the European security space," eds. Lenzi and Martin (note 11), p. 3.
98. Zelikow (note 9), p. 7.
99. NATO Assistant Secretary-General Sergio Balancino suggested, at a conference on NATO expansion and Baltic security in Tallinn on 19–21 February 1997, that NATO and the Baltic states set up full-fledged diplomatic missions with one another, not only at the NATO headquarters in Brussels, but also with the alliance's military structures. – *Baltic Times*, 27 Feb.–5 March 1997, p. 2.
100. "10 prioritetov Latvii" (10 priorities of Latvia), *SM*, 31 Jan. 1997.

*Chapter Two*

# INTEGRATION OF THE BALTIC STATES IN THE EUROPEAN UNION: THE LATVIAN PERSPECTIVE*

*By Daina Bleiere*

## INTRODUCTION

Integration with the European Union and NATO has been a foreign and security policy priority for most countries in Central and Eastern Europe in the 1990s. Latvia and the other Baltic states have been no exception. Latvia's foreign policy concept states that "joining the European Union is essential to the likelihood of the survival of the Latvian people and the preservation of the Latvian state."[1] Integration with multilateral international organizations is one of the most available security policy options for small states in the present international system. One advantage of this option is that it offers small states a high level of security against traditional threats to sovereignty.[2] Security concerns have been the main driving force behind efforts by post-communist countries, including the Baltic states, to integrate not only with NATO, but also with the European Union. The latter organization is the most important political and economic multilateral organization in Europe. It has immense potential to provide for uninterrupted economic growth and the development of political democracy, and in this respect it offers

* The preparation of this article was partly supported by a NATO scholarship and by the Konrad Adenauer Foundation.

both internal and external stability to its member countries. This makes the goal of EU membership a viable security option for the Baltic states.

Between 1994 and 1996, Latvia achieved considerable progress on its way to EU membership. After the conclusion of an association agreement on 12 June 1995 and submission of an application for full membership on 27 October of the same year, a process of real integration with the EU became more rapid and versatile. At the same time, internal and external factors that can facilitate or hamper integration have gained in significance.

The aim of this chapter is to examine:

· The role of EU integration in the resolution of the Baltic states' security concerns;

· Development of the integration process;

· Prospects for further integration in the context of the internal development of the EU and its eastern enlargement;

· The impact of European integration on Baltic cooperation;

· Cooperation with EU associate countries in Central Europe within the context of EU integration.

## THE SECURITY ASPECT OF EU INTEGRATION

The signing of an association agreement with the European Union makes economic and legal rapprochement gain in importance in each country that signs such an agreement. The security aspects that have been dominant in the early phase of the EU integration process have not lost their significance, however, even though this factor is often undervalued by Baltic politicians in that the main emphasis is put on security guarantees that would be obtained through NATO membership. In some sense, the security aspect has become even more important, given that the future of the Baltic states in NATO is currently uncertain at best. The difference is that NATO security guarantees can be obtained by the very fact of membership in the orga-

nization. In the case of the EU, the issue is more complicated, because obtaining membership can be a lengthy process, and security guarantees provided by the EU are to a very great extent dependent on the internal development of the Union.

Integration with the European Union provides for direct and indirect security guarantees. One important security-related aspect of EU integration is that it and NATO integration are mutually supporting processes. As one analyst has pointed out: "The plain truth is that no security scheme for Eastern Europe can succeed unless buttressed by the economic engagement of eastern states in the West. The EC will have at least as important a role as NATO in providing to eastern states the comprehensive security which they all seek in their relationship with the West."[3]

Some politicians and analysts are of the opinion that it is precisely the EU, and not NATO, that is "the right instrument for the promotion of stability in Central and Eastern Europe."[4] There is some rationale behind this reasoning. Although such considerations as a desire to join European values are of importance in the drive of Central and Eastern European nations toward NATO, the alliance is first and foremost designed to cope with traditional threats against security. NATO would be indispensable in case of direct aggression, but at the present time, the possibility of such a threat in Central and Eastern Europe (including the Baltic states), is quite irrelevant, although not to be ignored altogether. NATO's role has increased, of course, through the significant role which it has played in peace-enforcing operations in the former Yugoslavia, and it is possible that the alliance will become more flexible over time. Nevertheless, of greater importance at this time are economic backwardness and social instability, which can have a serious effect on internal and external security in the post-communist countries of Europe. Membership in the European Union is of utmost importance for stable economic progress and the development of democratic institutions.

The geostrategic situation and post-Soviet legacy of the Baltic states suggests that this issue is of particular significance to them.

For the Baltic states, there are two things that are of particular importance. First, membership in the EU would mean the inclusion of the Baltics in a stable economic and political system, and that would have a stabilizing effect on the state. There is a certain paradox, however. The Baltics are young states which are undergoing a difficult process of political and economic transformation. Within this process, the Baltic states, just like other Central and Eastern European countries, are facing a grave political dilemma. A certain level of economic and political development must be reached, without which it would be very difficult for the EU to "digest" these countries. At the same time, it is much more difficult to reach the necessary level of political, economic and social stability without membership in the EU. "This dilemma basically means that for achieving the preconditions for membership, it might be important to already be inside of the EU."[5] It is not surprising that the Baltic states are attempting to become full members of the EU as quickly as possible.

The second factor is that integration with western markets and political mechanisms will help to diminish the inevitable economic asymmetry that exists between the small Baltic states (and the small Baltic region, for that matter) and big Russia, thus creating a more solid basis for the development of Baltic sovereignty. Integration with international organizations is generally seen by small states as the most certain way to escape excessive dependence on one of the big powers. The development of Baltic cooperation, though indispensable, is not in and of itself sufficient to form any significant counterweight to the economic and political influence of the major power. Even if the relationship between Estonia, Latvia and Lithuania were to become a very close alliance, they would still constitute a small economic and military entity in comparison with Russia.

Direct guarantees may emerge from the future Common Foreign and Security Policy (CFSP) of the European Union, and all aspects of this fact have not yet been fully appreciated by the Baltic states. Although the EU has not determined all aspects of the CFSP, some elements are becoming clear already. One of the most important issues is how the CFSP is to be tied together with other elements of European security, including the Western European Union (WEU) and NATO. Recent developments in the WEU and its relationship with NATO are of decisive importance. At least three of these elements should be mentioned:

The first major development is that at the ministerial meeting of the North Atlantic Council in Berlin in June 1996, decisions were taken that were aimed at developing a European Security and Defense Identity within NATO. The creation of a proposed Combined Joint Task Force (CJTF) would allow NATO to turn over to the WEU capabilities, assets and support assets, as well as command arrangements needed for WEU-led operations (i. e., peace enforcement operations). At their meeting in Ostend on 19 November 1996, WEU ministers agreed that it would be valuable for the WEU to become actively involved in the alliance's defense planning process, and they expressed their readiness to participate. The WEU is thus being transformed into a capable and potent organization, which has not been the case until now. Although it does not seem that the WEU will be directly subjugated to the European Union, the WEU is bound to accept any request that comes from the Union. As has been pointed out by the secretary general of the WEU, Jose Cutileiro, experience has shown that obstacles to closer cooperation between the two organizations have not arisen due to the absence of formal links, but rather due to a lack of practice in working together, as well as weaknesses in the Common Foreign and Security Policy. From a practical standpoint, moreover, a merger of the WEU and the EU would be difficult in that the two organizations have different members.[6]

The agenda of the upcoming NATO Madrid summit (8–9 July 1997) includes the issue of further advancing the implementation of the CJTF concept and finalizing all necessary arrangements for the European Security and Defense Identity within NATO.

The second development is the decision by France to return to full membership in NATO; this is an important turning point, and it will help to consolidate European allies within NATO, as well as to establish closer defense cooperation between NATO and the EU.

The third important development lies in the multinational initiatives which have been undertaken by several European countries in the fields of arms cooperation, security and defense. The idea of the EUROCORPS has led to several other initiatives to create a large network of multilateral and bilateral military agreements. One example is the EUROFLOTE, a Belgian and Dutch naval agreement that is to be extended to Denmark and Norway. Another is the Italian, French and Spanish plan for cooperation of naval and land forces, and still another is the establishment of joint British and Dutch naval forces. It is a long way from such initiatives to a European army, however. The initiatives tend to be fairly weak, and their future is somewhat uncertain. Still, at this point they represent the seed of possible developments in the future.

Of course development of the CFSP depends on the internal development of the European Union, and this is a matter for the more distant future. It is a very sensitive issue in many Union member states, as it implies that traditional spheres of state sovereignty such as foreign policy and defense ought to be "denationalized."

Even if a full-range CFSP is not established, however, membership in the EU will offer certain direct security guarantees. Although these will not be as effective as those provided by NATO, their importance should not be underestimated. It is not possible to imagine that the European Union might not react if

one of its member states were under threat of attack (through NATO capabilities or the use of the WEU and intergovernmental mechanism), but associate membership does provide for some kinds of guarantees. As Karl Kaiser has pointed out, the zone covered by the EU policy of self-defense should include not only those countries with full membership in the WEU, but also other EU members and associated countries. However, he writes, there is "a difference, depending on whether it merely forms *de facto* a part of the security zone with which the EU is connected through links of solidarity, interests, common values, and a multitude of political and economic factors."[7]

It should be pointed out that political integration with the EU could be achieved more easily than economic integration. In this way, direct and indirect security guarantees could be obtained by virtue of the very fact of membership in the Union.

Russia's reaction to the idea that NATO may enlarge to include the Baltic states could mean that the Baltics will have to face the dilemma of simultaneously enhancing and diminishing their security after joining the alliance. In all probability, NATO enlargement will have some negative consequences for Baltic security even if the three countries are not included in the first round of enlargement (or not included at all). Indeed, one positive aspect of prospective EU membership is that the possibility of Baltic admission to that organization has not engendered an overly negative reaction in Russia.

It does seem, however, that Russia's positive or indifferent attitude toward EU membership for the Baltic states flows mostly from the fact that this membership cannot be achieved as quickly as membership in NATO. Sergey Karaganov's stated opinion that "with respect to the European Union, we are really interested in seeing your three countries become members"[8] perhaps does not reflect the prevailing mood among Russian policy-makers. Russia's consent at the point when Baltic membership in the EU becomes a true reality is by no means certain. This is due to the understanding of security interests which

exists among the present-day Russian political elite. The understanding is grounded in geopolitical concepts such as "spheres of influence." Baltic integration with the EU, of course, would mean the permanent removal of the three from the Russian sphere of influence.[9]

Procrastination on the issue of border negotiations with Estonia and Latvia, as well as ongoing accusations about alleged discrimination against the so-called "Russian speaking" population of the two countries could help Russia to slow down the integration of the Baltic states in the EU. Recent (January 1997) statements by the Russian foreign minister, Yevgeniy Primakov, as well as the prime minister, Victor Chernomyrdin, have again linked Baltic-EU integration with the issue of alleged mistreatment of Russians in Estonia and Latvia. This may serve as an indicator that Russia will try to use these issues in order to create obstacles against full EU membership for the two countries. Outlines of Russia's Baltic states policy, which were disseminated in February 1997, indicate that the signing of border agreements with Estonia and Latvia will be linked to the issue of Russian minority rights and citizenship in those countries. As Paul Goble has stressed: "As NATO and other western institutions have made the existence of such agreements a requirement for membership, Moscow is demonstrating that it has the ability to block efforts by Estonia, Latvia and Lithuania to rejoin the West."[10]

An important element in the security aspects of Baltic EU membership is the fact that the Baltic states will not be included in the first wave of NATO expansion. Presumably it will take some time to integrate the first new member states in NATO and to allow the alliance to make the necessary adjustments. That means that the possibility of Baltic membership will be delayed for some time. In that case it is possible that EU membership may be achieved first, although even that is not a prospect for at least five more years. The United States and a few other NATO countries have proposed that the EU admit

some of the Central and European countries that will not be included in the first wave of NATO enlargement as a sort of compensation. On 21 January 1997, however, the EU's external relations commissioner, Hans van den Broek, explicitly stated that NATO should not expect such compensation. The possibility was also denied by the EU's internal and legal affairs commissioner, Anita Gradin, during a visit to Riga in January 1997.

Another problem for the Baltic states is the idea in some circles that EU and NATO membership must coincide. It would be very unfavorable for the Baltic states if this idea were to take hold and if NATO membership for the three were then to prove severely delayed or deemed impossible. That would leave the Baltic states without any hope of achieving adequate security guarantees in the perceivable future. The prevailing Baltic opinion on this issue was stated by the Estonian president, Lennart Meri, who in October 1996 said that the EU and NATO enlargement processes must support each other, but they cannot be bound together rigidly.[11]

Other than NATO and the EU, there are no other multilateral organizations that can provide satisfying security guarantees for the Baltic states. Several years ago it was believed that the OSCE could provide a framework for a European security architecture, but this idea has lost its plausibility. Russian efforts to reanimate it are likely to be unsuccessful. The mechanisms within the OSCE framework such as preventive diplomacy, conflict prevention and crisis management will all find their appropriate niche in the range of security instruments in Europe. However, they have each individually proved to be ineffective at times of serious crisis.

One question that can be examined is that of whether there might be security risks attached to the Baltic states' integration with the European Union. Perhaps such risks exist, but they are not yet fully understood. A small state that is integrating with a multilateral organization must inevitably face the dilemma of autonomy versus interdependence. In this sense, it is precisely

the second pillar of the Maastricht Treaty – the Common Foreign and Security Policy – that is most controversial. If it should be adopted in full, the foreign and defense policies of the EU member states would become the Union's domain to a very great extent. The danger exists that the foreign and security policies of small states would be subsumed to the interests of great powers in a way that would seriously diminish their sovereignty. The issue of small state sovereignty in multilateral organizations deserves a detailed discussion, but in this paper I shall only point out a few considerations.

It should be stressed that the weight of small states in the European Union depends to a great extent on the mechanisms that prevail in the Union's work – whether they are supranational or intergovernmental in nature. As Mario Hirsch points out, supranational mechanisms are in essence much more equal than intergovernmental mechanisms, because in the latter case the outcome depends largely on the respective weight of the various protagonists.[12]

Although in the EU, larger members have more influence, it should be pointed out that the political impact of small states in the system is greater than it has been in various balance of power situations where small countries have virtually no influence on the power games of the big powers. The Baltic states experienced just such a situation in the period before World War II, and the process culminated with the loss of independence. This is a substantial stimulus in favor of integration with international organizations, first and foremost the European Union. Small states in Europe have few alternatives at their disposal.

Also speaking in favor of integration is the fact that as the international influence of the European Union increases, so does the weight of small states which are in the Union. Through EU mechanisms such as the presidency of the Union, small states are able to exert more influence on world affairs than would be the case if they were acting on their own.

A few negative security-related consequences are also likely in the wake of integration with the European Union, and these mostly lie in the economic sphere. For the Baltic states, the largest dangers will occur in the context of integrating within an internal market that has no national boundaries. As Horst Tomann has pointed out, there can be two negative developments to this. First, "industrial production will move to the cores, taking advantage of economies of scale and external economies of industrial concentration," and second, "the regional distribution of industrial production will re-shift according to the pattern of comparative advantages which are no longer checked by trade restrictions."[13] This could lead to a loss of industrial bases in the Union's peripheral states. Of course, other factors can make up for these disadvantages, but that can happen only over a longer period of time. An integrated economy, however, may be able to support multiple cores of industrial activity, each with its own hinterland. That means that industrially better developed regions of Central and Eastern Europe have a chance to become new centers of a new multi-core Europe. As Tomann has pointed out, associated countries also have some advantages, including relatively inexpensive labor which can attract investment into these regions. Furthermore, it is clear that joining the economically stable European Union will have positive consequences for the Central and East European countries.[14]

All of these considerations will be truly important only when the Baltic states are admitted to the European Union. For the time being, the main concern of the Baltics is simply to get to that point. Success or failure in this respect will depend on three factors: internal developments in each country; a successful integration process; and the scenario for accession (the timetable, as well as the list of the first newcomers) that the EU accepts.

## Latvia's integration with the EU: Major developments between 1994 and 1996

Integration with the European Union is a foreign and security policy goal of Latvia, as well as the other Baltic states. The years between 1994 and 1996 have been crucial in this respect, and considerable progress has been achieved. In February 1994, the EU foreign ministers approved a directive to begin free trade negotiations with the Baltic states. The resulting free trade agreements were signed on 18 July of that year, and they took effect on 1 January 1995. On 15 December 1994, negotiations with the Baltic states on the conclusion of European Agreements were begun. These agreements were signed on 12 June 1995. The association agreements of all three countries are essentially similar in content. The most striking difference is that the Latvian and Lithuanian agreements speak of a transitional period that is to end no later than 31 December 1999, while the Estonian agreement has no such provision. In fact, however, even the Estonian agreement provides for a transition period in some areas, including the movement of workers, adoption of transport-related legislation, et al.[15] It should be mentioned that the decision to begin negotiations on association agreements and then to sign them was an expression of political will by the Baltic states.[16]

On 27 October 1995, Latvia became the first of the Baltic states to submit a formal application for full membership in the European Union. Perhaps it was felt in the Latvian government that the association agreement itself was not sufficient to ensure future membership in the EU. An official application puts some pressure on the Union and represents an effort to demonstrate the seriousness and urgency of Latvia's desire to integrate with the organization. The Latvian parliamentary elections of October 1995, where leftist and populist parties did quite well,

increased the urgency, because there were fears after the election that the country's determination to integrate with the EU could become less pronounced. In the event, however, all of the political parties represented in Parliament signed a declaration in support of the government's decision to submit a membership application to Brussels.

The free trade and association agreements marked the beginning of the true integration process. They provided a basis for the establishment of institutional mechanisms and for practical steps in the integration of economies, social policies and legislation with EU rules and traditions. On 10 October 1995, the Latvian government decided to establish a European Integration Council to coordinate the work of all government agencies in this area and to develop integration strategy. The council membership includes the prime minister and the ministers for European Union affairs, foreign affairs, finance, economy, justice, agriculture and transportation. Even earlier, on 1 November 1994, a European Integration Bureau was opened under the auspices of the Ministry of Foreign Affairs. The bureau's work is supervised by the minister for European Union affairs, and it serves as a secretariat for the European Integration Council. One of the main tasks of the bureau is to coordinate the harmonization of Latvian legislation with the laws of the EU, a process that currently involves 23 EU working groups. Officers or units responsible for EU matters have been appointed in all of Latvia's government ministries in order to coordinate the implementation of the requirements that are presented in the EU's White Paper [see below]. The European Integration Bureau also provides information about EU integration to the public, and it cooperates with the Latvian School of Public Administration in providing training on EU matters to civil servants. Parliament has a European Affairs Commission, and during the administration of Prime Minister Valdis Birkavs (20 July 1993–13 July 1994), a state minister for European Community affairs was appointed in the Foreign Ministry. During the administration of

Prime Minister Andris Šķēle (assumed office on 21 December 1995), the post of minister for European Union affairs was established. The officials from the various ministries that are working on integration policies meet regularly to coordinate the process.

Evidence that a new level has been reached in the relationship between Latvia and the EU was provided by the opening of a permanent EU Commission office in Riga on 7 February 1996. A national program for Latvian integration with the EU has been worked out for the three years from 1997 to the end of 1999.[17]

With respect to the practical elements of Latvian integration with the EU, two documents have been of particular importance. The minimum requirements which associated countries must meet before they can become members of the EU are set out in a White Paper called "Preparation of the Associated States of Central and Eastern Europe for Integration into the Internal Market of the EU." This document was adopted at the European Council summit in Essen in December 1994, and it was distributed by the European Commission in May 1995. The document contains a detailed list of legal and economic steps which the candidate states must take prior to becoming members of the EU. The preparedness of associated countries to become full members of the Union will be judged on the basis of how well that have conformed to the White Paper requirements.

In April 1996, the European Commission submitted a questionnaire to Latvia which contained 2,400 questions on economic, political, educational and cultural issues. The responses were submitted on 26 July 1996, and they will help the European Commission to evaluate the state of Latvia's current preparedness for full membership in the EU. The minister for European Union affairs, Aleksandrs Kiršteins, has said that the questionnaire also offered the Latvian government a unique opportunity to take a hard look at the current situation in Latvia and to determine future directions of development.[18] The data which

were obtained from the questionnaire responses are used in working out the national program for integration with the EU. A program for harmonizing Latvian legislation with EU requirements, for example, has been drafted partly on the basis of the questionnaire responses.

In 1995, Latvia began to participate in regular structured dialogue sessions with the EU, as well as in working groups on the Common Foreign and Security Policy.

The integration process, especially in terms of the structured dialogue, has revealed some shortcomings on both sides of the discussions. Objections to the EU's approach have included the fact that associated countries have no possibility to participate in the preparation of meetings; topics of discussion are often not specified and in some cases are not important to all participants; there are no structures to implement the recommendations that are made at the meetings; and recommendations are often not concrete. These problems can probably be explained by the fact that meetings of this type are a new undertaking for the EU. Indeed, there have already been some improvements in preparation of meetings and in coordination of information with the associated countries.

The main problems on the Latvian side have been a lack of coordination among various state institutions in preparation for meetings. The existing system of coordination has proved unsatisfactory. Another problem is that there is a lack of a common strategic approach to integration, and sometimes there seems to be a lack of initiative on the part of the Latvian side. As there have been difficulties in coordinating the work of state institutions in this area, it is probably not a surprise that insufficient attention has been paid to the coordination of external efforts to integrate with other associated countries in Central Europe.[19]

In Latvia's view, one way to eliminate shortcomings in the structured dialogue process may be the establishment of a structure that is similar to that of the Council of Ministers of the EU,

i. e., along with meetings of ministers there would also be meetings of working groups involving experts or high officials. Broader institutional cooperation of this type already exists in some spheres relating to the CFSP.[20]

In 1995 and especially in 1996, the effort to integrate with the European Union generally changed from being an almost entirely political process to being a set of practical economic and legal developments. The reorientation of Latvian economic contacts was continuing at the same time. Figures on foreign trade serve as one indicator of this process (see Table 1)

An important feature of Latvia's pre-accession work is assistance from the EU PHARE program that helps to facilitate economic, institutional and legislative integration into the EU. Between 1991 and 1995, the PHARE program budget amounted to 92.7 million ECU.[21] Between 1996 and 1999, PHARE assistance to Latvia in the pre-accession context is concentrating on support for the restructuring and privatization of state-owned companies, the promotion of small and medium-sized enterprises, the encouragement of investments, export and tourism, and legislative and institutional integration of Latvia with the EU.

Despite these efforts, Latvia has an enormous amount of work to do before it can hope for full membership in the European Union. As Prime Minister Andris Šķēle pointed out in May 1996, Latvia must achieve spectacular change in six spheres: political stability; order in the economic environment; a European-type information community; greater social security; improvement of the self-organizing capacities of society; and establishment of a common Baltic economic space.[22] In an interview in January 1997, Šķēle stressed that great demands have been placed on Latvia with respect to the harmonization of legal norms and that this process will be very expensive. "This is the fate of small countries. The costs for introducing these norms are as big as they are for larger countries. Germany, for example, has not joined several EU directives, but we cannot afford

**Table 1**

Exports and Imports by Countries of Destination/Origin

| | **Exports, 1994** | **Exports, 1995** | **Exports, 1996 I–XI** | **Imports, 1994** | **Imports, 1995** | **Imports, 1996 I–XI** |
|---|---|---|---|---|---|---|
| Total, million lats | 553 | 688 | 727 | 695 | 923 | 1130 |
| Percentage | 100 | 100 | 100 | 100 | 100 | 100 |
| *EU* | *39.2* | *44.1* | *44.6* | *40.5* | *49.8* | *50.1* |
| Germany | 10.45 | 13.6 | 14.0 | 13.5 | 15.5 | 14.2 |
| UK | 9.7 | 9.1 | 10.9 | 2.4 | 2.7 | 2.8 |
| Sweden | 6.7 | 9.3 | 6.5 | 6.4 | 8.1 | 8.2 |
| Finland | 2.4 | 3.2 | 2.5 | 8.5 | 10.5 | 9.3 |
| Denmark | 1.6 | 2.0 | 3.6 | 2.3 | 2.9 | 3.9 |
| Netherlands | 1.9 | 2.0 | 1.9 | 1.6 | 3.0 | 3.4 |
| France | 1.4 | 1.3 | 1.2 | 1.5 | 1.5 | 1.5 |
| Italy | 1.0 | 1.1 | 1.2 | 1.8 | 2.3 | 2.7 |
| *FSU* | *50.9* | *46.9* | *47.0* | *39.9* | *39.0* | *36.3* |
| Russia | 28.1 | 25.3 | 22.8 | 23.6 | 21.6 | 18.7 |
| Lithuania | 5.6 | 5.5 | 7.5 | 6.0 | 5.7 | 6.3 |
| Ukraine | 5.9 | 5.5 | 6.2 | 3.0 | 2.3 | 2.7 |
| Belarus | 4.3 | 4.3 | 4.5 | 3.0 | 3.2 | 1.8 |
| Estonia | 2.6 | 3.1 | 3.6 | 3.5 | 5.1 | 5.9 |
| Other | 7.8 | 7.0 | 8.4 | 11.0 | 9.5 | 13.6 |

Source: *Latvian National Programme for Integration into the European Union* (Riga, 1996), p. 37; *Latvijas Statistikas Ikmēneša Biļetens*, no. 12 (1996), pp. 127–128.

that luxury. It is one thing to sit down in a chair and another to arrive when all of the seats are already taken." The prime minister has offered a clear assessment of Latvia's capabilities: visiting Helsinki in March 1996, he said that Latvia can hope to join the EU in ten years' time if GNP growth rates of five percent per year are achieved.[24]

Of particular significance in this process is the extent to which the Latvian population has a consensus on integration with EU structures and is motivated to move the process forward. Surveys show that between 1991 and 1995, attitudes toward the EU were more often positive than negative, despite a slight deterioration in the image of the Union that has been found throughout Central and Eastern Europe. In 1995, 35 percent of the population had a positive image of the EU, 29 percent were neutral, and 11 percent had a negative image (in 1991 the figures were 45 percent, 29 percent and one percent respectively).[25] Polls show that the Latvian population had a slightly more positive image of the European Union than the populations of Estonia and Lithuania, though the differences were not striking. In 1995, people in the three countries were asked how they would vote if a referendum on EU membership were held at that time. 80 percent of respondents in Latvia (of those who had the right to vote and knew how they would vote) were ready to vote in favor of membership, compared with 86 percent in Lithuania and 76 percent in Estonia.[26] Asked about which entity benefits more from the association – the EU or Latvia – 31 percent thought that Latvia benefits more, 24 percent said that both parties benefit equally, and 20 percent thought that the EU benefits to a greater extent.[27] In this respect Latvians were slightly less enthusiastic about the EU than Estonians and Lithuanians, but the figures also showed that people in the Baltic states were more convinced that relations with the EU are first and foremost good for their countries than is the case among survey respondents in other Europe Agreement nations.

Although these figures show that, generally speaking, the public has a positive attitude toward the EU, it must also be

said that both positive and negative views on the issue are often the result of inadequate information and of an insufficient understanding of the very real problems that Latvia will face in the integration process. As Latvian Foreign Minister Valdis Birkavs pointed out in a lecture at the University of Latvia on 24 January 1997: "To many Latvians the idea of Europe is still a fuzzy image, and it must become much clearer and more focused before there can be any real approach to the EU."[28] Birkavs stressed that the Latvian academic community should become much more active in discussions about EU integration.

With respect to Latvia's political parties, the majority favor participation in the EU. On 14 October 1995, all 11 parties that are represented in Parliament signed a declaration which states that integration with the EU is a priority of Latvian foreign policy and a necessary pre-requisite for state sovereignty. The degree of this enthusiasm varies, however. The most active supporters of EU membership are *Latvijas Ceļš* (Latvia's Way), the People's Harmony Party, as well as the parties of the nationalist bloc in Parliament – the Fatherland and Freedom Party, the Latvian National Independence Movement, and the Farmer's Union. On the left of the political spectrum, there is a greater degree of skepticism. This is true among members of the *Saimnieks* party, as well as the Unity Party and the Socialist Party.[29] Nevertheless, there has been no serious emergence of "Euroskepticism" among the country's political elite. The issue is seen first and foremost as one of security – a major instrument to preserve and strengthen the state's sovereignty, and in this Latvia is not alone. "A discussion taking European politics into account and balancing the costs and benefits of membership of western integration structures has taken place in practically none of the CEE countries. The ideas of the Central and Eastern European governments as to their future role in an enlarged European Union are at times indistinct."[30] Even those who are most skeptical about the EU have been able to offer no viable alternatives. Similarly, no political party in Latvia has

been able to develop an alternative program for Latvia's economic development.

That does not mean, however, that there is not a concern among the population, as well as the political elite, with respect to the possibility that the integration process may lead to a diminishment of the state's sovereignty and that Latvia might end up in the economic hinterlands of the EU. These concerns are fully legitimate, especially given that Latvia is a young state that regained its independence less than six years ago. As integration becomes more intensive, increasingly many problems of an economic and political nature will appear. This will create a basis for more consistent and militant "Euroskepticism." An important task for the academic community and the political elite is to provide more convincing information about the benefits of the EU in order to ensure that the overall political course is supported by significant segments of society. It is important to note, however, that there is no likelihood of this course changing, even if the correlation of political forces in the country is adjusted. There is no serious alternative to European integration in the area of Latvia's security and economic interests. The external environment (integration processes in Central and Eastern Europe, as well as with the Scandinavian countries) also leaves no room for other options. Perhaps of note here is Kelstrup's "integration dilemma," which assumes that in the context of integration, a state must either give up a substantial part of its sovereignty (which involves a threat of becoming "entrapped" in the integration system and of losing the country's ability to pursue its own interests independently), or it must insist upon its own independence, thus facing the danger of being abandoned in the wake of the integration process which moves ahead without it.[31] Put more plainly, "the fundamental attraction of EU membership is that non-membership is a worse option."[32]

It should be pointed out that the Baltic states have taken good advantage of the window of opportunity which has

appeared with respect to relations with the EU over the last several years. Two factors, however, can hamper the further development of these relations. The first is internal: the Baltic economies and democracies are not yet strong enough to move ahead on their own volition; support from the outside is still needed. This must take the form of constant pressure from the EU to preserve the speed of integration processes. This pressure, as well as the understanding that there is no alternative to EU integration, partly motivated the government to adopt several fairly unpopular measures, including the introduction of a value-added tax and the adoption of a law which permits the sale of land to foreigners. If there are no clear prospects for joining the EU in the foreseeable future, however, the mood of public opinion may well change, and transitional processes may slow down.

The second factor is external: the EU's own readiness and ability to begin enlargement to the East and to offer clear criteria and a specific timetable for every country or group of countries.

It cannot be denied that an early start in accession negotiations would help to increase the speed and depth of integration processes in the Baltic states, thus helping to stabilize them internally. In addition, such negotiations would provide a very serious indication that the Baltic states do belong in the western security zone.

## The external environment for Baltic-EU integration

Full integration of Central and Eastern European association countries into the EU has become a process that is both inevitable and irreversible. The speed and form of this process, however, remains under discussion. The decisive factors for the Baltic states, as well as other applicants will be two:

Success of economic and democratic reforms and the ability of applicant countries to fulfill the criteria which the European

Council set in Copenhagen in June 1993 for countries that wish to become members of the European Union. Accession can take place only when an associated country is able to assume the obligations of membership and to satisfy the economic and political conditions that are required. Conditions of accession include stability of institutions that guarantee democracy; respect for the rule of law; human rights and protection of minority interests; the existence of a functioning market economy and the related ability to cope with the pressure of market forces in the EU; and the ability to take on all obligations of membership, including adherence to the aims of political, economic and monetary union.

The issue of EU's capacity to absorb new members while preserving the momentum of European integration has often been overlooked in associated countries, but the fact is that there will be little sense to the enlargement if the EU becomes nothing more than a consultative forum for member states.

The idea of enlargement as such is not being questioned in the EU. It has, indeed, always been assumed that any democratic and peaceful country in Europe which has a market economy and which is devoted to the principles of stimulating competition, economic cooperation and political solidarity, can become a member of the European community.

The integration of the countries of Central and Eastern Europe, however, is a major challenge to the very roots of the European Union. The process exacerbates several of the EU's internal problems: the effectiveness of decision-making procedures in the Union, the much-criticized Common Agricultural Policy, and debate of the development of a common foreign and security policy. The EU must adjust its mechanisms to cope with upcoming enlargement. As was stressed by the Reflection Group that laid the groundwork for the 1996 Intergovernmental Conference, these reforms must be agreed before any enlargement can take place. Failure in this respect would lead to a serious crisis not only in the candidate countries, but also in the

Union itself.[33] But even more fundamental is the fact that the post-enlargement EU will not be the same organization that it was before the expansion. "The extension of the Union towards the East will, for the first time in the history of the EU, no longer mean simply the insertion of new partners into existing mechanisms."[34] The admission of Greece in 1981 and of Spain and Portugal in 1983 gave the EEC important experience in the successful integration of "developing economies,"[35] but the admission of associated countries from Central and Eastern Europe will create much more difficult problems. The associated countries have a total population of approximately 100 million, which is around 30 percent of the population of the EU. The territory of Central and Eastern Europe equals about one-third of the size of today's EU. The GDP of the region, however, is only three percent of the GDP in EU countries, and per-capita GDP is only 11 percent of the EU average. If the Visegrad countries are to reach the average Western European economic standard by the year 2010, then GNP, as calculated in 1992, would have to grow by 6.6 percent annually in the Czech Republic, by 7.7 percent in Hungary and by 9.5 percent in Poland. If growth rates stagnate at around 5 percent annually, the effort will require at least 25 years.[36] The gap between EU countries and even the most successful associated countries is enormous, and surmounting it will require much time, effort and resources. The problem lies in the question of how much the EU countries will be able and willing to contribute to this process.

Only one of the aspirant countries, Poland, can be said to be a large country, while the rest are small states. Because voting power in the EU is biased in favor of small states, admission of all or a majority of the "developing economies" of Central and Eastern Europe would, under the present rules, give them influence in the decision-making mechanisms of the EU that would be highly disproportionate to their economic weight. Distribution of votes between large and small countries is one of the most sensitive issues on the agenda of the ongoing

Intergovernmental Conference, because enlargement will bring in not only small, but also economically weak countries.

The inclusion of associated countries into the EU "is likely to hold back the pace of European integration and make the realization of any federal plans more difficult,"[37] as those countries would probably have little interest in such reforms as EMU, and would prefer intergovernmental approaches versus federalism. A positive factor is the fact the associated countries would probably have an increased interest in the CFSP, but on the other hand, they would also be in favor of a further redistribution of finances to the EU's poorer regions. An inability and a lack of desire to implement the most advanced policies of the EU by new member states could increase the desire to establish a "core Europe."

Taking into account the requirements which the EU has levied against applicant countries in terms of internal reform, as well as the pace of restructuring in the Union itself, it is probably premature to assume that membership for even the most advanced applicants will occur before the year 2003–05. It must be remembered that in the West, the discussion of enlargement usually focuses on the Visegrad (not on the Baltic) countries – the Czech Republic, Hungary, Poland and Slovakia. The idea that at least some of these countries will become member states of the EU in the first round of expansion is not questioned. This is the result of economic and political developments in the Visegrad states, as well as sustained diplomatic efforts.

Visiting Riga in 1996, Czech President Vaclav Havel stressed that the EU has an opportunity "in working out the concept of expansion – a concept that gives all countries interested in admission a sense of security, and clearly set-out criteria."[38] No such concept has been elaborated, however.

The debate over strategies for Eastern enlargement is closely connected to the discussion about the internal construction of the European Union. The essence of the debate lies in the strategy that is to be preferred: to transform ("deepen") the

EU and then enlarge ("widen") it; to transform and enlarge simultaneously; to enlarge and then to make the necessary institutional adjustments; or to integrate and transform step-by-step.

Wolfgang Wessels has set out a comprehensive list of options for the EU with respect to eastern enlargement, taking into account the possible strategies for EU transformation, as well as the options of integrating the Central and Eastern European countries.[39] The options are these:

1. Full implementation of the European Agreements in their present form while introducing amendments when necessary. The danger of this option for the East-Central Europeans is that "in case the agreements prove to be ineffective for transforming and integrating these countries, the piecemeal engineering could be developed into a political 'alibi' for the EU."[40]

2. "Affiliated membership," which would give the Central and Eastern European countries the right to observer status in all EU bodies (the European Council, the European Commission, the Euro-Parliament, the Court). They would have certain procedural rights, but no decision-making powers. Later the Central and Eastern European countries could be brought into some of the Union's policies or activities in all three pillars, doing so slowly and gradually. The experience of the EC/EU in the area of "affiliated membership" has not been positive, however. Although this type of membership would bring certain benefits to the Central and Eastern European countries, they would nevertheless remain "second class Europeans."

3. The Central and Eastern European countries could become full members but have restricted rights and obligations in certain policy areas. This partial accession could begin in the second and third pillar of the Maastricht Treaty (the CFSP and cooperation in justice and home affairs) and later develop to involve certain issues from the first pillar. This solution has potential risks for the EU, because it might enforce the trend toward a "core Europe" or "l'Europe a la carte."

4. Membership agreements could be concluded in two variants: as has been done in other cases, there could be long, yet clearly delineated transitional periods in certain sensitive areas; alternatively, a flexible time schedule could be envisaged, depending on objective conditions and the "convergence criteria" that are to be met. This practice has never been used in cases of EU accession. The longer and more flexible the transition periods for new member countries, the greater may be the demands by EU members for a "pick and choose" approach to EU policy; clearly, this would be dangerous for the Union. Although both sides in these discussions have a considerable interest in negotiating lengthy transitional periods, the fact is that each side has a very different view of the policy sectors to which transitional periods should be applied. The EU will seek a long transitional period for the extension of the CAP to Eastern and Central Europe, as well as the implementation of policies of free movement of persons (both areas that are of considerable interest to Eastern and Central Europe); the newcomers will plead for longer transitional periods in applying standards and regulations which threaten their less competitive economic sectors. Balancing the costs and the benefits of this type of enlargement might require major movement in the institutional deepening of the EU, but many existing member states may be loath to sacrifice national prerogatives in favor of a large step into the future which may seem quite risky and disadvantageous. The dilemma might thus be perceived as one of whether the EU would be well-advised to risk its own tangible destabilization in return for less-than-certain stabilization in Central and Eastern Europe.

5. "L'Europe a la carte." If the EU were to perceive the protection of its own industries and of certain social groups as a major priority, or if more intensely nationalist forces in Central and Eastern Europe were to prevail in the claim that integration would unacceptably hamper "independent" evolution in the individual countries, the application of different solutions for

different countries may be seen as the best way to downgrade or even abrogate the existing association agreements, whether *de facto* or *de iure*.

In Wessels' opinion, the best option would be to mix a multi-tier approach with a step-by-step expansion of the Union. "The costs of such a strategy are certainly further frustrations for the Central and East European countries and a possible closing of an historical window of opportunity. For the EU and the European architecture, we must expect an increase in complexity and messiness. The clear benefits of this strategy are, however, the opportunities for careful fine-tuning and constructive piece-meal engineering on both sides."[41]

The option which will be chosen by the European Union will depend on the views of the existing member countries on the internal construction of the Union, as well as the options which prove to be viable in terms of Eastern enlargement. The majority of EU countries favor expansion to the East, although the degree of this enthusiasm varies considerably. The Mediterranean countries (Greece, Italy, Portugal, Spain) are worried about growing instability in the southern Mediterranean, and they want greater financial resources to be set aside for the region. This means that they are more in favor of deepening the Union before widening it. Great Britain, by contrast, favors widening over deepening. The majority of EU countries, however, seems to believe that both processes must move forward simultaneously. The most acceptable way to implement this strategy, perhaps, will be step-by-step enlargement. In that case it will be important for newcomers to achieve accession as quickly as possible, because the structural adjustments of taking in new members will take quite a bit of time to implement. That means that for those at the end of the line, membership in the EU can become a far-too-distant goal. Those countries which are left out of the EU after the first round of expansion, furthermore, can expect even greater delays in their integration by virtue of the fact that the first newcomers to the EU will certainly have little

interest in the repeated re-distribution of regional and agricultural funds. The inevitable institutional difficulties that will be involved in the first round of enlargement will also cause further delays in the process.

The associated countries are also interested in quick accession to the EU and a long transitional period because they understand the aforementioned dilemma that it would be easier for them to carry out transitional processes if they were already in the European Union. If the road to membership proves excessively long, apathy and deteriorating public opinion may descend on the Central and Eastern European countries, and this would certainly have an impact on overall transitional processes. Adjustment to EU criteria is already an important stimulus for development.

The EU has allowed long transitional periods in the past – for Greece, Portugal and Spain. However, now that would not be an easy issue for the EU member states, both in terms of finances, and in terms of the cohesion of the Union.

The issue of the criteria that will be chosen for admission is the most important, because the timetable will depend on these criteria. There are two issues: First, will political considerations prevail over the principle that any country which meets the necessary criteria will be admitted to the Union? Second, will aspirant countries be admitted individually or in groups?

The anxiety of the Baltic states is that political considerations may come to the fore. In that case the Visegrad countries will have a better chance to be admitted to the EU in the first round because they began the accession process earlier, they are larger, they have more lobbying power, and they are more important from the standpoint of economic and security concerns by the major EU countries. This will remain true even if the Baltic states fulfill the admission criteria just as well as the Visegrad four.

Cyprus and Malta have been promised by the European Commission that accession negotiations with them will start within six months after the end of the IGC.[42] The Baltic states

and other associated countries must now hope that this offer will be open to all would-be newcomers, regardless of their level of development. "This is because we understand better than most that EU membership is not only about the economy, but for us has an extremely important security aspect as well. Were negotiations to begin with only a few countries, it might send the wrong signal to certain other states in the region."[43]

This demand encounters various responses among the EU member states. However, even if negotiations really are started simultaneously with all interested parties, that does not mean that all of them will be admitted to the EU at the same time. The Baltic states have already affirmed their belief that all countries must be held to the fulfillment of necessary criteria before admission. This is most particularly true of Estonia, as it "is a firm believer in convergence criteria, that is to say, that when a country meets the requirements to join the EU, it can join, rather than having the decision based on politics."[44] Accession based on firm and clear criteria is in the interests of the Baltic states, even if certain problems can occur in Baltic cooperation because of this process. The application of firm criteria will serve as a stimulus for internal development in the Baltic states, and it will diminish their dependence on political considerations and the interests of EU member countries. However, the principle that each candidate is treated according to its own merits "does not necessarily mean that each applicant will accede as soon as it has satisfied the preconditions, as considerations such as group accession will also be taken into account."[45]

Recent demands by Turkey that its application to the EU should be given a favorable response in return for Turkish approval of NATO enlargement may complicate the situation of the Baltic states quite significantly. If the EU yields to these demands, it will indicate that political considerations are being given preference in the process, and the ideology of criteria fulfillment would be undermined. The diplomatic efforts of the Baltic states would prove useless.

Of course, political considerations will play a greater or lesser role in the process no matter what. It is therefore important for the Baltic countries to ascertain that they are supported by specific EU members. The 1995 enlargement of the EU to take in Austria, Finland and Sweden was crucial to the Baltic states, as all three countries favor EU enlargement. In addition, Sweden and Finland, along with Denmark, are specifically advocating the inclusion of the Baltic states in the EU. Indeed, their support was very important in the process of extending European Agreements to the Baltic states.

French and German officials have pointed out many times that their countries will give full support to the eastern enlargement of the EU, as well as integration of the Baltic countries in particular. Proof of this policy has been found in the progress that was achieved in the integration process during the German and French presidencies of the EU. The Baltic states must not forget, however, that they are not as high a priority for the two large powers as are the Visegrad countries. Still, German support is of vital interest to the Baltic states. A visit by the Latvian foreign minister to Germany in January 1997 underscored the fact that Latvia understands the importance of German support well enough.

Great Britain is another strong supporter of Baltic integration with the EU. Foreign Secretary Malcolm Rifkind, speaking at the Swedish Institute of International Affairs, expressed the hope that Latvia, Lithuania and Estonia will be among the countries to start accession negotiations in 1997.[46] Britain's support is in line with London's general understanding of the EU as an intergovernmental mechanism ("L'Europe a la carte"). Such an EU would not be undermined by enlargement, and the position of Great Britain would be enhanced.

It is not clear, however, that this general support will eventually turn into a specifically favorable attitude for Latvia. It is perhaps one of the main tasks of Latvian diplomacy to ensure the support of the major EU member states.

It should be recognized, however, that the political support of specific countries ultimately depends not only on diplomatic efforts, but also (and more so) on a wide range of economic, political and cultural ties. From this point of view, Latvia has a particular interest in developing economic cooperation with the Scandinavian countries, Germany and Great Britain. A second route is the development of regional cooperation with the Scandinavian countries, as well as with Germany (or its various länder and cities).

The Baltic states are at present unique in Central and Eastern Europe, because they are trying to develop a high level of regional cooperation simultaneously with the European integration process. Both processes are closely linked, and they influence one another. In analyzing various scenarios for the enlargement of the EU, the Baltic states must face the specific issue of how the enlargement might impact Baltic cooperation.

## EU INTEGRATION AND BALTIC UNITY

EU integration is influencing the cooperation of the Baltic states in two divergent ways. On the one hand, the integration process has helped to deepen regional cooperation. The Baltic states have so far approached the EU at a similar speed, and in fact they have been seen by the EU as a group. Pressure from the EU has been an important factor in developing Baltic cooperation. One specific example is the free trade agreement on agricultural products that was adopted by all three Baltic states (see Chapter Four).

Cooperation is also an important element of future membership in the EU. As the Latvian ambassador to Germany, Andris Ķesteris, pointed out in 1994, the Baltic states will have better prospects if they are admitted to the EU as a region, not as three small states which are unable to find common ground. This is particularly true given that the current member states of the EU

have grouped along regional lines.[47] Working together, the Baltic states could have much more impact in the EU than working alone.

On the other hand, the EU integration process also serves to work against Baltic cooperation in some ways. The 1995 Madrid summit of the EU decided that each country is to be treated separately instead of categorization and admission of countries in "waves." Baltic leaders have no objection to this idea in principle. Visiting Germany in December 1995, for example, the president of Latvia stated that admission of Eastern European countries to the EU should not be based on the simultaneous accession of groups of countries, but it should instead be based on each country's qualifications for admission. A joint declaration by the Baltic presidents on "Partnership for Integration" (28 May 1996) declared that "the 'who' of the question of enlarging both institutions is considerably more important to our security and that of Europe as a whole than the 'when'."[48] Estonian officials have been particularly explicit in arguing that the progress of EU integration must be based on an objective evaluation of the progress of reforms in each country. This strategy is important for the Baltic states in that it can help to avert the possibility that a "Visegrad first" formula will be applied to decisions about the first round of EU enlargement. A common demand of all three Baltic states is that negotiations with all aspirant countries must be started simultaneously, six months after the conclusion of the 1996 IGC.

Evaluation according to individual merits, however, means that the Baltic states could cover the distance at different speeds and achieve EU admission at different times. Estonia has already insisted that it should be one of the first to be admitted to the EU. As Estonian Foreign Minister Toomas Henrik Ilves pointed out recently: "If the process is to be based on an objective evaluation of the progress of reforms, we should be admitted at the outset."[49]

Much will depend on the diplomatic strategies and skills of the various countries. In this respect, Estonia has made more

significant progress so far than have Latvia and Lithuania. Many western observers and politicians see Estonia as a "regional tiger" that is one of the most promising candidates for EU membership among all Eastern and Central European countries. During a visit by Estonian President Lennart Meri to France in February 1997, for example, French President Jacques Chirac voiced the opinion that there should be no reason why Estonia could not join the first group of EU aspirant states to be admitted to the Union (at least his statement was interpreted so in Estonia).[50] To a very great degree this is due to the fact that Estonia eliminated all protectionist elements in its economy at the very outset of economic reform. It is also a fact that Estonia agreed in negotiations with the EU that no transition period was provided in the country's association agreement with the Union; this served to influence public opinion abroad. Estonia has also made considerable progress in macroeconomic reform, although in this respect all three Baltic countries are approximately at the same level.

The possibility that accession talks might not start with all countries simultaneously has caused uneasiness in Latvia and Lithuania. It is no accident that the aforementioned declaration by the Baltic presidents stated that "no one should try to play one of our countries off against each other."[51] Nervousness remains, however. Considerable agitation was caused in Latvia by a statement by the German foreign minister, Klaus Kinkel, on 7 January 1997 that was interpreted by the mass media as saying that Estonia is more prepared for admission to the EU than are the other two Baltic states. The German ambassador to Latvia later issued a clarification in which he said that Germany perceives the Baltic states as a unified region.[52] The uneasiness which exists about the prospect that one Baltic state might be given preference over the others stems at least partly from uncertainty about the place of the Baltic states in the European security architecture. As Latvian President Guntis Ulmanis admitted recently: "As the new model of Europe is being mold-

ed, the Baltic states still have not been allocated a constant and stable future place and role."[53]

In any case, the Baltic states, as well as the EU, are facing a conspicuous issue in this regard: The contradiction between the desirability of regional cooperation and the development of individual criteria for EU membership cannot be denied.[54] It is difficult to say how Baltic cooperation would be affected if accession talks were not begun with all three states simultaneously. In my opinion, the negative consequences may prevail. Protracted negotiations and ratification of agreements can delay the admission process. Moreover, the greater the number of countries that achieve EU membership, the more cumbersome will be the negotiations with remaining countries.

Among the three Baltic states, Latvia would suffer most from a weakening of Baltic cooperation, as Estonia can move closer to Finland, while Lithuania is interested in closer cooperation with Central European countries. Recent activities by the new government in Lithuania have been aimed at close cooperation with Poland in terms of accession to the EU and Transatlantic structures. The most important among these initiatives was a proposal by Vytautas Landsbergis during a visit to Poland in February 1997 to create a Polish-Lithuanian interparliamentary institution. In the opinion of some leading politicians in both countries, Polish-Lithuanian cooperation should lead to their simultaneous admission to European and Transatlantic organizations.

Such efforts, of course, are not in and of themselves detrimental to Baltic cooperation, but what is dangerous is a tendency to regard Baltic cooperation as a form of entrapment that can help the outside world to abandon the Baltic states to the Russian sphere of influence; this trend was recently noted by a senior official at the Lithuanian Foreign Ministry, Albinas Januška.[55] As Latvian Foreign Minister Valdis Birkavs has pointed out, Latvia should do everything possible to keep the Baltic states together and to promote their cooperation.[56] The

resources which Latvia has at its disposal to achieve this are limited, but recent efforts have indicated that all three Baltic countries still see cooperation as a necessary process. There have been recent Estonian diplomatic steps to improve cooperation with Latvia, including a meeting between the Estonian and Latvian foreign ministers on 29 January 1997 at which prospects for establishing a Baltic common market and a customs union were discussed; Lithuania's reaction to these talks also signified ongoing interest in cooperation.[57] There may be differences in the level of cooperation or the tactics that are adopted, but there is no alternative to the general strategy.

Perhaps a less negative impact on Baltic cooperation would be created by a situation where accession talks with all three start simultaneously, but the three reach the "finish line" at different speeds. Competitiveness provoked by the accession process should have a positive influence on the performance of each state. So far the economic performance of the Baltic states has been more or less even, so the gap in terms of readiness for EU membership should not be too great. Finally, one should bear in mind that if one Baltic country is admitted to the EU, a precedent will be created, and the membership of the other two Baltic states would, all other things being equal, be unstoppable.

## The relationship between the Baltic states and the Central European associated countries in the pre-accession context

Examination of the impact of EU integration on Baltic cooperation leads to a look at how broader sub-regional cooperation has been impacted, i. e., what is the state of relations between the Baltic states and the countries of Central Europe in this respect. The Central European and Baltic countries have much in common: they are following the same process of integration with European and Transatlantic structures; they are undergo-

ing complicated processes of transition to market economies and democratic political systems; they all have a similar past with experience under the communist system. The differences that exist among the various countries, however, whether in terms of geopolitical situations, transitional strategies or other factors, are no less striking.

Relations with the Central European associated countries are high on the political agenda of the Baltic states, although different levels of priority are assigned to various countries. As was pointed out previously, there is a tendency in Lithuania to regard relations with Poland (and, through Poland, with other Central European countries) as something of an alternative to Baltic cooperation. As regards Latvia and Estonia, relations with Central European countries are looked upon as an important, but not predominant or alternative part of foreign policy strategy. There has been pressure from the European Union and other international bodies to improve cooperation among the Central and Eastern Europe associated countries, and indeed, the very logic of the integration process demands that such cooperation be developed. One may well ask, however, which factors are determinant in the development of relations among the Central and East European countries. Is EU integration the most important among these factors?

From the very start, the Baltic states have lagged behind the Central European countries in relations with the European Community/European Union. The Central European countries succeeded in concluding Europe Agreements much more quickly than did the Baltic states. At the beginning of the 1990s, the Baltic states were also considerably behind the Central European countries in terms of their economic situation. It has always been important for the Baltic states to narrow the differences with the Visegrad countries as much as possible, both in terms of relations with the EU, and in terms of the pace of the transitional process. The Baltic states have managed to catch up with Central Europe in the area of major macroeconomic indica-

tors; in some cases the Baltic countries have outpaced the Central Europeans. This has been important in the context of the EU integration process, as it has helped the Union to overcome any "Visegrad first" bias.

In recent years, the Baltic states have paid increasingly greater attention to further cooperation with the Central European countries, especially the so-called Visegrad group (the Czech Republic, Hungary, Poland and Slovakia). Development of contacts with these countries must be seen primarily in the context of integration with the European Union and NATO. One example is the joint declaration of the three Baltic presidents on 28 May 1996 which stressed that increasingly growing cooperation with Central European countries is a positive factor in terms of European integration. Since 1994 there have been several attempts to create joint Baltic policy vis-a-vis the Visegrad group, and the overtone of these attempts has always explicitly been integration with the EU and NATO.[58] The efforts have mostly been limited to the highest (presidential and ministerial) level of Baltic politics, but there have also been consultations among the three foreign ministries with respect to issues of European integration. To a very great extent, the efforts to create common Baltic policies have been undermined by the deterioration of the Visegrad group. However, it is also true that the Baltic effort has never been particularly consistent.

In terms of political relations, there is no structured dialogue with Visegrad countries, contacts have mostly been limited to bilateral relations and within larger frameworks. There have been some proposals for a structured dialogue, including a proposal by the then-speaker of the Latvian Parliament, Ilga Kreituse, at a summit of parliamentary speakers from Central and Eastern European countries in December 1995 to establish a consultative forum of EU associated countries. The proposal did not, however, meet with a favorable response. Perhaps a serious obstacle for the establishment of such structured dialogue, at least for the Baltic states, is the lack of necessary diplomatic

resources. As was pointed out earlier, in Latvia's case, not even efforts toward closer relations with the leading EU countries have been sufficient. Initiatives to promo-te closer cooperation with the Visegrad countries, in other words, have usually not been backed up with substantial and systematic practical work.

In general, the basic problem in cooperation of the Baltic states and the Central European countries has been the fact that economic relations have lagged behind the development of political contacts. Economic data show that trade relations between the Baltic states and the Central European countries are at a fairly low level (the exception being Lithuanian-Polish trade relations). The volume of Latvian trade with Central Europe increased in 1995–1996, but it still makes up only a small part of all foreign trade (see Table 2). The trade relations are still in most instances based on the old system that was established within the framework of the Soviet Union and its satellites. New patterns of economic collaboration are only just beginning to appear, and they are very often hampered by the disorder of transitional economies.

Cooperation has developed most successfully in those areas which are of the greatest importance in terms of integration with the EU, as well as those that are most significant to the economic interests of participating countries – free trade zones, transportation, etc. Economic interests, however, often mix with political considerations.

One of the most promising examples of sub-regional cooperation at this point is the Central European Free Trade Agreement (CEFTA) which was established by the Czech and Slovak republics, along with Hungary and Poland, on 22 December 1992.[59] Although in essence an economic undertaking, the free trade agreement was, as Andras Inotai has pointed out, much less an example of true efforts at economic cooperation than it was a response to political and security considerations.[60] One of the ideas behind CEFTA was to diminish the negative

**Table 2**

Latvian Exports and Imports to and from Central European countries, 1995/1996

| | Exports | | | | Imports | | | |
|---|---|---|---|---|---|---|---|---|
| | 1995 I–XII | | 1996 I–XII | | 1995 I–XII | | 1996 I–XII | |
| | ,000 lats | percent | ,000 lats | percent | ,000 lats | percent | ,000 lats | percent |
| Total | 622,869 | 100 | 726,647 | 100 | 859,532 | 100 | 1,130,232 | 100 |
| Czech Republic | 3,182 | 0.5 | 3,693 | 0.5 | 6,839 | 0.8 | 10,299 | 0.9 |
| Poland | 14,799 | 2.4 | 10,189 | 1.4 | 15,966 | 1.9 | 28,774 | 2.6 |
| Slovakia | 1,156 | 0.2 | 1,756 | 0.2 | 2,969 | 0.3 | 4,193 | 0.4 |
| Slovenia | 304 | 0.0 | 419 | 0.1 | 1,105 | 0.2 | 1,924 | 0.2 |
| Hungary | 1,239 | 0.2 | 1,571 | 0.2 | 3,844 | 0.4 | 6,894 | 0.6 |

Source: *Latvijas Statistikas Ikmēneša Biļetens*, no. 12 (1996), p. 127.

effects of the collapse of COMECON, preserving established trade relations at least to some extent. Pressure from the EU also played a significant role.

The basic idea of CEFTA is to develop a free trade area based on strict mutual reciprocity and symmetry, doing so by the year 2001. The potential impact of CEFTA on regional trade and its growth is rather limited, however, because inter-regional trade represents only a small share of the overall trade of the countries that are involved.

CEFTA deals not only with trade, but also with several other economic sectors, including the free movement of labor and capital, the creation of conditions to stimulate direct links between enterprises and foreign investment, the development of transportation and infrastructural systems, the coordination of national energy systems and telecommunications systems, etc.

Efforts by the Baltic states to join CEFTA would have to be seen in the context of EU integration. CEFTA is one more field in which closer cooperation can be developed between the Baltic and Central European countries in terms of economic relations. Participation in CEFTA also provides an opportunity to establish a free trade regime in a wide region, thus fulfilling one of the pre-conditions for EU membership.

Potential enlargement of CEFTA is predicated upon three conditions for applicants for membership: 1) The applicant must have an association agreement with the EU; 2) It must be a member of the WTO; and 3) It must have bilateral free trade agreements with all existing CEFTA countries. Latvia has already met the first of these conditions, and it has bilateral free trade agreements with the Czech Republic, Slovakia and Slovenia, as well as with Ukraine. An agreement with Poland will be concluded soon, and consideration is being given to similar pacts with Hungary, Bulgaria and Romania. The main obstacle at this point is membership in the WTO.

Another possible link to the European Union is the oldest example of regional cooperation in the region, the Central

European Initiative. Launched in November 1989 by Austria, Italy, Hungary and the former Yugoslavia, and expanded to include Czechoslovakia in May 1990, the group aimed to promote the consolidation of democracy, economic recovery and development. In July 1991, the group was joined by Poland. The original idea of economic cooperation, of course, was overshadowed by the disintegration of Yugoslavia and, to a lesser extent, the split of Czechoslovakia. Yugoslavia's participation in the CEI ended at the beginning of 1992, although the newly independent states of the former Yugoslavia were all invited to join the organization. CEI works as a mechanism for political consultation, but two of the larger members of the group, Austria and Italy (which are also member states of the EU), have continued to promote pragmatic economic cooperation, too. In this they have enjoyed the financial support of the EBRD. Lithuania has already expressed an interest in joining the CEI, although Latvia and Estonia have not responded to initial overtures from the group.

In general, sub-regional cooperation in Central and Eastern Europe remains at a fairly low level. The same can also be said about Latvia's participation in this framework.

There are forces which strengthen sub-regional cooperation in Central and Eastern Europe, among them a common historical background and a common transitional situation. There are also internal and external economic motivations, as well as political and security considerations. Sub-regional cooperation signals to the outside world that the countries of the region are willing and able to realize common goals and to adopt internationally recognized procedures. There are also powerful factors ranged against cooperation, however. The thoughts expressed by Andras Inotai about Visegrad cooperation can perhaps be applied to wider cooperation in Central and Eastern Europe. In Inotai's opinion, the major negative element is that there is no uniting force in the region. As historical evidence shows, cooperation in the region has always been induced from outside. All countries in the region require modernization of economies, but

they need an "anchor of modernization" that could enhance the process. Such an anchor is unlikely to appear within Central and Eastern Europe, and because inter-regional trade is still very modest, economic recovery cannot be started, and international procedures cannot be learned, within the framework of regional cooperation itself (even though precisely that has been proposed by some western analysts). In other words, successful regional cooperation must be seen as a consequence of successful integration into the global economy, not as a pre-condition for doing so.[61]

Another "anchor of cooperation" in the region is integration with the EU. This process provides a necessary framework for the development of relations among the Central and Eastern European countries. Delaying for the foreseeable future or slowing down the integration process could well be a bitter blow against the further development of sub-regional cooperation, as well as for the regional stability of the Baltic states and Central Europe.

It should be pointed out, however, that there is also an important third force that is enhancing regional and sub-regional cooperation, and this is security considerations. As domestic factors linking Central and Eastern European associated countries tend to be fairly weak, a common perception of threats against their security can be an important unifying factor. This argument is illustrated very well by the development of the Visegrad group, as well as Baltic cooperation.

The most ambitious enterprise in terms of cooperation in Central Europe has been the Visegrad group. The creation of this group was to a very great extent the result of pressure from the European Community. At the time when the Europe Agreements were elaborated, it was the position of the EC that it would prefer a political dialogue with all three countries together. This attitude stemmed not only from a wish to stimulate regional cooperation, but also from the fact that the agreements had to be elaborated in a fairly brief period of time. Nevertheless, the main factor that

promoted cooperation among the Central European countries was a common threat perception: the fear of a revival of Soviet imperialism that was exacerbated by the crisis in the Baltic states in January 1991, as well as the Moscow coup in August of that year. Those events encouraged an awareness in the Czech and Slovak Republic, as well as Hungary and Poland, that political cooperation would be desirable,[62] and the Visegrad group was established on 21 February 1991. This served to enhance political dialogue very significantly, but from the very start, the attitudes of the participating countries were not homogeneous. Differences in terms of perceived aims of the group were expressed by a Polish scholar in the following way: "... As for Poles, the 'Triangle' was from the beginning an attempt to create a network of economic and political (including security matters) ties on the pattern of loose integration (free trade are with a perspective of a customs union). Our partners in the Triangle saw in it almost exclusively a factor which could speed up their entry into the Common Market. Recently, even this aim has seemed to evaporate, at least in the case of Prague. There was also an idea to join the EFTA as a 'midwife' who would deliver us to the European Community, but the EFTA countries were faster than we had expected, and this road now seems out of use."[63]

The main obstacle to the development of political cooperation in the Visegrad group was the attitude of the Czech Republic. The Czech viewpoint was that Visegrad cooperation must not become institutionalized, that it must never be seen as an alternative for Czech membership in the EU, and that it must not turn into a military bloc. The Czech Republic was very interested in a free trade zone among the Visegrad countries, but it was adamant in denying that such an agreement would mark the beginning of political integration. The Czechs rejected the idea of the Visegrad group becoming a pressure group of sorts for a collective knock on the door of the EU.

What Baltic cooperation and Visegrad cooperation have in common is that security considerations have been more impor-

tant than economic considerations in the development of successful regional ties. In both cases there have been factors which were in common for both groups of states and which had a negative or positive impact on the development of intra-group cooperation: in both cases pressure was applied by the EU and other international organizations; the economic interests of member countries overlapped to a very great degree; the countries involved in the process were going through the process of creating nation-states; national interests often were divergent, and there were cultural similarities.

The decisive factor to work against Visegrad cooperation and to help preserve Baltic cooperation, however, was the threat perception. In the case of the Visegrad countries, the geopolitical situation of member states clearly meant that their threat perception was different from that of the Baltic countries. The Moscow crisis in 1993 and the war in Chechnya illustrated in a spectacular way the fact that even if Russia still harbored imperial ambitions, it was in no position to actually carry these out. Moreover, it was seen clearly that Russia is not a smaller version of the USSR. Russia's position in the international system has changed radically, even though the importance of this fact must be assessed by Russia itself as much as by the international community. Be that as it may, the course of events showed that there is not much danger of the Visegrad countries again falling under the political or economic influence of Russia. As far as threats emerging from the conflict in former Yugoslavia were concerned, the various Visegrad countries felt these more or less keenly, but it soon turned out that there was very little chance of the conflict spilling over into the Visegrad states.

In the case of the Baltic countries, however, all three continue to feel constant political pressure from Russia. Because all three countries are small, and their geopolitical situations are identical, they all have similar security interests. These have from the very start helped to cement Baltic cooperation.

It should also be noted that another element which aggravated Visegrad cooperation was the fact that two of the countries (Hungary and Slovakia) had problems with ethnic minorities, although this was not a decisive factor. In the Baltic states, there are no inter-state minority problems. Existing border disputes are of a short-term nature, and they are not likely to aggravate relations in any significant way.

Factors which influence regional and sub-regional cooperation are also relevant to the development of bilateral relations among the Baltic and Central European states. Of the three Baltic states, Lithuania has the greatest number of historical and cultural links with Central Europe. For centuries, indeed, Lithuania was closely tied to Poland. Lithuanian Foreign Minister Algirdas Saudargas has spoken of this as a dilemma of existing on the border between two different regional groupings. Lithuania, he said, has more in common with Western Europe, and in that case it borders on Eastern Europe. Lithuania has more in common with Central Europe, and in that case it borders on Scandinavia.[64] Not surprisingly, Lithuania has been the most active among the Baltic states in developing economic and political relations with the Central European countries, especially in terms of a political partnership with Poland.

Relations with Poland present a special case for the Baltic states. There is a historical background to these relations, and there was political cooperation between World War II that was very extensive on the part of Latvia and Estonia and extremely strained on the part of Lithuania. Latvia has more active relations with Poland than with any of the other Visegrad countries. Geographically, Poland is the most proximate of the Visegrad four, both countries to a substantial degree have a common historical background, and there is a large and active Polish minority in Latvia.

Relations with the other three Visegrad countries are fostered by two motivations: 1) Preservation of economic relations established in the Soviet era and creation of new ones;

2) Development of relations as part of the EU and NATO integration process. There have been no coordinated efforts between the Central and Eastern European countries. Taking into account a strong tendency toward competition, it would, indeed, be difficult to expect as much, but at least there are consultations and exchanges of information. A wider European framework has filled many of the gaps that exist in terms of bilateral links between the Visegrad and Baltic countries. As Dr. Peter Talas pointed out in an interview with this author: "Hungary's political interest in the Baltics will be defined primarily (...) by the EC interest in the Baltic states."[65]

Latvia undoubtedly sees itself as a part of Northern Europe. At the same time, it has strong economic, cultural and historical links with Germany and also with Poland. In terms of political cooperation with Central European countries, it seems that Latvia gives priority to Poland, the Czech Republic (it has embassies in both countries), but economic and political relations with Hungary and Slovakia are important, too. In the first two years after Latvian independence was restored, there was little interest in the development of relations with the Central European countries. The priority was the maintenance of close relations with the West. Matters began to change in 1994, when a more pronounced interest in cooperation with Central and Eastern Europe found expression in the conceptual document on Latvian foreign policy that Parliament adopted in 1995. Nevertheless, it should be pointed out that Latvia's national program for integration with the EU does not mention any specific efforts toward cooperation with the Central European countries, except in terms of the development of trade relations.

On the whole, it can be concluded that the sub-regional cooperation of the Baltic countries, and Latvia in particular, as well as bilateral relations with the Central European associated countries have developed most successfully in those areas and with those countries where there is a common historical background, established economic ties or coinciding security inter-

ests. This common ground is not, however, very substantial, and it plays no pronounced role as a factor for improving the process of European integration. Quite the contrary: European integration can be seen as a driving force to promote political and economic cooperation in Central and Eastern Europe.

## Conclusions

An analysis of the problems and processes that are involved with European integration leads to certain conclusions for the Baltic states and Latvia.

The level of integration between the Baltic states and the EU that has been achieved in the last two years demands strategies and tactics in relations with the Union that are more carefully elaborated. Since regaining independence, the Baltic states have been borne along by the overall wave of European integration that has swept across Central and Eastern Europe (although the determination of the Baltic states themselves, and Latvia in particular, must not be underestimated). The focus is now shifting to the domestic development of the state – growth of the market economic and political reform are decisive factors. Preparation for the accession process has also taken on increased significance, especially in terms of purposefully coordinated integrational policies in the various state institutions. At the same time, the consensus of major political forces, as well as the population at large, on EU integration must be maintained. To achieve this goal, more comprehensive information on the development of relations with the EU is needed, as is a political and academic discussion on various aspects of the integration process and future membership.

As regards the external aspects of integration policies, various accession scenarios and developments within the EU should be taken into account. There are no real grounds to believe that the most optimistic scenario (beginning of negotia-

tions six months after the IGC, comparatively short negotiations and approval of a long transitional period) will actually come to pass. Policy makers must be aware of the fact that the accession process may well turn out to be quite protracted, and they must develop strategies and tactics that are appropriate for this situation, should it arise.

If the integration process is to succeed, further development of Baltic cooperation is indispensable. Measures of this process such as the development of a customs union and a Baltic common market, as well as cooperation on various regional and international projects, such as the *Via Baltica*, are of particular importance.

As the prospect of EU membership for the Baltic states draws nearer, the importance of coordinated policies toward the EU increases. Such policies could help the Baltic states to negotiate better terms on the transitional period and on membership as a whole. At present there are no such policies on the level of major strategic foreign policy goals, and many are yet to be developed at the level of practical issues.

Development of political and economic relations with the EU countries is also an important part of the integration strategies. Particular attention should be paid to the development of relations with the Nordic countries, Germany and Great Britain, as these are Latvia's most important economic partners in the EU.

Integration with the EU can also provide a boost for the further development of Latvia's relations with the Central European associated countries. This would be desirable in terms of economic, political and security considerations.

The security component of EU integration has not been the dominant focus in the first stages of EU development. The importance of this component, however, is not diminishing, and perhaps it is even increasing. The security aspect, however, must be supported by a careful engineering of the integration process. An encouraging factor is that at this point in Latvia, the understanding of EU integration in terms of comprehensive security is gaining in importance.

NOTES

1. "The foreign policy concept of the Republic of Latvia," *Latvijas Vēstnesis*, 10 Feb. 1995 (In Latvian).
2. See Sens, A., *The Security of Small States in Post-Cold War Europe: A New Research Agenda* (Working Paper No. 1, The Institute of International Relations, The University of British Columbia, Jan. 1994).
3. Hansen, L. M., "Integrating European security structures," in Barry, C. L. and Souchon, L. (eds.), *Security Architecture for Europe* (National Defense University: Fort McNair, Washington, D.C., 1994), pp. 115–134.
4. Jakobson, M., "Collective security in Europe today," *Washington Quarterly* (Spring 1995), p. 65.
5. Wessels, W., "Problems and perspectives of the EU: Political and institutional options," eds. Kaiser, K. and Brūning, M., *East-Central Europe and the EU: Problems of Integration* (Europa Union Verlag: Bonn, 1996), p. 73.
6. Cutileiro, J., "WEU and defense cooperation in Europe," *Studia Diplomatica*, vol. 69, no. 2 (1996), p. 48.
7. Kaiser, K., "Challenges and contingencies for European defense policy," eds. Martin, L. and Roper, J., *Towards a Common Defense Policy* (Institute for Security Studies, Western European Union: Paris, 1995), pp. 30–31.
8. *NATO and EU Enlargement: The Case of the Baltic States. Conference organized by the Konrad Adenauer Foundation and the Latvian Institute of International Affairs, 9 December 1995. Conference proceedings* (Konrad Adenauer Stiftung, Latvian Institute of International Affairs: Riga, 1996), p. 37.
9. Just one example of this thinking is a report by a group of Russian analysts led by Pavel Kandel, "Central and Eastern Europe and the Interests of Russia." In it, the authors portray both NATO and EU enlargement as detrimental to the Russian interest. See "Pobeg iz soclagerya. Byvshiye socstrany na puti v Yevropeiskoye soobshchestvo i NATO" (Fleeing from the socialist camp: former socialist countries on the road to the European Community and NATO), *Moskovskiye Novosti*, 26 Jan.–2 Feb. 1997.
10. Goble, P., "Pressuring the Baltics," *Baltic Times*, 20–26 Feb. 1997.
11. *Estonian Review*, vol. 6, no. 41 (7–18 Oct. 1996).
12. Hirsch, M., "Who is in charge of the destinies of small states? The

case of Luxembourg," ed. Höll, O., *Small States in Europe and Dependence* (Braumueller: Vienna, 1983), pp. 132–133.
13. Tomann, H., "Economic reform, institutional change and integration – are East-Central European countries prepared for EU membership?," eds. Kaiser and Brūning (note 5), p. 61.
14. Tomann (note 13), pp. 62–63.
15. *Europe Agreement establishing an association between the European Communities and their Member States, of one part, and the Republic of Estonia, of the other part*, Articles 41, 43, 50, et al.
16. Sers, I., "Eiropas līguma saturs un būtība" (The content and essence of the Europe Agreement), *Latvija un Eiropas Savienība* no. 2 (Nov. 1996), p. 10.
17. See *Latvian National Program for Integration into the European Union* (Riga, 1997).
18. Kiršteins, A., "Atbilžu sagatavošana uz Eiropas Komisijas iesniegtajiem jautājumiem" (Preparation of answers to the questions submitted by the European Commission), *Latvija un Eiropas Savienība* no. 1 (Aug. 1996), p. 17.
19. Ūbelis, A., "Latvijas līdzdalība strukturētajā dialogā – norise un problēmas" (Latvian participation in the structured dialogue – procedures and problems), *Latvija un Eiropas Savienība*, no. 2 (Nov. 1996), pp. 12–13.
20. Ūbelis (note 19), pp. 13–14.
21. *Assistance to Latvia Under the PHARE Program*, Information Brochure. (Ministry of Finance: Rīga, Sep. 1996), pp. 4–5.
22. "Latvijas ceļš diskutē par Eiropas Savienību" (The *Latvia's Way* party discusses the EU), *Diena*, 20 May 1996.
23. *Helsingin Sanomat*, 27 March 1996.
24. "Šķēle looks back, looks ahead," *Baltic Times*, 6–15 Jan. 1997.
25. *Central and Eastern Eurobarometer*, no. 6 (March 1996), p. 47.
26. Note 25, pp. 59–61.
27. Note 25, annex figure 32.
28. Birkavs, V., "Latvia: A Baltic region state in a changing Europe." Lecture, University of Latvia, 24 Jan. 1997.
29. The security conceptions of Latvia's political parties have been analyzed by Jānis Ikstens. See Ikstens, J., *Latvijas politisko partiju piedāvātās drošības politikas koncepcijas* (The security policy conceptions of Latvia's political parties) (Aizsardzības zinātņu centrs: Rīga, 1995).
30. Brusis, M. and Ochmann, C., "Central and Eastern Europe on the way into the European Union: 1996 report on the state of readiness

for integration," ed. Weidenfeld, W., *Central and Eastern Europe on the Way into the European Union: Problems and Prospects of Integration 1996* (Bertelsman Foundation Publishers: Gutersloh, 1996), p. 16.

31. Kelstrup, M., "Small states and European political integration," eds. Tiilikainen, T. and Petersen, I., *The Nordic Countries and the European Community* (Copenhagen Political Studies Press: Copenhagen, 1993), p. 154.
32. Miles, L. and Redmond, J., "Enlarging the European Union: The erosion of federalism?," *Cooperation and Conflict*, vol. 31, no. 3 (Sep. 1996), p. 303.
33. "Progress report on the IGC: Together in Europe," *EC Newsletter for Central and Eastern Europe*, no. 74 (15 Sep. 1995), p. 9.
34. *Study Report: Stability and Integration. Security Relations with Central and Eastern Europe* (Netherlands Atlantic Commission, 1995), p. 45.
35. The term is borrowed from Davies, N., *Europe: A History* (Oxford University Press: Oxford and New York, 1996), p. 1086.
36. Lippert, B. and Schneider, H. (eds.), *Monitoring Association and Beyond: The European Union and the Visegrad States* (Europa Union Verlag: Bonn, 1995), p. 70. (After Ferdowski, M. A., "Probleme und Perspektiven der Transformationsprozesse in Ost- und Sūdeuropa," *Europa Archiv*, no. 9 (1993), pp. 249 ff.).
37. Miles and Redmond, (note 32), p. 300.
38. *Current Latvia*, 15–22 Apr. 1996, p. 1.
39. Wessels (note 5), pp. 67–83. See also Wessels, W., "How to mix transformation and integration: Strategies, options and scenarios," eds. Lippert and Schneider, (note 36), pp. 383–404.
40. Wessels (note 5), p. 76.
41. Wessels (note 5), p. 83.
42. The Labor Party government which won the October 1996 election in Malta has pledged to withdraw the country's application for EU membership and has indeed "frozen" the process.
43. Remarks by Indrek Tarand, secretary general of the Ministry of Foreign Affairs of the Republic of Estonia at the IEWS conference on Baltic security, 24 Aug. 1996, Riga.
44. Tarand (note 43).
45. Nicolaides, P. and Boean, S. R., "The process of enlargement of the European Union," *EIPASCOPE*, no. 3 (1996), p. 9.
46. "Britu ministrs: Baltijai šogad jāsāk sarunas ar ES" (British minister: The Baltics must begin negotiations with the EU this year), *Diena*, 4 Feb. 1997.

47. "Ko Vācija pasaka, to izdara" (What Germany says, Germany does), *Diena*, 3 Nov. 1994.
48. *Current Latvia*, 27 May–3 June 1996.
49. Remarks by Toomas Hendrik Ilves, Estonian Minister for Foreign Affairs, at the Swedish Institute of International Affairs, Stockholm, 9 Jan. 1997.
50. See Marczi, R., "Meri returns with good news," *Baltic Times*, 20–26 Feb. 1997.
51. Note 48.
52. "Vācija nedod priekšroku Igaunijai ceļā uz NATO un ES" (Germany does not give Estonia priority on the road to NATO and the EU), *Diena*, 18 Jan. 1997.
53. "Domāt ne vairs viena gada kategorijās" (No longer thinking in one-year categories), interview with President Guntis Ulmanis, *Diena*, 10 Feb. 1997.
54. One who has admitted this is the German ambassador to Latvia, Dr. Horst Weisel, who has pointed out that the contradiction between the desired close cooperation among the Baltic states and the application of individual criteria for EU membership could become a dilemma if discrepancies among the Baltic states turn out to be particularly large. "Kā Latvija parādās partneriem" (How Latvia appears to its partners), interview with H. Weisel, *Diena*, 29 Jan. 1997. President Jacques Chirac, for his part, has stated that France remains vigilant in its concern for the accession of all three Baltic states and that the trio should be admitted as soon as possible. He admitted, however, that entry into the EU is a process that must be reviewed "objectively." See Marzi (note 50).
55. Radzevičūte, A. "Lietuva uz Eiropu lūkojas caur Poliju" (Lithuania views Europe through Poland), *Diena*, 26 Feb. 1997.
56. Birkavs (note 28).
57. See Kahar, A,. "Ilves, Birkavs steady the ship" and Frierson, B., "Lithuanians remain team players," *Baltic Times*, 6–12 Feb. 1997.
58. For more details, see Bleiere, D., "Multilateral and bilateral relations with Poland, Ukraine and Belarus," eds. Lejiņš, A. and Bleiere, D., *The Baltic States: Search for Security* (Latvian Institute of International Affairs: Riga, 1996), p. 127.
59. When the agreement was signed, it was already known that the Czech Republic and Slovakia would soon split into two independent countries.
60. Inotai, A., "The Visegrad four: More competition than regional cooperation?," eds. Lippert and Schneider (note 36), pp. 161–162.

61. Inotai (note 60), p. 167.
62. See Kiss, L. J., "Central Europe: Heritage and geopolitical experiments: Sub-regional patterns of cooperation in East Central Europe," ed. Bajtay, P., *Regional Cooperation and the European Integration Process: Nordic and Central European Experiences* (Hungarian Institute of International Affairs: Budapest, 1996), p. 56.
63. Lamentowicz, W. and Stefanowicz, J., "Poland: Toward a modern concept of sovereignty in an integrated Europe," eds. Lippert and Schneider (note 36), p. 116.
64. "Algirdas Saudargas w osrodku Studiow Wschodnich," *Biuletin Baltycki*; no. 1(2) (Osrodek Studiow Wschodnich: Warsaw, 1996), p. 54.
65. Interview with Dr. Peter Talas, Institute for Strategic and Defense Studies, Budapest, 12 Oct. 1995.

*Chapter Three*

# BALTIC-NORDIC INTERACTION, COOPERATION AND INTEGRATION

*By Žaneta Ozoliņa*

## INTRODUCTION

A dynamic and sometimes controversial Baltic-Nordic relationship has been rapidly developing among the countries which comprise the Baltic Sea Region (BSR). This is an area with a population of nearly 80 million people, and politically, it is a part of the world that until recently was divided by the bi-polar nature of the Cold War. The interests of the two superpowers – the United States and the Soviet Union – overlapped in this corner of Europe.

Now the nations of the BSR are becoming a political force, taking an active part in almost all aspects of the transformation of Europe, from economic reform to the search for adequate security arrangements in the new international environment. The BSR is made up of various political entities which make the area controversial, yet promising. This is the only region in Europe where one can find the entire spectrum of political processes now taking place on the continent – regionalization, fragmentation, cooperation, integration and disintegration. The Nordic countries (Iceland, Denmark, Finland, Norway and Sweden) bring the politics of the EU and NATO to this geographic area. Germany is also a member of both of these organizations, as well as a participant in BSR affairs, chiefly through its northern *länder*. It should be noted that Germany is not as

involved in the BSR as are the Scandinavian countries, because Germany is undergoing its own difficult and complicated reunification process. Also, for strategic reasons, Germany is more interested in Central Europe.

Poland is also a part of Central Europe and is likely to be one of the first of the CEEs to join the EU and NATO. Poland's national interests are directed more toward the West than the North. The Baltic states have stated their commitment to regional development, and they have continued to evidence a strong commitment to the region. The Nordic countries are ardent supporters of their transition to democracy; they advocate the accession of Estonia, Latvia and Lithuania to the EU, and they share the security concerns of the Baltic states, even accepting their eagerness to join NATO. At the same time, the BSR seems to be an arena in which favorable security arrangements might help the Baltic states to prepare for full incorporation into European security structures.

Russia plays a role in the BSR, both by virtue of the Kaliningrad enclave (which causes serious security concerns for the rest of the BSR participants), and by virtue of the St. Petersburg region, which has traditionally been known for a propensity for democratic reform. At the same time, however, Russia is trying to retain some of its Cold War legacy, even as it seeks to modernize society. This dual posture renders the BSR vulnerable and puts an added burden on politicians in the region.

The level of each country's involvement in BSR affairs varies according to various interests and capabilities. The BSR states are continuing to remind European governments that the area is of great significance; they have put forth many interesting proposals on various visions of the future, including a zone free of nuclear weapons, an area of peaceful cooperation, etc.[1] Still, many problems and uncertainties remain. Politicians and experts from the Baltic Sea countries blame each other for the slow pace of regional development and integration into the international environment. It should be pointed out that during

the last five years, the BSR has undergone processes similar to those taking place across Europe: what at first was a sub-region of Europe is now a full-fledged region with its own sub-regions, such as the Baltic states, the Nordic countries and the "5+3" concept (the Nordic states plus Estonia, Latvia and Lithuania). The phenomenon of trans-border regions has become common in the region (Valka in Latvia and Valga in Estonia; the Pomeranian Euro-region consisting of Mecklenburg-Vorpommeren in Northern Germany, Szczecin province in Poland and the Danish island of Bornholm, etc.).[2]

In 1995, the European Union proposed a series of new initiatives to facilitate regional cooperation in the BSR. The EU put forward the need to develop cross-border cooperation, both in terms of the public and the private sectors, and in the coastal areas of the BSR, using the PHARE program for this purpose. A Multi-Annual Indicative Program for cross-border cooperation in the BSR was approved by the European Commission in 1995. INTERREG programs are being approved for Denmark, Northern Germany, Sweden and Finland. This cooperation is being coordinated by the commission's Baltic Joint Programming and Monitoring Committee. Participation of Russian regions in this process will be made possible under the auspices of the TACIS program.[3]

One of the main premises of this article is that it is almost impossible to analyze the integrationist tendencies that are taking place at all levels of the BSR. From the point of view of the author, analysis of relations among similar political units with similar political orientation will help to keep the discussion within a definite framework. In this case, relations among the "5+3" will be a starting point, while the BSR's institutional structure (the Council of Baltic Sea States) will serve as the closest environment to have a direct impact on the essence of these relations. This approach was chosen because interaction among these countries is already well established and ongoing.[4] The results of these processes, however, are not always satisfactory.

The second premise of the article is that there are already well established channels for interaction among the BSR participants, covering all spheres of activity. Taking into account that the general topic of this book and this article is the security concerns of the Baltic states as small countries in a specific regional and international setting, the analysis will focus mostly on the security aspects of this interaction.

This issue has become more important in the context of recent political cleavages in Europe and Northern Europe, i. e., the enlargement strategies of the EU and NATO. It is commonly agreed that the Baltic states will not be among the first group of states to receive full NATO membership, so various alternative security options have been put on the table. Special attention has been devoted to those proposals which contain well thought out elements of mutual cooperation, including in the areas of security and military affairs. Given the weakness of the Baltic states (both geopolitically and in terms of resources), the choice of political interests was made in favor of the Nordic countries. This option was proposed by the western participants in the process (the USA, the UK, the WEU and the EU). The main question, therefore, is why the far-reaching ideas on building the new region which have been proposed and advocated by all participants have not met expectations, continuing to exist in the form of proposals, but with little real impact. An answer to this question would require an investigation of possible reactions from the Baltic Sea Region participants and an assessment of conditions which would facilitate or hinder security cooperation in the BSR.

We must also make reference to the many theories of international politics that are applicable here, especially those which deal with community building, region making and integration. The limits of this article do not allow us to delve into theoretical investigation in depth, so we decided to use one criteria of integrationist theory only as a test. My hypothesis is that the efficiency of community-building depends on the gradual develop-

ment of three stages of relations among political units, starting with interaction, continuing through cooperation, and growing into integration, covering social, economic, political and military activities. The failure of raising expectations can be explained by substituting the simplest forms of interaction with illusions of integration.

The structure of this article is determined by the need to prove the aforementioned hypothesis. The first section will be devoted to the two big powers in the Baltic Sea Region – the US and Russia, which are the two political units which dictated the rules of the game during the Cold War and which have specific reactions to new security options in the Baltic Sea area. The second section will touch upon old and new players in Baltic Sea affairs and their visions of security cooperation in the area. The third section will deal with the emergence of institutional arrangements in the region. In conclusion, some possible future developments for the Baltic Sea area will be put forth for consideration.

## ARE THE BIG POWERS PRESENT IN THE BALTIC SEA REGION?

The first and immediate answer is that the United States and Russia are of course still present in the BSR. This is not a satisfactory answer, however, because the Cold War is over, and the political players in the region have changed. Why, then, are their responses still the same?

The difference between the two influential powers is that the US is participating in the region's activities, but not through direct geographical involvement in its affairs. Rather, America pursues its interests through political and military means (direct investments, Partnership for Peace, BALTBAT). Russia, however, is an integral part of the BSR. Historical experience, as well as Russia's current foreign policy goals, mean that the Baltic states have trouble believing that radical democratic change is

taking place in that part of the world. It is not only the Balts who would be happy to see Russia abandon its imperialistic thinking and implement democratic reforms that are truly irreversible, but for the time being that has not happened. The process of regional interaction has become rather more complicated, as Russia is one of the dominant powers in the international system and acts within the region as an external factor. At the same time, however, it is behaving as though it were one of the direct participants. This situation creates an inequality in the distribution of power, limiting possibilities to counterbalance Russian influence in the region.

One can argue that Russia is more interested in areas other than the BSR, but we cannot forget recent history, when the Soviet Union controlled almost half of the international system and determined the balance of power in the BSR. In order to keep alive the status of a great power, Russia is very interested in extending its power to all accessible countries, even if it is not able to preserve the overall status of a superpower. In the case of the BSR, this possibility does not appear to be too remote, and as long as security arrangements are not clear there, uncertainty is working in Russia's favor.

We can fully agree with the Russian researcher Alexander Sergounin when he reminds us that Russia is still interested in the Baltic Sea from several perspectives. Geopolitically, Russia has lost its direct access to Central and Western Europe, which means that a window to the West has been shut. This has economic, political and social implications. Militarily, the BSR is still very important from the point of view of strategic defense, but the area is even more important from a political perspective, because Russia intends to use the Nordic countries as a bridge to European institutions, "in the diplomatic games against any potential rival in Europe," to avoid exclusion from processes taking place on the continent, and to press the Baltic states to adopt decisions in favor of Russia's interests, especially in the areas of NATO membership and the issue of minorities in the

Baltics. Economically, the Nordic countries are potential investors and partners.[5]

There is one more aspect of Russian activity in the region, and that is the fact that it is also a European power. Russia is a country of great importance in terms of developments on the continent as a whole. Relations between the Russia and the EU, for example, are significant both for Europe and for the BSR. Ratification of a partnership and cooperation agreement between Russia and the EU is crucial. This agreement could influence trade, transit priorities and stability in the area. Given that Russia's interests and models of behavior differ from those of the Baltic states, the pragmatic interests of the Baltic states would better be served if Russia were involved in Baltic Sea activities through its western regions while the Balts at the same time continued to give priority to the Baltic-Nordic relationship where consensus is much easier to achieve on many issues. Working in the "5+3" framework, most issues that are critical for the Baltic states can be discussed and settled, something that would be much more difficult with a direct Russian presence.

The interests of the United States in this region are expressed through two sets of policies. On the one hand, America is playing its role as a superpower in persistent dialogue with Russia and with international organizations (especially NATO) and by pursuing American foreign policy goals in the region at the bilateral level. On the other hand, Washington is also participating in the region by activating and supporting local leaders in the BSR countries, including Sweden. When Swedish Prime Minister Göran Persson met President Bill Clinton in the White House in 1996, the focal point of discussion was the future of the BSR. The Americans were interested in finding a regional power that could foster peace and stability in the region. In the past this was a place where the interests of two opposing superpowers clashed, making the region fragile; another way to put it is that the region was a frontier between West and East. Now that this bi-polarity has expired, the BSR is rife with discovered

and undiscovered possibilities, but the possibility that high tensions might re-emerge has not yet disappeared. It is, therefore, in the interests of all political participants in the region to establish favorable conditions for a system of cooperation that fully involves Russia. From the perspective of the Americans (and not only them), Sweden could play the role of regional leader. This would also be beneficial for Sweden, which would then become an interesting partner for the UN Security Council. One factor serving American interests in the area is the NATO enlargement process or, more precisely, enlargement of NATO that does not include the Baltics. This leads to the necessity of elaborating various scenarios for the security situation in the BSR. Analyzing suggestions expressed earlier this year by Sir Douglas Hurd,[6] as well as those which have been made by RAND Corporation researchers Ronald Asmus and Robert Nurick,[7] one finds that a fundamental idea here is that someone must be found who can provide direct or indirect security guarantees for the Baltic states.

Asmus and Nurick were the first to put this question on the agenda, doing so in February 1996. The point of departure for the authors is the strong likelihood that the Baltic states will not be in the first tranche of new NATO members. That means that the process of NATO enlargement should involve the development of a strategy that would strengthen Baltic independence, help to avoid the establishment of any new dividing lines in Europe, and contain any neo-imperialistic ambitions that Russia might have.[8] In offering their suggestions for the Baltic Sea strategy, the authors, like others who followed, put forth the idea of regional security in Northern Europe, linking this security to the impact of NATO enlargement on such countries as Finland and Sweden. If the NATO enlargement process does not include the Baltic states, this will create a zone that is vulnerable to Russian influence, and this could make Northern Europe an area of East-West confrontation. It has so happened that NATO's expansion policy has brought the Nordic and

Baltic countries together in a region in the context of an environment of changing security, in order to calculate possible future security developments. One would be naïve to assume that such a security arrangement would be greeted with admiration by the Nordic side. The security policies of the Scandinavian countries have always been dominated to a greater or lesser extent by their sensitivity toward Russia's political aspirations.

Despite new political realities in the international system as a whole and in Europe in particular, the two big powers – America and Russia – are still the countries which can influence the pace and essence of security arrangements in the BSR significantly. Russia, being both an external factor and an internal participant, makes the policy-making process with respect to the BSR very difficult, both for itself and for other countries. There are two main reasons for this. First of all, it is very difficult for Russia to accept the idea that it is a new and weak country which must renounce its traditionally imperialistic foreign policy, especially toward its neighboring countries, and that it must participate in the BSR as an equal with all the other countries in the region. Second, given the fact that Russia is part of the region, it has a distinct interest in the region's development and integration. This will undoubtedly influence economic, social and political processes in the context of democratization in Russia itself. This complicated situation in Russia is currently hindering development of the BSR. One cannot, however, ignore Russia's positive contributions in the region, including participation in the Council of Baltic Sea States, support for the creation of a permanent secretariat, participation in security issues, etc.[9]

The USA's involvement in the BSR has increased greatly since the end of the Cold War. If under bi-polarity the greatest channel of influence was NATO and its member states of Denmark and Norway, then in the 1990s the broadest range of international relations is being implemented – maintenance of the traditional alliance, new relations with Russia, intensified

dialogue with the countries of the region. As regards the Baltic states, this includes such specialized defense programs as Partnership for Peace, the BALTBAT, and the Regional Airspace Initiative (RAI). The BSR has become an indispensable part of US foreign policy, as was confirmed by the American ambassador to Sweden, Thomas L. Siebert, when in a speech at Timbro he emphasized the fact that the Baltic region is one of America's foreign policy priorities, because it is emerging as a central element in the new economic and security network in Europe.[10] American presence in the BSR is also a stabilizing factor for regional security, especially for the Baltic states.

## Old Actors, New Roles

Since 1995, Baltic-Nordic relations have been on a new track. The Baltic Sea has emerged as a region of great importance not only for the countries in the region, but also for the international community. This is a region which is going to expand its influence in Europe through its response to the "grand enlargement strategies" that have been elaborated; it will also have an impact on the East, on the West, and on the region as a whole. The BSR may well become an area of promising and positive developments, but also of controversies that arise due to the diversity of political players and their national interests. The question of the future of the BSR has become all the more topical in the context of the NATO enlargement policy which is making the security aspect of the region more sensitive and unavoidable.

The foreign and security concepts which were adopted by the Nordic countries in 1995 and 1996 indicate a growing interest in the BSR, stating that the security of the Baltic states is a basic security concern for the entire region.[11] Accordingly we see indications that Northern Europe is no longer content to sit silently in the corner. By initiating cooperation policies with the Baltic states, the Scandinavian countries have found themselves

in a more exposed position than they had when they were merely assisting the development of democracy in the region. The existence of the BSR, which means "5+3," is to a certain extent dictated by western political processes, as well as Russia's presence. Geographically, the region is a place where European, Russian and American political interests coincide. As a result, the region has become an attractive object for the offering of rather a wide spectrum of proposals about the creation of a new security regime in the area. Several proposals have been put on the table. In March 1996, the former British foreign secretary, Sir Douglas Hurd, during a lecture at the International Institute of Strategic Studies, spoke of the security situation in Europe, stressing institutional changes. Hurd made it very clear that NATO enlargement should take place within one or two years (i. e., before EU enlargement) and that it should in the first round take in Poland, Hungary, the Czech Republic and, possibly, Slovenia. Hurd also made a very important point about other potential members, saying that it would be incorrect politically to leave them outside the door, as "doubt will lead to discouragement and possibly to a dangerous re-thinking of the direction in which they have moved."[12] Hurd also expressed an idea that had previously been discussed in the corridors of international institutions – that Finland, Sweden and the Baltic states should establish a security system "with direct collective dealings with both NATO and Russia."[13] This idea received a frosty welcome both in the Nordic and in the Baltic countries, because it recalled past experiences of political bargaining among large powers over the destinies of small states. Swedish Prime Minister Göran Persson quickly issued a statement saying that Sweden would not provide any security guarantees for the Baltic states.

In May 1996, *The Economist* published an article about crucial issues and security arrangements in Northern Europe. The views expressed in the article differed from those which were discussed above in that the departure point for the piece was

not whether Russia will let the Nordics and Baltics develop a prosperous and safe region. To some extent the article echoed Hurd's ideas, although it placed greater emphasis on results that had already been achieved, such as movement away from the Nordic "neutrality ghetto," "helping Balts with training, money and moral support. ... Sweden is sending ships to help Estonia clear coastal mines. Denmark takes the lead in training Baltic soldiers for the Nordic brigade now in Bosnia."[14]

Ongoing cooperation has already established a fruitful background for a "five-nation security zone," a kind of neutral buffer between NATO and Russia. But this is more an issue for the future, not something that is particularly realistic given current political realities in the region. On 10 June 1996, at a conference in Visby, Ronald Asmus discussed various ideas concerning a possible security region in the Baltic Sea area, analyzing these from the perspective of new political strategies that have arisen from the concept of a new NATO with a European dimension. Asmus argued that Finland and Sweden should join the new NATO, which may well include the full participation of France in all military affairs, and which is putting more emphasis on the idea that European powers should take over the direction of NATO's European affairs. By joining this new NATO, Asmus argued, Sweden would obtain greater influence in Europe, and it could then solve Baltic security problems through security cooperation in the region.[15]

In December 1995, at the 41st session of the WEU, Mr. Marten, on behalf of the Defense Committee, reported on security and military cooperation in the Baltic Sea area. The assembly recommended to the WEU Council that it promote the establishment of a standing Baltic Sea force involving troops from Denmark, Estonia, Germany, Latvia, Lithuania and Poland, with other states perhaps joining at a later stage. This "Hansa force," as it is being called, would be involved in border control, monitoring of fishing and environmental regulations, shipping control, search and rescue activities, and humanitarian missions

in the interests of preventing regional conflicts. Establishment of the corps would help the Baltic Sea states achieve further integration with the WEU and NATO. If the Hansa Corps were established, the Baltic Sea states could pool their resources to carry out naval missions on a cooperative basis while still maintaining basic national tasks and areas of responsibility.[16]

The German historian Jürgen von Alten has argued that historically, the Baltic Sea Region has always had a great role to play in Europe. Now, at the turn of the century, he writes, the region is facing new challenges. Von Alten has promoted the idea of creating a Baltic Union that would mostly coincide in membership with the Council of Baltic Sea States; he calls the initiative "Balto." The leading power here could be Poland, which is a country of special geopolitical significance. This would create a possibility to initiate adequate security arrangements that would substitute for delayed NATO enlargement. Von Alten's basic argument is that if NATO is not enlarged, then it will be the Baltic countries, not the Visegrad countries, that would need enhanced security the most; the creation of a "mini-NATO," he argues, would be a solution.[17]

All of these proposals about a new security architecture in the BSR provide clear evidence that the region is becoming a part of the European architecture which currently is undergoing deep and profound transformations. The future of the BSR is important in this context. At the same time, however, it must be pointed out that none of these proposals is even remotely near implementation, mostly because there is no unanimity of opinion about the regional security setting within the BSR. We must, therefore, examine the attitudes of the Nordic countries toward new security arrangements within the BSR.

Denmark is certainly the most ardent supporter of the idea of forming a special region within the Baltic Sea area, putting emphasis on cooperation within the "5+3" framework. Denmark's special interest in and commitment to the Baltic countries has several reasons. First, as the only Nordic country

which is in both of Europe's most important institutions, the EU and NATO, Denmark has the ability to offer a wide variety of proposals, including ones on security and military cooperation for the Baltic states. Since the 1993 Copenhagen summit, where the decision to enlarge the EU was taken, Denmark has consistently supported the proposition that all applicant countries should be treated equally. The proposition was put on the table again at Madrid in 1995, when the Danes argued that a basic principle of EU enlargement strategy should be that all potential countries must start the negotiation process simultaneously. The argument carried the day, and this is of utmost significance to the Baltic states for two reasons. First of all, it is extremely important that the Balts have not been shunted into a second or third tier in the context of EU enlargement. Second, the decision affirmed once again that the Nordic countries are supporters of Baltic involvement in European affairs.

Denmark has also been the only Scandinavian country to promote the efforts of the Baltic states to join NATO.[18] Denmark has actively supported the BALTBAT, which allows Balts to participate in peacekeeping missions in Bosnia, as well as more active Baltic participation in the Partnership for Peace Program, and efforts by the Baltic states to adjust to NATO standards. At the same time, however, Denmark cannot take the lead in the region, because of its full involvement in European institutions.

If NATO does not expand its membership to the Baltic states, the Balts, along with other excluded countries, will have to look for alternative structures of regional security. The dominant role here should be played by a non-NATO country, i. e., Sweden or Finland. Denmark has always contributed to democracy-building through various programs, beginning with government support and ending with EuroFaculty undertakings. In 1996 Denmark donated 7 million USD to the Baltic states and Poland for programs facilitating Baltic integration into Europe. Investments and the relationship between imports and exports

indicate that Denmark has balanced relations with all three Baltic states. Direct investments (USA dollars, thousands) were 20,837.7 in Estonia, 132,861.5 in Latvia (this sum includes considerable British investments for the modernization of Latvia's telecommunications; the British investor was registered in Denmark) and 15,851.5 for Lithuania.[19] Trade between Denmark and each Baltic state reflects a similar tendency (see Table 1).

In 1995 and 1996, when it held the presidency of the CBSS, Sweden prepared a framework for the speeding up of regional cooperation. This was done for several reasons. First, Sweden was gradually beginning to compete with Denmark to play the leadership role in the region. Political processes in the BSR in 1996 showed an increase of Swedish, not Danish, involvement. Sweden's growing involvement is spurred by the EU and NATO enlargement strategies. The Baltic states probably will not be included in the first round, so it is necessary to work out security arrangements for the whole region which correspond to this reality. Otherwise Sweden and Finland may find themselves in the same "gray zone" as the Balts.

**Table 1**

Exports and imports by Denmark, Finland, Sweden,* 1995
(at current prices; million USD)

| | Exports | | | Imports | | |
|---|---|---|---|---|---|---|
| | **Estonia** | **Latvia** | **Lithuania** | **Estonia** | **Latvia** | **Lithuania** |
| Denmark | 60.3 | 32.3 | 72.0 | 70.6 | 75.6 | 127.4 |
| Finland | 394.3 | 46.7 | 29.1 | 826.8 | 204.2 | 120.8 |
| Sweden | 198.8 | 126.0 | 68.8 | 215.0 | 159.6 | 103.1 |

* Norway and Iceland were not included due to the small size of their investments and trade.

Source: *The Baltic States: Comparative Statistics 1996* (Central Statistic Bureau of Latvia: Riga, 1997), p. 75.

Sweden's other interest in being the central power in the region has to do with Russia's presence on the shores of the Baltic Sea. As a member of the EU, Sweden realizes the great importance of the region for trade, market expansion and transit opportunities from West to East; at the same time, Stockholm understands that EU policy toward Russia was elaborated before Sweden and Finland were admitted to the EU. The inclusion of Russia in the region gives more opportunities for Sweden than would its exclusion, which could create a source of threats against the country.

One example which shows that Sweden is taking a leadership role in the BSR is the establishment, in May 1996, of the Prime Minister's Advisory Council for Baltic Sea Cooperation. This was done in response to a summit meeting of the CBSS states at Visby. At the meeting, Göran Persson was assigned responsibility for coordinating Baltic cooperation. The Advisory Council fulfills two objectives: supervising cooperation processes in the Baltic Sea area and ensuring that they are efficient; and developing Swedish policy in the Baltics. Members on the council include prominent and experienced politicians, as well as experts on Baltic matters. After Persson's visit to the United States, it was announced that Richard Holbrooke would join the council. The council has stated officially that it will concentrate on food, energy, education, payment systems and the environment, by Holbrooke's participation will certainly add such dimensions as security and stability-building.[20]

There are a number of significant topics in which consensus between Sweden and the Baltic states is proving difficult to achieve. The most complex issue is NATO enlargement, and several factors serve to make it a particularly touchy subject for Sweden. The fact is that domestic policy debate cannot simultaneously handle the alliance and Sweden's declared policy of neutrality, even in its modified version. Each step which Sweden takes toward NATO undermines this policy of neutrality. Polls show that 70 percent of Sweden's residents want the

country to stay out of any military alliances, while only 17 percent are in favor of NATO membership.[21] Claims have been made that Sweden's closer military cooperation with the Baltic states, which undoubtedly are eager to join NATO, is actually a back-door way to collaborate with the alliance, the ultimate aim being Swedish membership in it. This can create the impression that the Baltic countries are acting as a bridge between Sweden and NATO.[22]

It is also true that if NATO were to admit all applicant countries, this would leave Sweden like an island next to Russia. Sweden would remain isolated in Northern Europe. Alternatively, if NATO enlarges without the Baltic states, Sweden will end up in the same category as the weaker countries, and in this respect it will have to shoulder a heavier burden of responsibility in the Baltic Sea area. There is no unanimity of opinion on this matter among Swedish politicians. The earlier consensus on foreign policy and security issues was first put in doubt by Carl Bildt and his Moderate Party, and the differences of opinion continue to this very day. Increasingly, voices are being heard saying that Sweden should start discussing the NATO enlargement, the future of the alliance, and Swedish participation in European security institutions.

An indicator of the unusual nature of Sweden's public debate at this time came when Prime Minister Persson visited Riga in June 1996. In discussions with Latvian politicians, Persson expressed support for Latvia's attempts to join NATO. After the visit, some politicians chose to interpret his statements in the broader context of Swedish policy orientation, and this provoked a debate on the future of security in the Baltic states. Göran Lennmarker of the Moderate Party spoke of "a new NATO" that would include Sweden and the Baltic states, but his views are not typical in Sweden.[23]

It is furthermore true that Sweden's understanding of European security differs from that in the Baltic states. The Baltic governments feel that active participation in all existing

European institutions is a way toward NATO, the only alliance which can provide sufficiently firm security guarantees to satisfy the Balts. Sweden chooses to count on the EU, the OSCE and the WEU (despite the fact that it is not a member of the latter), and to emphasize that Sweden's own neutrality strengthens security and stability in the Baltic Sea region. At a press conference after Persson's visit to the White House in July 1996, Sweden elaborated its vision of security developments in the BSR. Officials said security should be strengthened in five ways:

· At the bilateral level (Sweden is already involved in various bilateral activities with all three Baltic states);

· At the regional level;

· At the EU level (Sweden sees the Balts as potential members of the organization);

· In the area of security cooperation through such international initiatives such as the Partnership for Peace program and IFOR;

· Through continuing dialogue with Russia.[24]

Despite the positive results of the Washington visit, the Swedish press interpreted events in various ways. Some commentators accepted the idea that Sweden is expanding its influence in the region, as well as its traditional role in promoting cooperation, while others sharply criticized what they perceive as the abandonment of Swedish values (read: neutrality). Persson also received some criticism for failing to state Swedish foreign and security policy clearly.

Even after becoming a member of the EU, Sweden has continued to adhere to its traditional policy of neutrality. This conservative position is not in concert with the new political realities in the region and in Europe, and this is especially true for a country which aspires to be a leader in its region. One of the most substantial points made during recent debate has been the fact that Sweden lacks a clear definition of its interests in the region.[25]

In September 1996, at a conference in Helsinki, Carl Bildt put

forward a new proposal in the area of Baltic-Nordic security cooperation, creation of an NPFP (Northern Partnership for Peace), which would promote military cooperation within the "5+3" framework. The idea was rejected by the governments of Sweden and Finland alike. Bildt's idea to some extent is an extension of existing military cooperation within the PFP. Reluctance by the two governments to embrace the idea is partly linked to the perception that existing channels of cooperation should be explored further, but new ones should not be created.

The Swedish presence in the Baltics can be measured objectively by the data. Swedish investments are uneven in the Baltic states. Estonia received the major share in 1995 totalling (USA dollars, thousands) 162,884.7, Latvia only 14,149.9 and Lithuania 29.430.[26] Similarly, the trade balance shows that Estonia was the clear leader followed by Latvia and then Lithuania (see Table 1). In 1997 Sweden is planning to invest USD 300 million in Baltic Sea cooperation.

In terms of political rhetoric, Finland has moved much farther away from neutrality than Sweden has. In an interview with *Die Welt*, President Martti Ahtisaari asserted that as a member of the EU, Finland has already rejected its neutrality. Participation in PFP activities and IFOR operations, as well as interest in the development of the WEU as an instrument for crisis prevention and conflict management, have made the concept of neutrality meaningless, the president said.[27] Unlike in Sweden, discussions of NATO enlargement are not hidden under the carpet in Finland; they are always on the agenda when questions of modern-day security are debated. What is public opinion on this matter? Both at the public level and at that of the political elite, NATO enlargement is not seen as the most urgent issue. The weekly *Suomen Kuvalehti* published results of a survey which showed that only 22 percent of the population support Finnish membership in the alliance, while 59 percent are opposed. The percentage of those voting in favor,

however, has increased over time.[28]

The former Finnish ambassador to the United Nations, Max Jakobson, has said that expanded French membership in NATO will reshape the traditional alliance, thus leading to a reduction in the significance of the WEU. He feels that once the first round of NATO enlargement is concluded to admit Poland, the Czech Republic and Hungary, the next candidates will be Austria, followed by Finland and Sweden. The main reason why both would choose NATO membership, Jakobson feels, would be not the fear of potential threats from the East, but rather a fear of being left outside of debates and decision-making processes in the area of European security. Jakobson's ideas have been given a wider airing by other politicians. Finland's minister of European affairs, Ole Norbak, has said that his country does not see NATO membership as an urgent security policy option, but that in the future the issue will become more important. At the same time, President Ahtisaari and Foreign Affairs Minister Tarja Halonen (along with their Swedish colleague, Lena Hjelm-Wallen) have pointed to the possible unfavorable consequences of these discussions, arguing that instead the WEU should be transformed into an instrument of European peacekeeping.[29]

Finland has entered into dialogue with NATO, emphasizing that this does not mean an imminent application for membership. Sweden has rejected any dialogue with the alliance. One of the main reasons which Finnish politicians put forth in support of the talks is the need to investigate the possible consequences of NATO enlargement and the impact of the process on security in the BSR. Finland, though recognizing the principle that each country must be free to choose its own security options, has serious reservations about NATO membership for the Baltic states. Finland is unable to provide a security guarantee for the Baltics, because the impact of NATO enlargement in the area would affect not only Finland, but adjacent countries as well. There is currently no real evidence to argue that Baltic membership in NATO would enhance regional security. On the other

hand, Finland, like Sweden, is a strong supporter of Baltic membership in the EU, feeling that this would contribute significantly to European stability and, by extension, regional security.

Despite positive shifts in Finnish foreign and security policy in favor of western institutions, its attention to regional security arrangements has been hesitant. Finland is actively involved in the democracy-building process in Estonia, but it has put less emphasis on the security component. Moreover, Finland's commitment to the Baltic states is not evenly spread out. This can be seen by its low-level involvement in Latvia and even lower-level involvement in Lithuania. Finnish investments reflect a very strong priority for Estonia. In 1995 256,768.3 (USA dollars, thousands) were invested in Estonia while only 14,450.8 in Latvia and 13,755.7 in Lithuania. Trade figures reveal a similar relationship (see Table 1).[30] However, from various public announcements by Finnish businessmen in 1996, more investments can be expected in Latvia and Lithuania.

Norway has played an interesting role in the BSR. On the one hand, Norway has traditionally been associated in the Baltic region, but geographically it is more oriented toward the North. That explains why Norway has equal interest in regional arrangements in the Barents Sea and the Baltic Sea. As a member of NATO, Norway can assist the Baltic countries in various military ways, but in fact the level of military cooperation has been quite low, the notably exception being the "adoption" of the Estonian BALTBAT company for active duty with the Norwegian peacekeeping unit in Lebanon.

Norway's unclear position with respect to the EU is another factor that has increased the gap between it and the Baltic states. Norway is not concerned about regional security arrangements, nor is it predominant in supporting the Balts on their way to the EU (this is because of Norway's own domestic debates about EU enlargement). Norway is also very reluctant to put NATO enlargement on the agenda, mainly because of Russia, which has always been a key element in Norwegian foreign and

security policy.

The European Union, albeit a seasoned player in the European arena, is ambivalent in its policy toward the BSR. The Baltic states can be seen as the EU's "near abroad," which makes them important for Europe in general. During the bi-polar period, Denmark, as the sole EU member in the BSR, represented the limits of the EU's influence in the area. After Finland and Sweden joined the union, the territory of the EU was extended geographically, and so were EU policies. This became even more true after the Baltic states signed EU association agreements in 1995.

This means that the issue of the region (both in terms of its existing factors and in terms of an imagined security region) can be examined from at least four perspectives:

- Each state as a sub-region of the EU;
- The three Baltic states;
- The Baltic Sea Region;
- and the EU as a part of the European region.

These separate levels do not preclude the identification of national interests in a broader European context. The multiplicity of the various regional levels brings a diversification of interests into the BSR, but despite difficulties in finding compromises in terms of regional cooperation, these interests are more complimentary than conflicting in nature. Commitments have been made to the EU by all countries in the Baltic Sea Region except Russia. The issue of how successfully participants will be able to cope with national, regional and EU interests is of prime importance.

The initial steps toward reconciling interests in the region were taken at the Visby conference of EU and CBSS representatives in 1996. The EU can represent its interests and dispel any doubts about its readiness to take on new members. The BSR, for its part, can serve as an arena for experiments for those who are willing to join the Union. Cooperation among them can help to fulfill the interests of each one. The EU adds another impor-

tant element. At the present time the Mediterranean region is of great importance for the EU, so much so that the impression is created that the BSR is on the periphery of the EU. Through extensive cooperation within the BSR, new dimensions and opportunities for Europe can be discovered, and the level of involvement in European structures can be increased.

The basic problem from the Nordic perspective remains unchanged: What kind of cooperative relationship could be established, if EU enlargement were extended to all states around the Baltic Sea, with Russia? Presumably answers to this question will begin to emerge in the near future. For the time being, however, there are no clear policies in a wider, multi-layer sense.

The level of involvement in the region is already very high between the Baltics and the Nordics, starting with economic and security issues and finishing with ecological commitments. At the same time, however, there has been reasonable reluctance to accept a new role of responsibility with respect to security arrangements or guarantees from the Nordic states, which are following their traditional policies of non-alignment. From the Baltic perspective, a security region within the Baltic Sea area is as important as a sub-regional organization within a wider European framework; this security region must not, however, close doors to NATO and the EU. The possibility that a new regional security arrangement will emerge in the BSR is unlikely. That means that NATO and the EU are still the institutions which are best able to provide "soft" and "hard" security guarantees for the Baltic states.

## Institutional Arrangements

The first attempts to establish an institutional framework to facilitate interaction among the Baltic and Nordic countries were made in 1992, when the Council of Baltic Sea States (CBSS)

was established. Its aim was to discuss and elaborate common strategies for regional political and economic development, and to coordinate regional cooperation.[31] From the very beginning, the CBSS has been an arena for debate on a wide variety of issues, but not security. This fact was mandated by the diversity in the region and by the fact that the CBSS includes countries which sometimes have diametrically opposed interests (Russia, Poland, the Baltic states), foreign policy goals, and means of implementation. The situation was dictated all the more by the fragile situation in the region, taking into account the fact that this part of the world was undergoing transition from bi-polarity to a "new Northern European Order" and from totalitarianism to democracy. There was also a lack of mechanisms to implement CBSS initiatives (the Committee of Senior Officials was not given executive authority). Indication of this has been given by a number of projects, including the *Via Baltica* project to build a highway connecting Helsinki and Warsaw through the Baltic states; the project was proposed in 1992, but work on it began only in 1995 and 1996. The CBSS also has a lack of financial resources, and, furthermore, it was established before countries in the region began to develop true interaction. It should be mentioned that there were some efforts to bring the Baltic Sea countries together during the Cold War, but these were mostly environmental efforts. Only after bi-polarity was dismantled did the countries of the region begin to establish bilateral and multilateral relations.

The CBSS really began to spread its wings in 1995 and 1996, and it has served an integral role in increasing interaction among the countries on the Baltic rim. The various countries have gradually come to acknowledge the need to use existing institutional frameworks to enhance ongoing interaction and to develop more stable and permanent forms of cooperation. Despite criticism of perceived inadequacies of the CBSS, it must be admitted that an increase of interaction among the players should lead to cooperation and then to integration, and at that

point the CBSS could develop into a significant international organization, one that facilitates the processes of cooperation and integration in the Baltic Sea area. Skeptics often argue that the basic concern of the Baltic states is limited to security issues and a guarantee of the irreversibility of their independence; the CBSS, they point out, is not the forum for this issue. But hesitation by the CBSS to put a security dimension on the agenda has its historical reasons. When one looks at Nordic cooperation, one finds that these issues were never much discussed in that forum either. The existence of these interests was accepted, and the national interests of each country was respected. This history formed the background for those countries which initiated the activities of the CBSS. Only in the last year has Poland tried actively to place security issues on the agenda. Also, in the context of ongoing debate over NATO enlargement, security matters have been raised by the deputy minister of foreign affairs of Russia, Sergey Krilov, who has said that it is high time for the CBSS to start talking about politics and security.[32]

Since the Visby meeting, when a joint action program was adopted, the concept of "civic security" has arisen. This means that the CBSS is moving closer to security debates in the context of a modern security agenda, emphasizing the social and individual elements of security. It is far easier to achieve compromise and consensus on measures of civic security than on issues of military security. Despite the shortcomings and limited abilities of the CBSS, it is nevertheless an extremely important instrument for the identity-building process in the Baltic Sea area, and it is perhaps one of the most significant elements in generalizing cooperative boundaries at a people-to-people level, thus creating a full range of conditions for the further development of relations in all possible areas.

At the Visby meeting in May 1996, the heads of government of Denmark, Estonia, Finland, Germany, Iceland, Latvia, Lithuania, Norway, Poland, Russia and Sweden met with the European Council and the president of the European

Commission. A Communication from the EU Commission – "Baltic Sea Region Initiative" – which was first proposed in Madrid in December 1995, was presented.[33] The joint meeting of representatives of the EU and the CBSS proved the significance of the region in a European context. European officials affirmed the importance of the Baltic Sea area as a place where cooperation, democracy and market economies prevail, as well as the meaning of growing interest in the region from the perspective of ongoing integration processes in Europe.[34] They also spoke of the importance of European stability and of closer links between the Baltic Sea Region and the EU.[35] The Commission offered its own contributions to CBSS working groups dealing with the exchange of information and consultations; the fight against organized international crime, including the illegal transport of nuclear and other hazardous materials; early warning and mutual assistance in the event of natural and environmental disasters, sea rescue and coast guard cooperation; and development of legislative and administrative systems on asylum seekers and prevention of illegal immigration.[36]

An important address was made by the president of the European Commission, who emphasized the security elements of regional integration in a broader European context. Along with existing attempts to foster economic, social and political cooperation in the region, he stressed the need to concentrate more on such issues as confidence, stability and civic security (cooperation among civilian authorities fighting organized crime, promoting maritime safety and nuclear safety).

EU officials have stressed that as far as applicant countries are concerned, all kinds of contacts should be welcomed, but of special importance are those at the sub-regional level which complement intergovernmental projects and which help the future integration into the EU of regional arrangements and programs.[37] The special interest of the EU in the BSR is an important element in fostering regional cooperation in the area, but at the same time it should be acknowledged that only the

first cautious steps have been taken. Despite the fact that the EU is a co-founder of the CBSS, for example, there is no single structure that is responsible for the Baltic Sea initiative. In Vaasa in 1996, a European Commission representative expressed reservations about employing a person full-time to liaise with the commission.[38] EU officials have also been less than keen in supporting the establishment of a permanent secretariat of the CBSS.

The Visby meeting added an extremely relevant dimension in the area of "soft security" in terms of Baltic interaction and cooperation. It was almost impossible for the CBSS itself to propose this, but by allowing the EU to raise the issue, the process became internationalized and put into the framework of such existing institutions as the OSCE and the Council of Europe. The elaboration of an action agenda (which was developed in greater detail at Kalmar in July 1996) was a very important element at the meeting. The agenda included the following items:

· Support for Estonia, Latvia, Lithuania and Poland in their preparation for membership in the EU;

· Support for an early ratification of a partnership and cooperation agreement between Russia and the EU;

· Reinforcement of cooperation among police, border, customs, immigration and coast guard authorities;

· Promotion of a "people-to-people" partnership;

· Support for the Baltic states and Russia in the preparation for membership in the WTO;

· Support for the establishment of a free trade zone among the Baltic states;

· Support for the more rapid improvement of border crossing and customs procedures;

· More intense cooperation in the areas of energy and nuclear safety.[39]

The fifth CBSS ministerial session in Kalmar in July 1996 provided new evidence that the CBSS is becoming an institution which facilitates interaction and cooperation in the Baltic Sea

area. It should be stressed that documents adopted at the meeting indicated a significant shift inside the CBSS, moving it from being a discussion forum trying to establish links in various areas, to becoming a stable institution which works as a tool to enhance cooperation and integration. The CBSS action program, for example, with its three main areas (enhancement of "people-to-people" cooperation and civil security; economic development and integration; strengthening of environmental protection), is a good example of this tendency.[40]

Traditional meetings of the Baltic Council of Ministers and the Nordic Council of Ministers provide another example of Baltic-Nordic cooperation. In Vilnius on 14 April 1996, priorities were set for joint activity. European integration and Nordic-Baltic relations were at the top of the list again. Such additional action areas as energy, environmental protection, economics, financial policy, justice and legislation were supplemented with several "soft" security issues: prevention of drug trafficking and abuse; crime prevention; border guard and customs matters. It is worth mentioning that the issue of possible Nordic assistance in implementing EU standards was also raised.

The meeting once again proved the high level of Nordic involvement in the integration of the Baltic states into the European Union. One of the important issues that was made in a statement by the Nordic partners was that enlargement of the EU to include the Baltic states would be an important pre-requisite for increased stability, security and social and economic development in the region. The Nordic representatives also underscored the necessity to treat all associated EU countries equally, stating that accession negotiations should begin within six months after the end of the EU Intergovernmental Conference.[41]

Meetings between the Nordic and Baltic Councils have become an integral part of the political life of the Nordic and the Baltic states. However, the Nordic Council has made it clear that it is not ready to integrate on an institutional basis the

Baltic Council.

## Conclusions

The Baltic-Nordic relationship has developed considerably since the Baltic states achieved independence. The process of joint activities began with a fairly hesitant investigation of the interests of the various participants in the process, but now the two groups have moved toward compromise on common policy orientations. The question posed at the beginning of this article was whether new security arrangements between the Baltic and Nordic countries are coming. The answer could be found in the fact that there is an ever-growing interest in region-building in the Baltic Sea area. This process involves both existing and emerging signs of cooperation and integration. This is proven by the fact that limited forms of interaction have been replaced with a wide range of cooperation in almost all areas of society. This increasing cooperation has had a tremendous impact on increased integration in the Baltic Sea area.

But why is the process of security cooperation, with the aim of establishing a new security community, proceeding so slowly? There are two simple reasons for this. First of all, a high level of interdependence is needed if security systems are to be established. After five years of cooperation, we can speak of no more than the first steps of interdependence among the Baltic and Nordic countries. Second, in order to set up security cooperation, complementary security interests are required. In the BSR, there are some joint interests and efforts, but they are not sufficient to create the background for a security region. Further integration will be needed if security cooperation is to be engendered.

What should be done in order to speed up the initial process of integration? All of the countries around the Baltic Sea have expressed their commitment to the region, especially those which are described as the "5+3." But there is still a lack of commonly defined, collective goals and strategies facilitating cooperation in the region. With respect to overall goals, consensus

has already been more or less reached on the need to strengthen security, stability and democracy in the region. There is not, however, any common approach to specific areas, levels and means of implementation. Until now, the Nordic countries have participated in the BSR as unilateral contributors. Cooperation in this area has been based on the exchange of technical support and project initiatives. The process of cooperation and integration would certainly be enhanced if the groundwork for equal cooperation were laid.

The EU is certainly a resource to unify the "5+3" countries. The Baltic and Nordic countries, as parts of the BSR, are simultaneously undergoing the process of becoming significant elements of the economic and political system of the EU. For the time being they are participating in various capacities, some as equal partners and others as candidates. But they are all involved in a region which plays a significant role in Europe. Initiatives promoted by the countries of the BSR, therefore, should be put into a European context. There are several regional projects of European relevance already, including the development of trans-regional infrastructure systems such as the transport corridors *Via Baltica*, *Balt Rail*, *Via Hansiatica*, etc.; energy projects such as the Baltic Ring; coastal zone development programs to promote the protection of environments and the facilitating of tourism; etc.

In addition to various joint ventures, the Nordic countries have assisted the Baltic states in the process of integration into the EU. The diversity of the BSR, as well as the fact that the region is overlapped by others, has provided the political participants with many opportunities, but at the same time it has kept them away from concrete projects, leaving many issues at the level of suggestions and ideas which rarely lead to results. Regional priorities must be set to overcome this. At this point, there is often no distinguishing line between "5+3" and the CBSS. In terms of tangible outcomes and practical results, "5+3" should be given the upper hand at all levels, from intergovern-

mental cooperation to municipal and non-governmental organizations. Cooperation within a wide institutional framework should be of equal importance with bilateral cooperation. The CBSS would serve as the nearest environment, with regular links of cooperation to facilitate integration among the most similarly oriented countries – the three Baltic states and the five Nordic countries. In this context, the CBSS is likely to remain as an extremely valuable forum that "rel[ies] on the new agenda and [is] not conducive to such issues as security guarantees, threat perceptions or border incidents. Instead [the CBSS and the Barents region] concentrate on dynamization, integration, free flow networking and the like."[42]

The CBSS is becoming an arena for region-building in a wider sense than "5+3," because it provides multiple channels for the inclusion of Russia in regional affairs. This is of great value, as western countries do not want to see Russia excluded from European activities. Bringing Russia into a regional forum where one of the important dimensions is the EU would help to solve two problems. First of all, it would allow the pursuit of a policy of inclusion, thus eliminating the possibility of confrontation and uncontrolled activity on Russia's part. Second, it would assist the Baltic states in searching for the most appropriate ways of establishing permanent and effective dialogue with Russia, something that is of great necessity both from internal and external points of view. For small countries such as the Baltic states, it is extremely difficult to keep asymmetrical bilateral relations in balance, ensuring that they are appropriate for both sides. A multilateral approach would help to provide policies that are acceptable to all sides in the political dialogue.

A year ago one could still ask whether a Baltic Sea Region was really in the making. Now it has already proven its advantages, as well as its importance in the entire European integration process. At the same time, however, it still is a fairly weak entity in the international system. Nevertheless the political

players who are involved in the region are demonstrating their commitment to region-building activities, despite vulnerabilities within this area. As a result, the emergence of the Baltic Sea Region is no longer a question mark.

## NOTES

1. See: Ozoliņa, Ž., "The Nordic and the Baltic countries: A sub-region in the making?," eds. Lejiņš, A. and Bleiere, D., *The Baltic States: Search for Security* (Latvian Institute of International Affairs: Riga, 1996), pp. 93–112.
2. Perko, S., "Regionalization in the Baltic sea region : Integration or fragmentation," paper for TAPRI panel in the IPRA conference in Brisbane, 8–12 July 1996, pp. 6–8.
3 Communication From the Commission, "Baltic Sea Region Initiative," Brussels, 10 Apr. 1996, p. 7.
4. See: Ozoliņa (note 1); Kadunce, W. H., *Baltic-Nordic Relations. Implications for Baltic Security* (Berichte des Bundesinstituts für ostwissenshaftliche und internationale Studien: München/Wien, 1995); Krohn, A. (ed.), *The Baltic Sea Region* (Nomos Verlagsgesellschaft: Baden-Baden, 1996).
5. Sergounin, A. A., "The Russian Dimension of Nordic Security– Hard Choices and Opportunities," *Visions of European Security – Focal point Sweden and Northern Europe*. Report from a project organized by the Olof Palme International Center (The Olof Palme International Center: Stockholm, 1996), pp. 105–107.
6. Hurd, D., Alistair Memorial lecture at the International Institute for Strategic Studies, 29 March 1996.
7. See: Asmus, R. D.and Nurick, C., "NATO enlargement and the Baltic States," *Survival*, vol. 38, no. 2 (Summer 1996), pp. 121–142.
8. See note 7.
9. See the section on institutional arrangements in the BSR.
10. Siebert, T. S., The New Atlantic Community and the Baltic Sea Region. Lecture at Timbro, 26 Nov. 1996.
11. See note 1.
12. See note 6.
13. See note 6.

14. *The Economist*, 4 May 1996, pp. 25–26.
15. *Svenska Dagbladet*, 13 June 1996.
16. "Letter from the Assembly," *Information letter from the Assembly of Western European Union*, no. 23 (Jan. 1996), p. 3.
17. See: Alten, J. von, *Weltgeschichte der Ostsee* (Siedler: Berlin, 1996).
18. Haekkerup, H., "NATO in the 21st century: The future Transatlantic relationship and security in Europe," Visions of European Security – Focal point Sweden and Northern Europe. Report from a project organized by the Olof Palme International Center (The Olof Palme International Center: Stockholm, 1996), pp.136–147.
19. *The Baltic States: Comparative Statistics 1996* (Central Statistical Bureau of Latvia: Riga, 1997), p. 28.
20. Cabinet Office Press Release. Stockholm, 7 Aug. 1996.
21. *Svenska Dagbladet*, 4 June 1996.
22. *Aftenposten*, 14 June 1996.
23. *Svenska Dagbladet*, 13 June 1996.
24. *Federal Information Bureau*, 6 Aug. 1996.
25. See: *Svenska Dagbladet*, 8 Aug. 1996; *Hufvudstadbladet*, 9 Aug. 1996; *Aftenposten*, 9 Aug. 1996, *Dagens Nyheter*, 8 Aug. 1996.
26. See note 19.
27. *Die Welt*, 15 July 1996.
28. *Politiken*, 24 May 1996.
29. *Neue Züricher Zeitung*, 29 May 1996.
30. See note 19.
31. Council of the Baltic Sea States, *Special issue of the CBSS Monitor On the occasion of the CBSS III Ministerial Session in Tallinn*, 24–25 May 1994, p. 2.
32. *Svenska Dagbladet*, 4 July 1996.
33. The document was based on two previous ones: *Orientations for a Union Approach towards the Baltic Sea Region* (Oct. 1994) and *Current State of and Perspectives for Cooperation in the Baltic Sea Region* (Dec. 1995).
34. CBSS Presidency Declaration, Visby, 3–4 May 1996, p. 2.
35. See note 34.
36. Communication From The Commission "Baltic Sea Region Initiative," European Commission: Brussels, 10 Apr. 1996.
37. See note 36, p. 3.
38. Minutes of the Committee meeting of the CSO in Vaasa, 17–18 Oct. 1996.

39. See note 34, pp. 2–3.
40. Communique. Fifth Ministerial Session. Kalmar, 2–3 July 1996, p. 3.
41. Joint Statement from the ministerial meeting in Vilnius, 14 Apr. 1996.
42. Joenniemi, P., "Security in Northern Europe: Towards new agenda," *Visions of European Security – Focal point Sweden and Northern Europe.* Report from a project organized by the Olof Palme International Center (The Olof Palme International Center: Stockholm, 1996), p. 317.

*Chapter Four*

# THE QUEST FOR BALTIC UNITY: CHIMERA OR REALITY?*

*By Atis Lejiņš*

## INTRODUCTION

The history of the 20th century for the Estonians, Latvians and Lithuanians, three Baltic nations living on the eastern shoreline of the Baltic sea, is a dramatic and bloody sequence of three major events: achievement of independence and statehood in 1918–1940, Soviet occupation until 1991, interrupted only by a short Nazi German occupation during the Second World War, and restoration of independence in 1991. Except for an ABM early warning base in Latvia which will be dismantled in 1998–1999, the last Russian troops on active duty left the Baltics on 31 August 1994.

This is a unique political phenomena in Europe but it is not clear that the 21st century will, finally, be the era of peace and prosperity for the Baltics. Almost 7.8 million people live in the Baltic states today in an area of 175 thousand kilometers which straddle the East-West "fault-line" in northern Europe. The East and the West have fought each other in this region since the 12th century. Today, when EU and NATO enlargement are on the Transatlantic agenda, one may slightly paraphrase the for-

* This is a revised and updated edition of a NATO fellowship paper completed by the author in 1996.

mer Swedish prime minister Carl Bildt who wrote in 1994 that the Baltic states are the "litmus test" of the true intentions of their more powerful neighbors.[1]

The Baltics must maneuver carefully in the face of Russian opposition to NATO enlargement and hesitancy on the part of Western democracies to extend their security umbrella to "exposed" small states so that they do not find themselves dislodged from their fundamental foreign policy and security priorities – membership in the EU and NATO.[2]

The complicated international situation brought about by EU and NATO internal reforms and enlargement, Moscow's own policy of reintegration of "the former Soviet space" compounded by internal instability in Russia itself, calls for a reassessment of efforts toward Baltic unity. It is my premise that the similar historical experience of Estonia, Latvia and Lithuania in this century make Baltic unity one of the major requirements for achieving the "irreversibility of restored interdependence" as defined in the Latvian foreign policy concept.[3] By pooling their resources the Baltic states would be better placed to defend their interests in their efforts to join the EU and NATO as well as in their relations with Russia.

Calls for Baltic unity and efforts toward achieving this are as old as the Baltic states themselves: their geopolitical logic demands this. They have shared exactly the same fate in this century and it would seem hardly possible that any Baltic state can "escape" separately from the reality of a common destiny imposed upon all three by their geographical location. A look at Finland and Poland, which also were once part of the Russian Tsarist Empire, though heavily influenced by their proximity to the Soviet Union, nevertheless were spared from sharing the fate of the Baltic states after World War Two.

During the independence era between the world wars, unity was not achieved. The Baltic Entente created in the thirties proved too fragile to meet the challenge of World War Two even on the most elementary level: no joint consul-

tation took place between the Baltic states before fundamental policy decisions effecting the national survival of each state were taken.

Efforts toward unity, however, continued among the exile communities in the West as well as among oppositionary groups during the Soviet occupation. They were redoubled during the heady years of breaking loose from the Soviet empire only to loose momentum as efforts toward cooperation ran into practical problems of state-building, the intense need to secure new markets, sea border disputes, and the scramble for Western security guarantees.

Cooperative Baltic inter-state institutions, however, have been established and are working and sufficient political will has been maintained to achieve significant accomplishments. Tensions, on the other hand, have been on a sufficiently high level to prompt some to doubt the outcome of efforts toward unity. The former Estonian Prime Minister Mart Laar has even put forth the proposition that however Baltic unity may be desirable, Estonia interests would be best served if she went her own way in pursuing her foreign and economic policies.[4]

Laar subsequently explained that the aim of his controversial remarks (made when the sea-border with Latvia was still not resolved and when the Baltic free trade area did not include agricultural goods) was to attract attention to the issue of cooperation between the three Baltic states. He did not want a reoccurance of the situation that prevailed in the late 30's when the Baltics deluded themselves into believing they were cooperating. He did not want a repetition of the tragic results: "If we do not begin real, close cooperation, we will not be be able to join the EU."[5]

Lithuania and Latvia appear to have reached an impasse over the delimitation of their sea-border where deposits of oil are thought to be be found.

The Latvian Parliament has already ratified agreements giving the American oil giant *Amocco*and a Swedish company

exploration and drilling rights with the caveat that no work should begin before the sea border with Lithuania is delimited. Although one should refrain from drawing parallels with Kuwait since oil deposits in the Baltic sea are, by comparison, minor, the security implications of American involvement in Baltic oil extraction are clear.

Latvia had a similar dispute with Estonia in the Gulf of Riga where, instead of oil, rich fishing shoals were at stake as well as territorial waters around an Estonian island in the middle of the gulf. A compromise was eventually found and endorsed by both parliaments in 1996. The dispute lasted less than three years and involved fishing harvests over 30,000 tons a year, which is more that caused the recent and still unresolved "fish war" between Canada and the EU (Spain).

Despite the seemingly intractable Lithuanian-Latvian sea border dispute the Latvian Foreign Minister Valdis Birkavs characterized Baltic cooperation in 1996 as most intensive citing sixteen high-level meetings between Latvia and Lithuania and eight treaties concluded between both states. Relations with Estonia had never been better.[6]

Nevertheless, there is the possibility that the Baltic states end up in going their own separate ways with only a minimum of mutual cooperation. Paradoxically, pressures arising from EU and NATO enlargement may contribute as much to a break-down of efforts toward Baltic unity as they can in fostering it.

For various reasons, including the EU's inability to absorb many new states, Baltic admittance to the EU, let alone NATO, cannot take place until some years after the turn of the millennium. The main question facing the Baltic states today is therefore whether they can maintain the momentum of economic and political integration brought about by the breakthrough in reaching an agreement on free trade in agricultural goods in 1996 and achieve a level of integration comparable to the Benelux model before admittance to the EU?

If this can be done then the Baltics will not split competing

for EU membership, become united with a common market, and become more attractive candidates to Brussels for EU membership. The redeeming virtue with this scenario is that if EU membership is an even more distant reality,[7] the Baltics will have dramatically increased also their defense capabilities in face of an uncertain security landscape in 21st century Europe; fatal mistakes made in this century will not be repeated in the next century.

## Baltic Background

In the years preceding the demise of the Soviet empire, the West, indeed, even Russia, tended to regard the three Baltic states as almost one entity. Their recent histories were identical, including their liberation process from the Soviet Union. The sole exception was that Tallinn escaped the violence and bloodshed perpetrated in Vilnius and Riga by the Soviet authorities in January 1991.

The view of the Baltic States as one whole was also cultivated by the Balts themselves and, indeed, unity was practiced by the mass popular liberation movements in all three countries. The most dramatic demonstration of Baltic solidarity was the longest human chain in history – the Baltic Way – that stretched from Tallinn to Vilnius through Riga, a distance of over 700 kilometers on 23 August 1989. This date is the day and month when Nazi Germany and the USSR signed the so-called Molotov-Ribbentrop pact in 1939 that destroyed Baltic independence on the eve of the Second World War.

In Moscow, the Estonian, Latvian and Lithuanian delegates elected to the USSR Supreme Soviet acted as one bloc during the Gorbachev era and helped to cultivate an image of Baltic unity in Russia. Initially,when Russia launched its international campaign against the Baltics soon after they regained their independence charging them with gross human rights violations, most

often no distinction was made between the three countries even though Lithuania, unlike Estonia and Latvia, granted automatic citizenship to its relatively small Russian population. The latter two countries, faced with huge Russian minorities after almost fifty years of occupation, adopted laws requiring naturalization before the granting of citizenship.[8]

The Baltic peoples are three different nations which cannot understand each other when speaking their native tongues. The Estonian language belongs to the Finno-Ugric language group whereas Latvian and Lithuanian belong to the Baltic language branch of the Indo-European language family. Old Prussian was the third Baltic language but this ceased to be a spoken language after German crusaders and colonists first conquered, then assimilated the Old Prussians into the German nation. Their territory became part of Germany and became known as East Prussia, but it continued to have close cultural and historical ties to Lithuania. It's pre-war population of 1.5 million included a significant proportion of Germanized Lithuanians and as late as 1931, 61,000 still spoke Lithuanian.[9] After the Second World War, it was divided between Russia and Poland. The Russian part today is known as the Kaliningrad *oblast* of the Russian Federal Republic.

If the Old Prussians had not succumbed to the Germans, one would have today four Baltic states instead of three and the strategic equation would likewise be wholly different in the Baltic area – there would be no Kaliningrad *oblast.*

The paradox in Baltic history is that despite the linguistic affinity of the Latvian and Lithuanian people, these two nations do not have the same historical heritage as the linguistically totally unrelated Latvian and Estonian people. This is because of the German impact on the social, economic, cultural, and political development of the Estonian and Latvian people that lasted seven hundred years – from the early part of the thirteenth century when German crusaders, following in the footsteps of the missionaries, conquered the Estonian and Latvian

tribes – until the end of World War One when the Baltic states gained independence from Russia and local German dominance in Estonia and Latvia was broken.[10]

The various Lithuanian tribes, in contrast to the Estonians and Latvians, were able to unite to form a kingdom and successfully resisted the German advance. Lithuania in the middle ages expanded to become a huge empire with territory stretching from the Baltic to the Black sea. She merged with Poland in the sixteenth century to form a Polish-Lithuanian commonwealth and, like Estonia and Latvia, eventually became part of the Russian empire as it advanced west.

## The Road To Unity 1920–1934

The crowning achievement of efforts toward Baltic unity in the inter-war period was the treaty On Understanding and Cooperation signed by the foreign ministers of Estonia, Latvia and Lithuania on 12 September 1934 in Geneva, which became known as the Baltic Entente. This treaty provided for close cooperation in foreign affairs but this was not enough to make it an effective instrument in safeguarding the independence of the Baltic states: the foreign policy interests of the Baltic states diverged too much and they were not able to achieve the most essential security requirement before the advent of the war – a military union.[11]

Theoretically it was possible for the Baltics to offer resistance to the Soviet Union equal to that displayed by Finland in the 1939–1940 Winter War. The total Baltic population, 5,709 million, was bigger than that of Finland's, which was just under 3.7 million. Latvia, with a population of 2 million, could field an army of 130–135,000, which could have been increased if military aid had been forthcoming. During the war, the number of Latvians mobilized by the Germans and Russians totalled approximately 280,000.[12]

While refraining to assess the possible effects that Baltic

armed resistance to Soviet aggression might have had on the future of Baltic independence, it is fairly safe to say that armed resistance in 1939 – instead of abject surrender – today would be regarded as one cornerstone in the "soft" security web of assets similar to that enjoyed by Finland today. It would boost the credibility of armed resistance to any possible foreign aggression today both in the eyes of an aggressor and in the consciousness of the native populations themselves. This intangible, but highly critical moral factor is missing in the Baltics today.

A public debate on why the Baltic governments did not offer even token resistance has still to take place. The insights gained from an analysis of why the Baltic Entente collapsed will, in large measure, explain "why" and, at the same time, expose strains in Baltic efforts toward unity which may have relevance to today's situation. Furthermore, any examination of the latter requires a closer look at the Baltic Entente in the thirties since it was renewed immediately after the restoration of independence and was the basis upon which further Baltic cooperation was built.

The idea of unity between the three Baltic states which manifested itself in the establishment of the Baltic Entente in 1934 was not something that could have been taken for granted. Several ideas competed with each other for the minds of Baltic politicians and statesmen in their search for safeguarding the newly-acquired independence of their countries. At first there was the idea of a union between Latvia and Lithuania debated already before 1917, followed by that of a federal association between the newly-liberated Baltic territories and Scandinavia. After Finnish volunteers helped to turn the tide against the Red Army in Estonia, the idea of a Finnish-Estonian union became very popular in Estonia. The Baltic-German politician Paul Schiemann meanwhile was urging the creation of a Latvian-Estonian association.[13]

Poland also became a factor in plans for a defensive alliance until finally two major ideas were left to be resolved: either to establish a "small Baltic union" consisting of Estonia, Latvia and

Lithuania or else a "large Baltic union" made up of the Baltic states and Poland.[14] However, the latter idea collapsed after Poland occupied the Vilnius area claimed by Lithuania in October 1920. Lithuania henceforth blocked any attempts at union with Poland and it took 14 years before the "small Baltic union" finally became to be realized in the form of the Baltic Entente. Lithuania wanted Estonian and Latvian support in its dispute with Poland, which both countries were not prepared to give while Poland opposed the "small union" because it feared it would be used against it. "In this manner the Polish-Lithuanian dispute acted as a bitter magic circle to paralyze the defense system of all three Baltic states."[15]

Yet prior to the breakthrough in reaching an agreement on the "small Baltic union" in 1934 another alternative appeared in the form of an alliance between Latvia, Estonia and Finland. In 1933 Finland and Latvia agreed on close cooperation between the foreign ministries, general headquarters, diplomatic initiatives in major international conferences, and press relations.[16] Yet this initiative soon ran into the sand, as did all initiatives for a Scandinavian-Baltic bloc. Finland moved closer to Scandinavia and was particularly displeased with Latvia's efforts to bring Lithuania into the alliance. For example, as Latvian archives now show, high-ranking Finnish diplomats warned Latvia that her efforts on behalf of Lithuania could "scuttle all the attempts to draw nearer to Finland."[17]

However, Finland and Estonia drew closer together even after the "small Baltic union" was established and this was one of the factors leading to the demise of the Baltic Entente. Yet though Finnish-Estonian relations were very close, these, in the end, did not lead to an alliance just as much as ideas promoted both by Swedes and Balts for the formation of a Scandinavian-Baltic bloc, despite memories of the "good old days of Swedish rule," in Estonia and Latvia did not meet with any success in Sweden. The reason was that Sweden was "not prepared to enter into political commitments towards the Baltic peoples. They val-

ued their neutrality far too highly to put it at risk in this way."[18]

The Baltic Entente was first formed between Estonia and Latvia in reply to the growing Nazi German and Soviet threats. Despite the ups and downs in relations between both countries, about 50 different agreements and conventions furthering cooperation had been signed between them. Of these, the most important was the 1923 alliance, which, in addition to a settlement of the border dispute between both countries over the town of Valka/Valga (it was divided, as it is even today), the Roņu (Ruhne) island in the Gulf of Riga (ceded to Estonia), and war-time financial obligations, included a temporary trade and customs union treaty, and a mutual defense pact for a period of ten years.

This pact guaranteed each side military support in case of aggression against either side and it was extended and expanded on 17 February 1934 to become a new pact which, in addition to the military aspect, provided also for the coordination of the foreign policies and legislation of both countries. Lithuania, which had remained aloof in 1923 because neither Estonia or Latvia were ready to go to war with Poland over Vilnius, agreed in the end to join after she had failed to gain German and Soviet support against Poland. After intense negotiations between all three countries the Baltic Entente was born in Geneva in September 1934.

The USSR, in order to hamper Baltic cooperation, did on occasion make it known to Lithuania that it would help her against Poland. For example in 1926 when Latvia and Lithuania were working on a trade treaty and the lifting of passport requirements between both countries the Soviet ambassador to Lithuania informed Kaunas that the USSR would not stand idle if Poland attacked Lithuania.[19] The talks subsequently fell apart.

Due to the growing power of Nazi Germany, however, the USSR reevaluated its policy of sowing discord between the Baltic states and began to support Baltic unity. If Germany attacked militarily weak and disunited Baltic states, she would

gain an excellent springboard for attack against the USSR.[20]

On the eve of the conference on 29–30 August in Riga when Baltic diplomats agreed on the final text of the "Treaty on Understanding and Cooperation between Estonia, Latvia and Lithuania," the Soviet press wrote that "Cooperation between the Baltic states can only bring positive results if they can effectively safeguard the integrity of their foreign policy and thereby not become a tool in the hands of an imperialistic power."[21]

A favorable "balance of power" setting, the realization in Lithuania that Estonia and Latvia cannot support her over Vilnius and the Klaipeda (Memel) territorial issues (the latter claimed and subsequently occupied by Germany in early 1939), and determined efforts in each Baltic country promoting Baltic unity brought the Baltic states finally together fourteen years after independence was won.

## The Baltic Entente

The Geneva treaty did not contain the word "entente." The Baltic ministers were cautious and afraid to use the word which, in French, means "understanding."[22] But it came to be known as the Baltic Entente because it lead to institutionalized cooperation in especially foreign affairs. The Baltic states reaffirmed it on 12 May 1990 in the Declaration on Unity and Cooperation and, after independence was restored, by the Protocol On Cooperation Between The Ministries of Foreign Affairs of Estonia, Latvia and Lithuania on 9 March 1993. As new Baltic cooperative institutions developed, however, the essence of the "entente" was incorporated into them.

The 1934 "entente" consisted of nine paragraphs: 1. Cooperation in those foreign affairs issues where there is a common interest, and mutual political and diplomatic support in international initiatives; 2. Regular meetings of foreign ministers not

less than twice yearly either in the Baltic states or elsewhere (meaning Geneva, the seat of the League of Nations); Recognition that "specific problems existed" which were not covered by paragraph 1 (Vilnius and, a year latter, also Klaipeda); 4. Settlement of disputes between the three states (quickly and justly); 5. Establishment of contacts between Baltic diplomats and consular representatives in foreign countries (refraining, however, from saying "close cooperation"); 6. Agreement to inform each other about all treaties contracted with third parties; 7. Agreement that other states could join if all three sides agreed; 8. Technical details on the ratification process; 9. The reaty is in force for ten years and automatically extended if no side served notice a year before the expiration date.[23]

In a separate declaration, the foreign ministers agreed that each state would further the spirit of solidarity and friendship between the three nations. This was really an affirmation of extensive cooperation that had already taken place. For example, trade treaties had been signed between the Baltics in 1931 and the permanent judicial bureau, which became an official institution in 1934, coordinated legislature between the Baltic states. Several conventions on recognition of civil judgements and uniform bills of exchange and check laws were adopted.[24]

Compared to the situation prevalent in Europe at that time, this was a considerable advance in regional cooperation.The bureau was reestablished soon after 1991 after it had been abolished by the Soviets in 1940 and the conventions adopted in the 1930's were reinstated.

Baltic conferences on trade, industry, children's' protection, etc., regularly took place throughout the inter-war period. Student fraternities and the pan-Baltic movement, inspired by the pan-European movement, also contributed to the spirit of Baltic unity. As early as 1932 at a conference in Riga the pan-Baltic movement called for a common customs, monetary, and defense union, cooperation in foreign policy, a common struggle against the depression, and joint agreements with third par-

ties on trade. It also called for an institute for the study of the Baltic economy.[25]

The basic flaw of the entente was that each Baltic state regarded the alliance through the prism of its foreign policy priorities and that it did not lead to a military union. Just before Estonia and Latvia extended and expanded their 1923 military pact on 17 February 1934, the Estonian and Latvian general staff agreed that Lithuania should be invited to join the alliance. Yet the politicians could not agree on this and the Latvian and Estonian military alliance proved to be a paper construction in 1939. Only one joint military exercise took place before the outbreak of war and cooperation was hampered by mutual suspicions as to who was more "pro-German" or "pro-Russian."

Basically, Estonia felt that the Baltic entente could not be developed as long as Lithuania had unsettled relations with Germany and Poland.[26] Lithuania, on the other hand, did not assign top priority to the entente because neither Latvia or Estonia would support her over the Vilnius issue.

Lithuania continued to cultivate the Soviet Union and after the Geneva agreement was signed made the surprising announcement that it considered its "gentleman's agreement" with Moscow (the 1926 treaty of non-aggression between Lithuania and the USSR included a provision that Kaunas would keep Moscow informed about its foreign policy) more important than the Geneva treaty.[27]

This policy met with disaster when in 1938 Poland demanded that Lithuania establish diplomatic ties with her and the Soviet Union advised her to submit to the ultimatum. Lithuania did so but thereafter dropped her foreign policy orientation toward Moscow and drew closer to Latvia and Estonia while trying at the same time to improve her ties with Poland.

The Baltic entente was the cornerstone in Latvian foreign policy. "Sandwiched" between Estonia and Lithuania she had no recourse other than to strengthen relations with both neighbors. At the second conference of Latvian ambassadors the

Latvian foreign minister Vilhelms Munters said that the main objective of the Baltic states should be to "cement friendship as broadly as possible, facilitate mutual acquaintance, education, and respect, because the slogan of our cooperation can be a sufficient program if we add the thesis of joint defense against Germany and Russia and our mission of neutrality on the eastern shore of the Baltic sea."[28]

A serious blow to the entente was the Finno-Estonian trade agreement of 1937. The Baltic Clause, which had previously regulated Latvian-Estonian trade, was not included in the trade treaty with Finland.[29] Instead, Estonia maintained that she would have to coordinate her position with Finland before any new agreement could take effect with Latvia, which was rejected by Latvia.[30]

In its endeavors to strengthen ties with Scandinavia, Estonia turned away from trade cooperation with Latvia and Lithuania.[31] Military contacts with Finland were also increased but, in the final analysis, the Scandinavian orientation of Estonia proved to be a fiasco.[32]

Notwithstanding these differences, foreign ministerial conferences from 1934 to 1940 did take place at regular intervals which resulted in international recognition of the Baltic bloc. In 1936 Latvia was asked to represent the Baltic states in Geneva as a non-permanent member of the League of Nations Council. Somewhat earlier, the chiefs of the general staff of each Baltic country were invited to attend May Day parade in Moscow which indicated that the USSR also accepted the reality of the Baltic entente.[33]

Still, the answer to the question posed by the Baltic German historian Georg von Rauch whether a loose association of small nation states could hope to hold the balance between Nazism and Bolshevism, whether the Baltic entente had created a sufficient degree of integration to make neutrality a viable policy, must be negative. The entente could only safeguard the independence of the Baltic states when there was a balance of power

in Europe: when Nazi Germany and the USSR reached an agreement to divide central and eastern Europe into spheres of influence on 23 August 1939 the balance of power broke down and with it the independence of the Baltic states.

The great powers had failed to create a collective security system, an Eastern pact where the integrity of all states would be guaranteed by the major powers. When Poland was occupied by Hitler and Stalin in September 1939 the Baltic states almost immediately succumbed, one by one, to Soviet pressure and allowed Soviet military bases on their territories without invoking Paragraph One of the Treaty on Understanding and Cooperation, which stated that the three governments undertake to seek understanding in foreign policy questions of mutual significance.

The Baltic entente continued to function after the bases were established in September and October and two more conferences of foreign ministers took place. At the 11th – and last conference – held in Riga in March 1940 before incorporation a resolution was passed calling for the continuation of the traditional Baltic policy of strict neutrality and for closer economic and cultural links between the Baltic countries.

When Moscow presented its ultimatums separately to all three governments for total control of their countries the main pretext for this was that the Baltic entente had become a military alliance. When the Baltic governments allowed Soviet troops into their countries they did not realize that this would spell doom not only for their states, but, in the long run, even their nations. Only the timely collapse of the Soviet empire saved the Baltic peoples from escaping the fate of the Old Prussians a few centuries earlier.[34]

## Baltic Cooperation 1991–1997

The Baltic states quickly established the institutional framework for furthering cooperation among themselves that reached

far beyond the Baltic entente of the thirties. The long occupation nurtured strong feelings of Baltic identity in the homelands while the vocal Baltic exile communities in the West put into practice the spirit of Baltic solidarity by forming joint organizations and undertakings.

One of the most successful exile Baltic organizations was BATUN (Baltic Appeal to the United Nations) in New York which, after liberation, provided the base for all three Baltic embassies to the UN. The most spectacular "anti-Soviet" demonstration was the Peace and Freedom Cruise organized by Baltic youth in July 1985 (preceded by the Baltic Tribunal in Copenhagen). A ship packed with exiles and the international media was chartered to cruise just off the Baltic coastline and marches were held in Copenhagen, Helsinki and Stockholm to remind the CSCE celebrating its 10th anniversary that the Soviet Union still occupied the Baltic states.

This "cruise" also laid the basis for a number of Baltic Future Seminars that were held in Stockholm as the momentum for Baltic liberation gathered pace. The seminars assessed the political, military and economic factors in the Baltics and the USSR that might lead to Baltic independence.[35]

The first inter-Baltic institution that was established after independence was restored was the Baltic Assembly (BA) on 8 November 1991 and the first session was held in Riga in January 1992. The BA has a consultative and coordinating function and is made up of 20 deputies from each Baltic parliament who work in six committees: Legal; Social and Economic Affairs; Environment and Energy; Communications, Education, Science and Culture; and Security and Foreign Affairs. The Assembly meets twice yearly on a rotating basis in each Baltic country.[36] Nine sessions have taken place, not including a joint session with parliamentarians from the Nordic Council on 15–16 April 1996 in Vilnius immediately after the eight session of the BA.

The next stage in the evolution of Baltic cooperation was the establishment of the Baltic Council of Ministers (BCM) on 13

June 1994 in Tallinn. The initiative to create the BCM, an intergovernmental institution, came from the BA and its tasks are to arrive at decisions with regard to the recommendations of the BA, carry out assignments in accordance with agreements concluded between the Baltic states, and address matters of relevance to Baltic cooperation.[37]

The BCM is chaired by the Baltic prime ministers and has three working levels: the ministers of foreign affairs are the "ministers for Baltic cooperation" or other ministers if so designated by the state; the "Baltic Cooperation Committee" which coordinates the activity of the BCM between meetings of the prime ministers and between meetings of the Ministers for Baltic cooperation; the "Committees of Senior Officials" – 19 in number, ranging from foreign affairs, defense, justice and legislature, forestry, transport, to crime control, etc. – which are the permanent working bodies of the BCM on a branch-ministerial level.[38]

Decisions of the BCM are made on the basis of consensus and are binding for the Baltic states unless they contradict the internal laws of a state. In the latter case the decision comes into force only after the state's parliament approves it.

The Baltic Council (BC), in turn, is a joint session of the BA and BCM. However, only one session has, in effect, taken place: in Vilnius following the BA eight session in 1996 where the final agreement on cooperation between the BA and BCM was adopted.[39] The BC adopts only declarations, also according to the consensus principle, and is to meet once a year unless an extraordinary session is called for.

When critically evaluating the work of these cooperative bodies one must remember their "adolescence;" compare, for example, the "age" of the Nordic Council and the Nordic Council of Ministers established in 1952 and 1971 respectively. The oldest cooperative organization, the Baltic Assembly, is still searching for ways to improve its effectiveness and adapt to new challenges. The "Parliamentary Program of the Baltic

Assembly" was only adopted in 1996 in an effort to maximize co-ordination of all three states' legislature and facilitate the approximation of the laws to the requirements raised by the European Union for EU membership.[40]

If the joint meetings between the committees of the national parliaments and the BA, which are to take place at least twice a year as determined in 1996, prove effective then the BA could escape from the quandary that the EU parliament finds itself. The latter has no influence in the EU national legislations because there are no links between them.This may be one of the factors alienating EU institutions from EU citizens living in their respective countries, a situation that the Balts would prefer to avoid.[41]

The BCM is also being tested in its work. Criticism has been raised that 19 committees are too many and energy should be applied where the dividends give maximum results in cooperation. Where lack of interest and divergent national interests are evident there is no point in forcing the matter. This is evident, for example, in forestry and justice where legal reform is different in each country. (Police cooperation, however, is well established and working well.) The Estonian Ministry of Justice has even stopped to participate in the work of the Justice and Legislation committee except when cooperation with the Nordic countries is concerned.[42] A call for a reevaluation of the need for some of the committees has been made at the highest level.[43]

Through a process of trial and error, priority areas in the work of the BCM committees are being formed, i. e., environmental protection, energy, transportation, air surveillance, border control, customs, defense and peace-keeping, trade, law-enforcement, and approximation of national legislation to EU criteria.

If there were no Baltic Assembly and Baltic Council of Ministers other mechanisms would have to be invented to promote regional cooperation if for no other reason than for raising the depressed living standards all three peoples. Furthermore, Baltic regionalism meshes into Nordic-Baltic regionalism there-

by contributing to the welfare of even a greater number of people within the context of wider European regional cooperation and integration. Several dimensions of Baltic cooperation have even global aspects.

At this stage of Baltic cooperation development it is not easy– and not very fruitful – to claim which institution, which government, which ministers, or even governmental leader or military officer has been the main driving force. A good example of how cooperation can work is the free trade agreement. The idea of free trade between all three countries dates back to the inter-war period and has manifested itself in various calls for action during the liberation movement and resolutions of the BA. Free trade in industrial goods was implemented in 1993 before the BCM was constituted but talks to include agricultural goods came to an impasse. The differing agricultural policies of the three states with varying degrees of state subsidies and import duties – Estonia being the most liberal in this regard – could not lead to a meeting of Baltic minds.

With the coming to power in December 1995 of the majority government of Andris Šķēle, a businessman who made his mark in the food processing industry in Latvia and is not affiliated with any political party, the deadlock was broken. He dropped Latvian protectionism and after negotiations, first with Estonia, then between all three countries, the breakthrough was announced at the Baltic Council session in Vilnius in 1996.[44] All three national parliaments subsequently ratified the agreement and it came into force on 1 January 1997. A number of factors were involved but an overall framework of Baltic cooperation was needed to bring about the desired effect.

Equally visible as free trade, environmental protection, energy, transportation, and defense are other significant building blocks of Baltic cooperation which will be examined in closer detail. These are on-going projects which illustrate the wider regional and international dimension of Baltic cooperation.

Work toward protecting the environment in the Baltics is

governed by a trilateral intergovernmental agreement signed in 1995 which led to the establishment of the Baltic Environmental Forum supported by the Baltic states, Germany and the EU. This body has offices in Riga, Tallinn and Vilnius and implements a program covering more than 20 interstate activities. The US Environmental Protection Agency also supports joint Baltic monitoring projects, and it is expected that the Baltic Green Equity Scheme whereby funding is provided by the Baltic states, the Nordic countries, the European Bank of Reconstruction and Development, the EU, and other donor countries provides start-up capital of 24 million ECU which could lead up to 300 million ECU in total funding for a variety of projects.

Capital investments will be directed mainly to environmental friendly energy, clean technologies and farming, environmental protection equipment and enterprises, transport, water and waste management. In dangerous waste management it is envisaged that Lithuania could specialize in the treatment of galvanic waste, Latvia – fluorescent bulbs and Estonia in the treatment of batteries.[45]

Cooperation in the distribution of electrical energy and gas, however, would far exceed the scope of environmental protection projects if agreement could be reached on the establishment of a united power grid that would eliminate deficiencies and, through the pooling of power, eliminate the need for new power stations. Presently Latvia is dependent on electrical supplies in large measure from Estonia, Lithuania, and Russia, which have surplus energy.

Riga is the site of the dispatcher center *DC Baltija* which connects together the three Baltic states. With the assistance of USA experts, a joint strategy of the development of the Baltic grid is under way. Latvia can also sell hydroelectric power in peak periods and if the grid is developed would not have to buy electricity from Russia which, together with the more efficient use of electricity (by having recourse to a common "pool") would lower prices in all three Baltic states. Further, the Baltic grid

could, in the future, be connected to the Baltic Ring of interconnected grids around the Baltic sea.[46]

A study of the joint development of the natural gas networks in the Baltics is also under way. Here the potential is enormous if new gas pipelines from Russia to Western Europe are connected to the Baltic network. Latvia is the only country in the region with large natural underground gas storage facilities: due to the severe 1996 winter Russia had to buy back gas from Latvia because of gas shortages in the St. Petersburg and Pskov regions. Estonia also suffered because of gas shortages in Russia and has contracted to buy in future its gas from Latvia, not Russia.[47] The Inčukalns underground gas storage facility north of Riga has a total capacity of 4.2 billion cubic meters

If developed, the Dobele underground caverns south of Riga could store an additional 10 billion cubic meters. In Latvia's privatization scheme international bids were won by Ruhrgas and Gazprom, each getting 16.1 percent of shares. A joint Baltic gas network giving the same cost benefits as the electrical energy grid may receive its greatest push from privatization and foreign investments. In addition, Baltic gas has the potential of becoming a building block in the overall European-Russian gas distribution system.

Transportation is closely linked to customs and border control. The work of the BCM with strong backing from the BA is aimed to simplify border crossing between the Baltic countries (joint border controls) and unification of customs procedures which would not only remove bottlenecks on the Baltic borders but also limit the scope for corruption and hence its corrosive effects on state-building.

At present the main transportation project being developed is the *Via Baltica*, designated as the 1st multi-modal European corridor by the EU, which runs through the Baltic states from Helsinki to Warsaw. According to the High Level Working Group (representatives from Transport Ministries, banks, and the European Commission) a consortium of European banks

can significantly help to cover the road reconstruction program in the Baltic states and Poland.[48]

Much of the burden, however, will have to be borne by the Baltic states in the form of excise taxes and foreign loans. The boom in road-building which started in Latvia in the summer of 1996 can be explained by a loan from the World Bank and the success of the new government in raising considerably excise taxes on fuel sold in Latvia.

The problem is, however, that the East-West roads and railways running through Latvia alone and connecting various regions in Europe with Moscow through the ports of Ventspils, Liepāja and Riga carry twenty times more freight than the *Via Baltica*.[49] For this reason Latvia is working hard to gain recognition of its East-West road and rail network in Brussels as the 10th multi-modal transportation corridor in 1997. Ventspils is the 12th largest European port with a total cargo turnover in 1996 of almost 36 million tons, which ranks it equal to Bremen, Amsterdam and Liverpool. It is connected by an oil pipeline with Russia and oil shipments alone through Ventspils rose by 5 million tons in 1996 to top 25 million tons by the end of the year.

The other East-West highway is the 9th corridor connecting Helsinki, St. Petersburg and Moscow with branch roads in the Baltic states, Kaliningrad and Poland. This makes the Baltic states competitors to a certain degree with each other and also with Finland for East-West trade in the Baltic area. However, there is no reason why, after an initial period of stampeding for the biggest piece of the trade cake, things cannot settle down for the benefit of each state as is the case with the Benelux countries in their transit relationship with Germany.

The above mentioned cooperation projects indicate that the Balts are moving away from following the path leading to the Nordic model of regional cooperation with emphasis mainly on the cultural and social dimensions and closer to the Benelux model of economic integration. However, it is still not clear if the Balts will be able to achieve a Baltic Customs Union as the

Benelux countries were able to do before they joined the European Community. Certainly the projected date of 1 January 1998 is not feasible: the Baltics do not have enough experts and resources to work toward setting up the Baltic Customs Union and meeting EU criteria at the same time if admittance to the EU is only a question of several years. In this case EU customs rules would apply, which, successively, are being applied in the Baltics.

In 1997 and 1998 the Community Customs Code will have been implemented in the Baltic states while a number of EU standards pertaining to transit procedures according to the EU Common Transit Convention are already in force. A decision to install a computerized customs management system (ASYCUDA++) to link the three Baltic countries together has also been taken by the Baltic governments and clearly will help to harmonize customs legislation on a common basis.

If the Balts find themselves in a longer waiting line, then a customs union certainly would be beneficial toward achieving free movement of goods and capital in the Baltics, attracting more foreign investments and making their case stronger in Brussels even if inter-Baltic trade presently is not very large. It would have the added benefit of precluding discriminatory measures against them by Russia which presently applies different customs and trade policies to each Baltic country, i. e. Lithuania now enjoys most favorable trade benefits opposed to Estonia which is faced with discriminatory measures. Latvia is somewhere in between uncertain of her temporary status of normal trade relations.[50]

A distinctive feature of Baltic cooperation absent from both the Benelux (before the three Benelux countries joined NATO) and Nordic models is the military dimension. Although no defense alliance has been concluded between the Baltic countries, military cooperation started soon after independence was restored and far exceeds the one military exercise conducted by Latvia and Estonia before the war.

Cooperation is practiced by all the military services on a regular basis and takes place, for example, now down on the battalion level between the national guards of each country.The most outstanding feature, which makes the Balts also security producers, is the Baltic Peacekeeping Battalion (BALTBAT) that was established in 1993 upon the initiative of the then Estonian armed forces commander Maj. Gen. Alexander Einseln and readily agreed to by the other Baltic commanders. The idea quickly found support in foreign countries, first in Great Britain and the Nordic countries, then in the USA, Germany, France and even Poland, with the USA soon becoming the largest donor.[51]

Presently, the BALTBAT Estonian, Latvian and Lithuanian companies are attached to the Norwegian, Swedish and Danish peacekeeping battalions doing service in Lebanon and Bosnia respectively. When the staff of the BALTBAT will have undergone the necessary training it will be able to operate as a one independent unit in 1998 and fully capable of fulfilling UN and PFP missions.

Preparations for the formation of a Baltic coastal minesweeper squadron (BALTRON), a Baltic regional air-surveillance system designed by the USA, called RAI (Regional Air Space Initiative), and now in its initial stage of implementation, and the Baltic command, control and communication system (C3) project are further developments pointing in the direction of a common Baltic defense space, if not an alliance.[52]

This conforms with the resolutions of the BA calling for closer military cooperation but efforts toward this end have a logic of their own: the first military agreement in a series of many was signed between the Baltic states as early as 2 June 1992 by the defense ministers and stipulated common military exercises and unified control of air, sea and land borders.[53]

An alliance has not been formally called for: the most comprehensive resolution in this regard coming from the BA recommends the BCM to "take additional measures for improving cooperation in security and defense matters, extending the

cooperation from air surveillance and sea border control to the land forces and their weapons, communication systems etc., up to the formation of the Baltic structures coordinating the national defense force, and to report to the Baltic Assembly on the progress concerning the preparation of a defense agreement between the Baltic States."[54]

This resolution was adopted 2 December 1995 just before the Russian parliamentary elections and the term "alliance" in the original draft was omitted because the Baltic parliamentarians did not want to help the communists in the Russian elections; a less provocative term "agreement" was therefore agreed upon.[55]

Lithuania, however, appears to have a definite stand against an alliance. Remarks to the press by the Lithuanian President Algirdas Brazauskas contrasted with those of the Estonian and Latvian Presidents Lennart Meri and Guntis Ulmanis at the ceremonial opening of BALTBAT on 8 February 1995: he opposed any thought of an alliance and said that BALTBAT was no more than a joint Baltic peacekeeping battalion when the presidents were asked if this undertaking could lead eventually to an alliance.[56]

This viewpoint was reiterated by the Lithuanian Defense Minister Linas Linkevicius to the press following the first exercise involving all three BALTBAT companies on 9 February 1996. He said that a Baltic military alliance would hinder the Baltic states from being admitted to NATO.[57]

The Estonian Defense Minister Andrus Ōovel, on the other hand, thinks that an alliance is possible when the armed forces of the Baltic states would become interoperable, i. e. when a Latvian company can fight with the Estonian army anywhere in Estonia and when the Estonians can do the same in Lithuania. Until this level is achieved an alliance is not practical and has no essence.[58]

Although no Baltic government currently is insisting on a military alliance the present situation can be best described in the words of Col. Juris Dalbiņš, Commander of the National Armed Forces of Latvia: "during a crisis in any one Baltic states,

there is likely to be outside pressure on the other two to avoid a coordinated response... a threat to one Baltic state is clearly a threat to them all and it is in the interests of all three states to act together."[59]

Baltic military cooperation today is vastly facilitated by a favorable "correlation of forces" in Europe, i. e. there is no visible external threat to Baltic security. At the same time programs like Partnership for Peace and Nordic-Baltic regional military cooperation complement the Baltics' own efforts toward eventual military integration on a subregional level with the aim of becoming full members of NATO, viewed as the ultimate guarantor of Baltic independence.[60]

Yet this very "ultimate guarantor" can be the cause of disruptions in Baltic military cooperation in the scramble to reach the NATO safe harbor. In the initial stage of responding to the American Baltic Action Plan and the USA-Baltic Charter Balts did not coordinate their proposals. Latvian efforts toward a coordinated approach were side-stepped by both Tallinn and Vilnius. When Latvia submitted its terms of references in January 1997, she had no idea what Estonia and Lithuania had done, and vice versa. Since America is hardly interested in separate charters for each Baltic state, then it is to be expected that she will have to play the role of a driving force in Baltic security cooperation more actively.

Relations between the Baltic states since 1991 has also been marked by dramatic incidents. Before the resolution of the Estonian-Latvian sea-border dispute and "fish war" in the Gulf of Riga, Estonia on a number of occasions in 1995–1996 did use armed force to board and chase Latvian fishing vessels away from waters claimed by Estonia. Latvia did not respond in kind, however, and the Estonian Defense Minister Andrus Ōovel was quick to point out that the Estonian ships belonged to the Estonian Ministry of Interior, not the defense forces.[61] On one occasion in the oil dispute between Lithuania and Latvia, Lithuania did recall her ambassador "for consultations,"which is

the only time any country has done so in the Baltic states since the restoration of independence.

These occasions involved only two Baltic states at each given moment. A much more serious challenge to Baltic unity was caused by the Estonian President Lennart Meri on the eve of the opening of the Intergovernmental Conference (IGC) in March when he said that Estonia could be the first to join the EU. Latvia chose to lie low but Lithuania reacted very strongly, mainly that it might rethink its Baltic solidarity policy. The Lithuanian Foreign Minister Povilas Gylys announced that "it was not worth investing so much in Baltic cooperation if this creates discomfort for one of the states" and, while pointing out that one of the priorities of Lithuania's foreign policy was Baltic solidarity, if "one of these states has decided to change her position, then we must also take this into account."[62]

The Estonian President denied that his remarks in various European capitals meant that Estonia had in the least diminished its solidarity policy with the Baltic states; he was simply basing his opinion on the EU Madrid meeting in 1995 where the decision was taken not to enlarge EU membership groupwise. Furthermore, "No matter which of the Baltic countries might be the first to accede, there is not the slightest doubt that after attaining EU membership it will proceed to act in the spirit of Baltic solidarity and help the other two towards their early accession to the European Union."[63] Both the Lithuanian President Algirdas Brazauskas and the foreign minister repeated their criticism of Estonia in an indirect way at the eight Baltic Assembly session in Vilnius later in April.

Matters were smoothed over when the three Baltic presidents, Algirdas Brazauskas, Lennart Meri and Guntis Ulmanis issued a joint statement which "underlined the importance of the Baltic States' cooperation on their way to the European and Transatlantic structures. The presidents agreed that Estonia, Latvia and Lithuania would support each other in the process of

integration into the EU and would perform regular consultations on matters of common interest."[64]

## Conclusion

Political will by the governments and legislative bodies of the three Baltic states will determine which way Baltic unity will go – either in the footsteps of the loose Nordic example or whether toward the tightly-knit Benelux model. The Baltic free trade agreement in agricultural products, which was ratified by the three parliaments in less than nine months in 1996 after the initial breakthrough in April, would seem to point in the latter direction.

The problem in the quest for Baltic unity is that no-one has clearly defined what exactly is the goal of Baltic cooperative efforts? Immediately after the restoration of independence the Balts quickly established contact with their Nordic neighbors and created cooperative institutions based on the Nordic model. By 1994 the Benelux countries were "discovered" and the obvious parallels between the Benelux and Baltic countries as strategic east-west trade corridors stimulated many to believe that the Benelux, rather than the Nordic model was most appropriate for the Baltics, even more so since joining both the EU and NATO are the top foreign policy priorities of each Baltic state.

The Nordic model, which did not include military cooperation, itself is undergoing change after Sweden and Finland joined the EU. These two countries and the Nordic Council itself now actively promote Baltic EU membership. Each Baltic country seems to view Baltic cooperation somewhat differently: if we are to take the remarks made by the newly-appointed Estonian Foreign Minister Toomas Hendrik Ilves at face value then the Estonian position is that the goal of Baltic cooperation is "the attainment of of cooperation evident between the Nordic States," and that Estonia (i. e. not the Baltic states) "will be the touchstone of EU enlargement."[65]

This would confirm the perception in Riga and Vilnius

which has crystallized over the past few years that Estonia was repeating her 1930's policy of "going Scandinavian" at the expense of the other two Baltic countries. However, recent developments would contradict such an Estonian stance. When Ilves visited Riga he proposed an Estonian-Latvian common market as a first step toward achieving a Baltic Customs Union, to which Lithuania could join later. He said that a common Baltic market would be an important step on the way to join the EU and Estonia supported Latvia in this regard just as much as Latvia supported Estonia. In other words, the Benelux, rather than the Nordic model would serve best Estonian interests.

This attitude may have been strengthened by the refusal of Russia to sign a border demarcation agreement with Estonia despite Estonia's readiness to accommodate Russia by not insisting on the Estonian-Russian peace treaty of 1920 as the basis for the new treaty and by the realization that Latvia had successfully overcome its 1995 depression and was quickly picking up the lost momentum in economic development.[67]

Lithuania, after her rapprochement with Poland, has intensified her relations with this country in the hope that this may allow her to break away from her geopolitical entrapment. Poland may well be blessed with a double "yes" in her bid to join NATO and the EU. Military contacts have been increased between both countries and a Polish-Lithuanian peacekeeping battalion has been planned. There has even been a discussion about establishing a Polish-Lithuanian Assembly. Though financial constraints may set limits to these plans, they do present to Lithuania a perceived alternative to Baltic cooperation if Lithuanian interests so require.

Although Lithuania officially never has advocated such a policy change, she has alluded to this as I have shown earlier in the reaction to Estonia's bid to be the first Baltic country to join the EU and her official position now is that "at least one Baltic state should be invited to start negotiations on membership in

the Alliance together with the first trench of candidate countries."[68] Lithuania makes it no secret that she considers herself to be best suited to meet NATO criteria. One is almost tempted to draw a parallel to Estonia and Finland in the 1930's.

Latvia's northern and southern neighbors are not Finland nor Poland, but two weak states similar in strength and size to her, i. e. Estonia and Lithuania. This position has been inadvertently formulated by the Lithuanian Foreign Minister Algirdas Saudargas: "Just as we (Lithuania) acknowledge the benefit of the Estonian-Finnish link, we believe that deepened Lithuanian-Polish cooperation will serve the purpose of faster integration of the Baltic states into the European Union."[69]

Latvia is left with no other choice than to keep on working for Baltic unity for the simple reason that her national interests demand this. Therefore, cooperation leading to integration is the "general rehearsal" that the Baltic states must carry out before EU membership.[70]

Rightly or wrongly, Latvians see themselves as the stabilizing factor in Baltic cooperative efforts which, despite drawbacks and tensions, are also deemed sufficiently beneficial by Estonia and Lithuania to lead all three states in the direction of perhaps a Baltic version of the Benelux model. If we place an analysis of Baltic cooperation in a time frame, then the Balts must be given a good grade: the Benelux Economic Union was signed only thirteen years after the end of the Second World War and border controls were abolished as late as in 1970. For the Balts, the war ended only in 1991 and it seems that they have moved faster – or will move faster – in their cooperation than the Dutch, Belgians and Luxemburgers did in the same time period.

The fundamental reason for this is, of course, that Balts have learned from their bitter past and are reminded almost every day that their countries form "one single security space."[71] And, despite efforts to make security indivisible in Europe once and for all, indications also point at times that things can go back to the past when security was divisible on the Continent.

In the final analysis, if another threat should arise to their independence they will have to depend in large measure on their own resources and will to defend themselves. In any case, outside help will be depended on the Balts being able to help each other. In the words of the chairman of the International Defense Advisory Board to the the Baltic States, General Sir Gary Johnson, "if the Balts don't stay together, they will hang separately."[72]

## NOTES

1. Bildt, C., "The Baltic litmus test," *Foreign Affairs*, (Sep./Oct. 1994), pp. 72–85.
2. For an analysis of the present Baltic geopolitical predicament see Lejiņš, A., "The 'threat' of NATO enlargement to Baltic security," *Annals of the Swedish Academy of War Sciences*, no. 3 (1996), pp. 77–82; Asmus, R. D. and Nurick, R. C., "NATO enlargement and the Baltic states," *Survival*, vol.38, no. 2 (Summer 1996), pp. 121–142; Asmus, R. D., and Larrabee, F. S., "NATO and the Have-Nots," *Foreign Affairs*, (Nov./Dec. 1996), pp. 13–21.
3. *Latvijas Republikas ārpolitikas koncepcija* (The Foreign Policy Concept of the Republic of Latvia), adopted by the Saeima (parliament) on 7 April 1995.
4. Laar, M., "Baltijas sadarbība – mīts vai realitāte" (Baltic cooperation – myth or reality), *Neatkarīgā Rīta Avīze*, 15 Sep. 1995.
5. "Var pieņemt nepopulārus lēmumus, bet tiem jābūt pareiziem" (Unpopular decisions can be taken, but they have to be correct), Interview with Valdis Birkavs, the Latvian Foreign Minister and Mart Laar, the former Estonian Prime Minister in *Diena*, 11 Apr. 1996.
6. Interview with Foreign Minister Valdis Birkavs, Latvian TV program *Globus*, 27 Dec. 1996.
7. Reservations about early Baltic admittance to the EU have occasionally been floated by diplomats of various EU countries, sometimes adding the caveat that Estonia might be an exception. A Swedish security analyst has formulated this attitude as follows: "What may now be needed – although it is certainly neither pro-

posed nor openly discussed – would be an interim status tying the Baltics to the Union through a specific, political agreement that would provide for a longer period of transition for full integration of the Baltic economies. Such an arrangement might not be much different from those made for the Mediterranean EU members Greece, Portugal and Spain in the 1980's. – Huldt, B., "Sweden and security in a new Europe," ed. Herolf, G., *Europe – Creating Security Through International Organization*, Conference Papers 17 (The Swedish Institute of International Affairs: Stockholm, 1996), p. 117.

8. For an analysis of Russia's campaign in the UN, the Council of Europe, the CSCE (now OSCE) and the mass media see Lejiņš, A., "Latvia in a post-Cold War Europe," eds. Brundtland, A. O. and Snider, D. M., *Nordic-Baltic Security: An International Perspective* (CSIS/NUPI: Washington, D.C., 1994), pp.31–55. For an analysis of the minority situation in the Baltic states see Štamers, G., "The ethnic issue in Baltic-Russian relations," eds. Lejiņš, A. and Bleiere, D., *The Baltic States: Search for Security* (The Latvian Institute of International Affairs: Riga, 1996), pp. 186–199.
9. Misiunas R. J. and Taagepera, R., *The Baltic States: Years of Dependence, 1940–1990*, Expanded and Updated Edition (Hurst & Company: London, 1993), p. 336.
10. For the definitive study of German influence in Estonia and Latvia see Pistohlkors G. von (ed.), *Baltische Länder* (Siedler Verlag: Berlin, 1994), published in the "Deutsche Geschichte im Oster Europas series." The "Baltische Länder" did not include Lithuania.
11. For a general history of the Baltic states in the inter-war period and the Soviet occupation see Rauch, G. von, *The Baltic States: The Years of Independence, 1917–1940* (C. Hurst & Company: London, 1974), and Misiunas and Taagepera (note 9).
12. Jundzis, T., "Latvijas drošība un aizsardzība" (Latvia's security and defense) (Junda: Rīga, 1995), p. 99.
13. Rauch (note 11), p. 107.
14. Rauch (note 11), p. 108; Feldmanis, I. and Stranga A., *The Destiny of the Baltic Entente, 1934–1940* (The Latvian Institute of International Affairs: Riga, 1994), p.14.
15. Feldmanis and Stranga (note 14), p. 14.
16. Feldmanis and Stranga (note 14), p. 34.
17. Feldmanis and Stranga (note 14), p. 34.
18. Rauch (note 11), p.173. According to Rauch (p. 108), though forg-

ing closer links between the Scandinavian and Baltic countries seemed an entirely reasonable option, this project was based on a fallacy because the Scandinavian countries were "extremely loth to become embroiled in international politics" in the inter-war years. For a detailed account of the Scandinavian policy toward the Baltics see Andersons, E., *Latvijas vēsture: Ārpolitika* (The History of Latvia: Foreign Policy), vol. 1 (Daugava: Stockholm, 1982), pp. 201–213. According to Andersons, (p. 209) Sweden wanted to see the Baltic states as a viable buffer against Russia, but was not ready to take on any leadership role.

19. Andersons (note 18), p. 258.
20. Andersons (note 18), p. 273.
21. Andersons (note 18), p. 277.
22. Andersons (note 18), p. 227.
23. Andersons (note 18), pp. 277–278. Shorter references to the treaty can be found in Rauch (note 11), p.182, and Feldmanis and Stranga (note 14), p. 31. The author also has a copy of the original treaty kindly given to him by the Latvian Ministry of Foreign Affairs.
24. *Baltijas valstu tiesību unifikācija 1918–1940* (Harmonization and unification of the law of the Baltic states 1918– 1940) compiled by Loeber, D. A., (Hamburg/Riga, 1996), pp.76– 78.
25. Andersons (note 18), pp. 260, 264.
26. Andersons (note 18), pp. 260, 264.
27. Andersons (note 18), p. 88.
28. Andersons (note 18), p. 85.
29. Andersons (note 18), p. 183; Feldmanis and Stranga (note 14), p. 80.
30. The Latvian Foreign Minister V. Munters wrote to the Latvian ambassador in Estonia: "To first reach an agreement and then ask Finland's permission for the agreement to take effect, that is not acceptable to the Latvian government." – Feldmanis and Stranga (note 14), p. 80.
31. Feldmanis and Stranga (note 14), p. 80.
32. On 12 June 1939 the Latvian ambassador to Estonia wrote to his government: "..all types of arguments are being sought to somehow patch together cooperation between Estonia and Scandinavia." Three days later he reported that the Estonian Foreign Minister K. Selter had come to the following conclusion: "Attempts to find political harmony with Finland have yielded such results that he would rather not repeat the effort."

Nevertheless, Estonia persevered in hoping something would come from Finland until September 1939. Feldmanis and Stranga (note 14), p. 81.

33. Rauch (note 11), p. 182.
34. For an analysis of the Baltic liberation movements see Krickus, R., "Lithuania: Nationalism in the modern era;" Muiznieks, N., "Latvia: Origins, evolution, and triumph;" and Kaplan, C., "Estonia: A plural society on the road to independence," eds. Bremmer I., and Taras R., *Nation and Politics in the Soviet Successor States* (Cambridge University Press: Boston, 1993), pp. 157–221.
35. Only the papers presented at the first Baltic Futures seminar held after the cruise have been published. See "The Baltic Futures Seminar," special issue, *Journal of Baltic Studies*, vol. 27, no. 3 (Fall 1986)
36. *Baltic Assembly Session Documents 1991–1994* (The Baltic Assembly: Riga, 1995), pp. 3– 4.
37. Terms of Reference of the Baltic Council of Ministers, Articles 3 and 4.
38. See note 37, Article 2.
39. Protocol on Cooperation between the Baltic Assembly and the Baltic Council of Ministers, Session of the Baltic Council, Vilnius, 14 Apr. 1996.
40. Decision on the "Parliamentary Program of the Baltic Assembly," Final Document, The Eight Session of the Baltic Assembly, Vilnius, 13 Apr. 1996. This program was initiated earlier in the seventh session in Tallinn, 1–2 Dec. 1995.
41. The parliamentary program was initiated at the seventh BA session in Tallinn in December 1995 and adopted at the eight session in Vilnius in April 1996. As an observer of both sessions I sensed the frustration of the deputies in not being able to influence events as much as they liked.
42. Report on the Activities of the Baltic Council of Ministers 1995–1996, submitted by Lithuania, 8th Session of the Baltic Assembly, Vilnius, 14 Apr. 1996.
43. Address by Andris Šķēle, Baltic Council, Vilnius, 14 Apr. 1996.
44. I witnessed the historic occasion as an observer of the BC session. See "Joint Statement of the Heads of Government of the Republic of Estonia, the Republic of Latvia and the Republic of Lithuania," Vilnius, 14 Apr. 1996. Latvia first reached an agreement with Estonia since Latvia thought that this would make it easier to reach an overall Baltic agreement. Interview with Valdis Birkavs,

Foreign Minister of Latvia, 1 March 1996. The agreement with Lithuania was reached at the last moment just before the historic announcement in Vilnius, which illustrates that cooperation can be uneven in development. Lithuania, however, was the first country to ratify the agreement.

45. Report by the Latvian State Minister of Environment Indulis Emsis "Baltic Cooperation in Environmental Protection and Energetics," Joint Meeting of the Baltic Assembly and the Nordic Council, Vilnius, 15–16 Apr. 1996.
46. Ozoliņš, J., "Elektroenerģijas tirgus – ieguvums ekonomikai un patērētājiem" (The electrical energy market – a gain for the economy and the consumer), *Diena*, 20 May 1996. Mr. Ozoliņš is counselor to the Latvian minister of economics. Also the "Report on the Activities of the BCM 1995–96." Discussions are presently under way for EU Phare financing to link the Baltic grid to the Western power network.
47. Točs, S., "Latvijas gāze gaida jaunas asinis" (Latvian gas awaits new blood,) *Diena*, 11 May 1996.
48. Five Year Investment Program: Report Submitted by HLWG on *Via Baltica*, Jan. 1996.
49. These are estimates made by the Latvian Transport Ministry and told to me by officials in the Latvian Foreign Ministry.
50. At the BCM meeting in Tallinn on 6 Feb. 1997, the three prime ministers agreed to sign a Baltic Customs Union by the end of 1997 which would be implemented in successive stages parallel to Baltic EU integration and admission to the WTO.
51. For a description of the genesis and development of BALTBAT see Lejiņš, A., "The building of a Baltic defense," *European Brief*, vol. 2, no. 2 (Nov. 1994), pp. 23–25.
52. Joint Statement of the Ministers of Defense of the Republic of Estonia, the Republic of Latvia and the Republic of Lithuania, 23 Jan. 1996. See also Ōovel, A., "Estonian defense policy, NATO and the European Union," *Security Dialogue*, vol. 27, no. 1 (March 1996), pp. 65–68, and Press Statement of the Nordic-Baltic Defense Ministers Meeting, 28–29 May 1996, Trakai, Lithuania.
53. Lejiņš (note 51), p. 24. In a personal communication on 31 May 1996 to the author the former Latvian Defense Minister Tālavs Jundzis confirmed that he was motivated by the logical need for such cooperation. Resolutions from the BA calling for close mili-

tary cooperation followed later.

54. Resolution on Defense Cooperation, adopted at the Seventh Session of the Baltic Assembly, Tallinn, 1–2 Dec. 1995.
55. The author was present as an observer in the BA sessions in Tallinn, 1–2 Dec. 1995, and in Vilnius, 13 Apr. 1996.
56. The author observed the opening ceremony of BALTBAT.
57. The author observed the first joint BALTBAT exercise.
58. Interview with Andrus Ôovel, Estonian Defense Minister, Sankt Petersburg, 27 Apr. 1996.
59. Colonel Juris Dalbins, "Baltic cooperation – the key to wider security," *NATO Review*, no. 1 (Jan. 1996), p. 8.
60. For a more detailed analysis of Baltic security see the chapters on Estonia, Latvia and Lithuania by Hain Rebas, Atis Lejiņš and Renatas Norkus respectively in ed. Krohn, A., *The Baltic Sea Region: National and International Security Perspectives* (Nomus: Baden-Baden, 1996).
61. See note 58.
62. Mr. Gylys statements were reported in the Lithuanian daily *Respublika* on 29 March 1996 but were also widely carried in the Latvian mass media.
63. Statement by the Estonian President's Office on Baltic Unity, Office of the President, Republic of Estonia, 3 Apr. 1996.
64. Joint Communique, Meeting of the Presidents of the Republic of Estonia, the Republic of Latvia and the Republic of Lithuania, Vilnius, 28 May 1996.
65. Toomas Hendrik Ilves, Estonian Minister for Foreign Affairs, "Estonia, Sweden, and the post-Cold War era," speech given at the Swedish Institute of International Affairs, Stockholm, 9 Jan. 1997.
66. Tihonovs, J., "Ja nevar trīs, jāvar diviem" (If three can't do it, two must) *Diena*, 7 Feb. 1997.
67. Latvia's first credit rating, released on 17 January 1997 by Standard & Poor's, gave an investment grade of A – for long-term and A-2 for short-term national currency debt and BBB for long-term and A-3 for short-term foreign currency debt. Only the Czech Republic and Slovenia in the CEE states have received slightly higher ratings while Lithuania received a lower grade by Moody's, Ba2. Estonia was granted BBI – by Thomson Bankwatch, which is approximately the same rating as Lithuania's.
68. Algirdas Saudargas, Lithuanian Foreign Minister, "Lithuania's

way to the European and Transatlantic cooperation structures," speech given at the Danish Institute of International Affairs, 3 Feb. 1997.
69. Saudargas (note 68).
70. Speech by Andris Šķēle, Prime Minister of Latvia at the party conference "Latvia and the EU" organized by *Latvijas Ceļš* (Latvia's Way), Riga, 18 May 1996.
71. This recognition, inter alia, was eloquently spelled out by the Estonian President Lennart Meri in a speech at the North Atlantic Council, Brussels, 27 March 1996.
72. Dimants, A., "Ja neturēsimies kopā, karāsimies atsevišķi" (If we don't stay together, we will hang separately), *Diena*, 28 July 1995.

*Chapter Five*

# BALTIC-RUSSIAN RELATIONS: 1995 – BEGINNING OF 1997

*By Aivars Stranga*

The goal of this analysis is to evaluate how relations between the Baltic states and Russia influence Baltic foreign policy strategies, including their attempts to join the European Union and NATO. This chapter will take a look at Russia's Baltic policies, as well as the general content of the Baltic states' Russian policies. I will also look at the major directions of Baltic-Russian relations: European security problems, economic relations and the matter of the "Russian speakers." At the conclusion of the chapter I will provide my conclusions concerning the likely future developments of these relations. As was stated in the introduction and in Chapter One, my main focus will be on relations between Russia and Latvia.

## I. Russia and integration of the post-Soviet space and the Baltic region

In the spring of 1996, when Russia, in the context of a presidential election, Russia initiated an integrationist policy; an agreement was signed (on 29 March) concerning deeper integra-

tion among Russia, Belarus, Kazakhstan and Kyrgyzstan; on 2 April, Russia and Belarus signed an agreement on a closer union. Commenting on the March 29 "agreement of four," President Boris Yeltsin's assistant on foreign policy, Dmitry Ryurikov, said that the agreement would be open not only to the other countries of the CIS, but also to the Baltic states.[1] Later, the agreements successfully served to neutralize the Russian Duma's decision (15 March 1996) to denounce the Belovezh Agreement; Yeltsin took over the rhetoric of integration, especially after he won the presidential election. The result was that the integrationist efforts receded,* and the Baltic states were no longer mentioned as eventual participants of the reconstituted union.

Nevertheless, the Baltic states continued to find themselves in the proposals and predictions (or, sometimes, simply guesses) of various Russian research institutions. The Russian Foreign and Defense Policy Council, which is quite influential in terms of its intellectual potential (indeed, its co-chairman, Sergey Karaganov, is one of Russia's best known ideologues favoring integration), organized a conference in March 1996 which was titled "Will the USSR be Reborn in the Year 2005?" In one presentation at the conference, Sergey Shakhray predicted the

* On 2 April 1997, Russia and Belarus signed a new union agreement, the signing of which, according to its authors in Russia, was mandated not only by the political situation of the moment in Russia (the need to take initiative away from the opposition and to facilitate "increasing patriotism and trust in the Russian president" under conditions when the Russian population was increasingly dissatisfied or apathetic), but also by Russia's desire to maintain strategic influence in the region in the context of NATO expansion (and especially in the area of air defenses). (*Nezavisimaya Gazeta*, 1 April 1997, pp. 1 and 3). Even this new agreement does not provide any basis to conclude that Russia has an ability to implement rational policies in the CIS; quite the contrary is true. We must also note that Russia's resources in the area of promoting integration are even more scarce in 1997 than they were in 1995 and 1996.

establishment of a new confederation at the beginning of the 21st century – one in which the participation of Estonia and Lithuania in terms of public political integration can all but be ruled out (although Shakhray said that the two countries might participate in other forms of integration). Latvia, on the other hand, was said by Shakhray to be a candidate even for political integration.[2] When the council published its basic theses on 23 May ("Will the Union be Re-Born" and "The Future of the Post-Soviet Space"), the prospects for the Baltic states to join a new confederation were evaluated as follows:

· With respect to Latvia: unlikely, but not impossible;

· Estonia and Lithuania: almost completely out of the question.[3]

Another foundation, the Political Research Fund,[4] has predicted for its part that Russia, the Baltic Sea region and the countries of Northern Europe will continue to have problems in terms of mutual relations, but the idea that the Baltic states might participate in some new federation is "absurd."[5] However, Russia's national defense policy conception for 1996–2000 (which was worked out by a working group headed by Yeltsin's security policy assistant, Yuriy Baturin) states that a "qualitatively new entity" might appear in the future which would include not only the countries of the CIS, but also "a few new countries" (former member republics of the Soviet Union).[6] It is hard to make any final sense of these various contradictory forecasts and guesses, which have become excessive in Russia and which reflect the confusion that exists in that country's strategic thinking in the post-Soviet period.[7] We must devote serious attention to Russia's *actual* (not rhetorical) approach to the entire post-Soviet territory and the integration processes which are or are not occurring therein.

First of all, it is important to remember the ideological foundations of the integrationist movement – Russia's views about its place in the world. After Yevgeniy Primakov's appointment as foreign minister, attempts to provide an ideological and

seemingly academic foundation for Russia's foreign policy became ever more characteristic. This approach was dictated not only by Primakov's so-called academic background, but, first and foremost, by his desire to carry out a pragmatic and skillful foreign policy. The belief persists that one of the most important pre-requisites for this is a more or less coherent system of concepts about Russia's role and abilities in the world. The basic elements of this system are the following:

· Russia's main goal is to avert the establishment of a monopolar world, with America at its center;

· Russia must facilitate the development of a multi-polar world, one in which Russia is one of the major powers;

· Russia will be able to maintain and promote its major power status only if it strengthens its sphere of influence – the *entire* territory of the post-Soviet space (read – the former USSR) – and if it manages to limit the influence of other large countries, especially the United States, in this region;

· A policy of integration in the former Soviet space is one way in which Russia can accomplish its mission;

· The success of these integration efforts will play a major role in determining the extent to which Russia manages to maintain a more or less equal relationship with the United States.[8]

Russia's concept of its own place in the world has been characterized by an ongoing geopolitical motivation. One of Primakov's central ideas – the idea about a dominant centrifugal force in the post-Soviet space – has been based on a conception that was established in Russia's academic environment some time ago: There are three geopolitical orientations in the post-Soviet space – one toward the USSR as a whole; a second toward some parts of the USSR; and the third toward the space outside the USSR. Russia's goal is to ascertain that the first or second tendency ends up dominant. In view of this school of thought,[9] the Baltic states, despite their desire to "escape to Europe," are destined to be part of the post-Soviet economic and security space.

In Primakov's mind, Russia's foreign policy strategy is the following: regional hegemony (in the space of the former Soviet Union); pragmatic policies vis-a-vis the West; more active relations with the countries of the Middle East and Asia. Primakov's views are close to traditional balance of power policies, and they are in full concert with the school of realism: "... even under Mr. Primakov's relatively sophisticated tutelage, Russia seems unable to break free of its view of the world as a sort of zero-sum game in which countries become strong only by making other countries weak."[10] This consensus on Russia's national interests is not associated solely with Primakov, it's just that Primakov has been the one to formulate it most often. The consensus was in fact established before his time and found expression, among other places, in the aforementioned national security policy conception for 1996–2000.[11] The development of that document began long before Primakov's appointment to the Foreign Ministry.

A fundamental element in Primakov's ideas about Russia's foreign policy is his approach to the implementation mechanism that is associated therewith. Primakov is highly self-organized, methodical and diligent, and he envisions the mechanism as centralized and strictly coordinated activities under the full control of a single entity – the Foreign Ministry. Indeed, the demand that the Foreign Ministry be given a radically increased role was one of the terms he set before agreeing to become minister. As an outstanding bureaucrat from the Soviet era, Primakov suffered greatly to see the confusion which ruled the process whereby Russia took and implemented foreign policy decisions. On 24 January 1996, shortly after his appointment, Primakov used a Foreign Ministry meeting to speak out against the desire of "Russian subjects" (i. e., parts of the Russian Federation) to make contacts with foreign countries behind the back of the Foreign Ministry.[12] Primakov's greatest achievement was Boris Yeltsin's decree of 11 March 1996 which specified that the Foreign Ministry must vet all foreign policy documents from all of

Russia's government institutions and that Russian ambassadors in other countries are responsible for coordinating the activities of all Russian institutions ("zagranuchrezhdeniya") abroad.[13] This decree, as we shall soon see, had its role in developing relations with the Baltic states, but it failed to completely overcome Russia's foreign policy disarray, nor did it return Moscow's foreign policy to the bureaucratic route which it took in the 1970s and 1980s, when Primakov was earning his political stripes.

The goals, resources and results of integration

In looking at Russia's course of integration, we must not stop at just the CIS alone. The CIS has never been any kind of sensible system, and its strengthening has never been part of Russia's plans. Factors which acted against the establishment of the CIS as a strict system between 1991 and 1996 are well known: the differing foreign policy and even geopolitical orientation of the various CIS members; the various economic structures in the different countries; different goals in terms of economic strategy, etc.[14] The CIS has not worked as a customs union, a payment union, a currency union, etc. Hopes for a transportation union also did not come to fruition at the end of 1996; the level of mutual trade among the CIS countries declined consistently between 1991 and 1996. The role of the CIS in Russian foreign trade accounted for only 22 percent in 1995.[15] Even the "highest level" of integration (a union between Russia and Belarus) lacked any true economic justification, not least because the two countries often moved in diametrically opposite directions in terms of their economic systems. Belarus, for example, has maintained approximately 90 percent of its industry in state hands, has limited the rights and role of private banks, etc. Even though until the fall of 1996 the CIS countries had signed more than 830 multi-lateral agreements, and despite the fact that in Russia alone there were some 90 structures active in the field of integration, more than half of the agreements did not work, while many others existed only on paper. The appointment of the Communist Party's A. Tuleyev as minister for CIS affairs in

1996 indicated that any official integration (i. e., the CIS) is of little interest to the Russian government; financing for the ministry is at an insignificant level.[16]

Russia, in fact, has had a different strategy in the post-Soviet space, which was clearly stated in Yeltsin's decree of 14 September 1995, "The Strategic Course of Russia with the Member States of the Commonwealth of Independent States." This document emphasized that Russia's interests supersede the interests of integration. At a meeting with Russian ambassadors to the CIS countries on 26 July 1996, Prime Minister Chernomyrdin stressed that Russia is implementing political relations with each CIS country separately, looking for those elements which are most pragmatic and most in concert with Russia's own interests. For his part, Karaganov, who has always been open as an ideologue in favor of integration around Russia, said that Russia must do only that which is advantageous precisely for Russia.[17] In practice this means that Russia is only interested in integration which:

· In terms of economic relations satisfies Russia's governing economic circles (especially the 16 major oil and gas concerns and the nine major banks which are closely affiliated to them – *Menatep, Inkombank, Most-bank*, et al.)[18], as well as the interests of the very closely associated political groupings – control over the network which handles the transportation of energy resources and companies in CIS countries (and, most certainly, in the Baltic states) which are of significant interest to Russia; and establishment of financial and industrial groups which are under the influence of Russia. In terms of such integration, it is completely irrelevant to Russia whether it occurs in the CIS or in the Baltic states.

· In terms of geopolitical and strategic relations, Russia wants to ensure the unhindered transportation of Russian energy resources to Central and Western Europe; the semi-isolation of Ukraine (this is a strategic motivation behind Moscow's relations with Belarus and Kazakhstan); and a certain amount of

maneuvering room in case of the expansion of NATO.[19]

· In terms of the military factor, this has always played a very important role in the integration process. We can even find statements in the literature to the effect that under the circumstances of economic and political disintegration (in the CIS), the military factor is the main element of Russia's policies, and its role in the process of re-integration may grow even further.[20] This does not mean, however, that Russia has wanted (or been able to) build a true system of collective security (as was envisioned in the 1992 Tashkent agreement). Even though between 1992 and 1996 the CIS countries adopted more than 200 decisions on military cooperation, the majority of these decisions remained on paper. Military integration has been only a peripheral goal for both Russia and the CIS. The collective security system which was envisioned at Tashkent always lacked the chief motivation – a common threat. Russia has given priority to bilateral relations with the CIS countries and (has even made offers of military and technical cooperation to the Baltic states). Among Russia's goals are the ability to place military bases in the CIS countries as well as the ability to establish financial and industrial groups which would control military-industrial objects that are of importance to Russia, and the maintenance of Russia's arms markets. In other words, Russia is trying to develop policies that would support the overarching goal of controlling the satellite countries that surround Russia without the establishment of a truly rational system for this purpose.[21] The refusal of the Baltic states to support bilateral military cooperation with Russia engendered considerable displeasure in Moscow;[22] in terms of the military aspect, Russia has always believed that the status of the Baltic states is completely different from the status of Poland, to say nothing of Finland; the Baltic states have been seen only in the context of the post-Soviet space.[23]

The most essential result of discussions that were waged in

the spring and summer of 1996 about the content and future of Russia's integration policies was not the mention of the Baltic states in various futurological projects, but rather the arrangement of resources which Russia could use to attach the Baltic states to her in a more or less systematic way. These resources include economic contacts with Russia (the main factor in integration), the establishment of financial and trade groups in the Baltic states, as well as joint banks, and facilitation of a greater role for "Russian speaking" business. Russia also wants to find opportunities to support that part of the Baltic political elite which is "politically realistic" in Moscow's eyes, i. e., those people who are more in favor of a pro-Russian and less in favor of a pro-EU or pro-NATO course. The approach to the Baltic states, as well as to the rest of the post-Soviet space, is dominated by Russia's governing geopolitical thinking. geopolitics, geostrategy and geoeconomics are the most popular concepts in Russia's thinking about its national security and its relations with neighboring countries.

## II. European security problems and relations between the Baltic states and Russia

Essentially, only one issue dominated the exalted rhetoric that existed between the Baltic states and Russia from 1995 to the beginning of 1997: NATO enlargement. On 13 December 1995, at a conference organized by the Diplomatic Academy of the Russian Foreign Ministry ("Russia and the Baltic States: Prospects for Cooperation"), three matters which are important in Baltic-Russian relations were clearly defined. One of these, the status of the "Russian speaking" community, applies only to Latvia and Estonia. The other two (economic relations and security problems) have to do with all three Baltic states. Nevertheless, it is only in the area of NATO expansion that Russia has seen the Baltic states as a unified geostrategic region,

and one, moreover, which is in Russia's strategic sphere of interests.[24] Russia's approach to NATO expansion and the Baltics served to embody Moscow's strategic thinking in a very concrete way. First of all, in the context of its "conception" of a multi-polar world, Russia feels that its first and foremost goal is to reduce the influence of the United States in Europe as a whole (this was at the root of Moscow's effort to promote the "Europeanization" of NATO) and to block any increase in American influence in the post-Soviet space, especially in the Baltic states. This was what engendered Russia's strict "no" to NATO expansion into any territory that was once part of the Soviet Union, the paranoid statements about this issue which could be found in Russian military publications,[25] and the more moderately phrased opposition toward the Baltic Challenge military exercises which took place in the Summer of 1996 (in Latvia) under the auspices of the Partnership for Peace program and with the participation of American troops.[26] Secondly, Russia has sought to ensure its national interests (averting any increase of American and other Western influence in the space of the former Soviet Union) by seeking to make NATO-related agreements directly with the West, over the heads of the Baltic states. Russian analyst Dmitry Trenin has said that "Russia has no Baltic policy" and that it wants to resolve the fate of the post-Soviet space in direct relations with the major players.[27]

The Balts have had precisely the same approach. They, too, hope to resolve the same issues in direct contacts with the same partners – the United States and NATO. The result has been that contacts between Russia and the Baltic states on matters of European security policy have been no more than formal. The Baltic states (especially Latvia and Estonia) have maintained these contacts more as the result of western urging and less as the result of desire on their own part. For Russia, too, as long as Moscow insists on saying "no" to Baltic participation in NATO, while the Baltic states insist on their participation in the alliance, routine bilateral contacts can achieve no real results.[28] The most

important issue which must be considered (and the one upon which the future of Baltic security rests most specifically) is the matter of Russia's relations with NATO in the context of the alliance's expansion.

Russia's attitude toward this question was developed in May and June of 1996 and has not changed in essential way since then. There have, however, been changes in tone, and such changes may occur in the future. Flying back from an NACC meeting in Berlin in June, Primakov gave an on-board interview to the *Izvestia* commentator Stanislav Kondrashev. In the interview, Primakov set out several principles, which I would say represented a "no" to NATO expansion, but not to cooperation with NATO. Primakov's views were the following: On the one hand, Russia continues to be opposed to NATO expansion. This position is very clear, and no significant changes are to be expected. On the other hand, Primakov admitted clearly that Russia does not want a confrontation with the United States and with NATO as a whole; even if NATO expands, contacts with the alliance will not be suspended. At the same time, Primakov expressed Russia's clear hope that the "Europeanization" and transformation of NATO will take time and delay the expansion.[29]

Essentially, Primakov's position has not changed very much to this very day. It is not insignificant that he gave unofficial support to an article which Andrey Zagorskiy, who is a visible Russian analyst, the vice rector of the Moscow Institute of International Relations, and a member of the Scientific Council of the Russian Foreign Ministry (which Primakov himself created), published in June 1996. Zagorskiy recommended that Russia's "no" to NATO expansion <u>not</u> involve a worsening of Russia's relationship with the alliance. Russia, said the professor, should seek an institutionalization of its relations with NATO through a special "16+1" agreement, seeking to delay the expansion, but without any excess in rhetoric or hysteria (i. e., separating the "no" to enlargement from any consideration of

Russia's relationship with NATO development).[30]

In July and August, two new factors appeared on the horizon which affected the discussion in Russia with respect to the position on NATO. These factors were Yeltsin's health and Alexander Lebed. The president's illness influenced both Primakov and Lebed. Primakov became more cautious and more fearful, giving greater emphasis to the "no" to expansion and lesser emphasis to cooperation with NATO. Lebed, for his part, became ever louder, possible as the result of an overassessment of the president's infirmity and the chance for an early presidential election. Lebed continues to be something of a blank page in terms of foreign policy, a fact which has been well noted by those Russian analysts whose position on NATO enlargement and Russia's relationship with NATO has differed (first and foremost – Sergey Karaganov).

On 18 September 1996, Karaganov's Foreign and Defense Council organized a conference at the Institute of Europe which was attended by Lebed. Karaganov offered an alternative approach to the relationship between Russia and NATO in the context of the expansion of the alliance: Russia must say "no" three times: "no" to NATO expansion, "no" to a cooperation agreement ("charter") with NATO, and "no" to cooperation with NATO after the expansion (withdrawal from Bosnia, closing of the Russian mission in Brussels, refusal to recognize the NATO expansion, blocking of assignments given to NATO by the UN or the OSCE, etc.). Karaganov's position contained both something old and something new. The old element was the idea that if Russia were to suspend its relations with NATO as an organization (but not with the United States or any other individual NATO member states), this could only improve chances that one or more of the member state parliaments would refuse to ratify the expansion of the alliance. The new element was the recommendation that Russia also say "no" to a special "charter" with NATO. The Baltic states may be one of the reasons for this position: If Russia were to sign the "charter," it

would legitimize the expansion and, formally, permit a second wave of enlargement.[31]

The Baltic issue also appeared in at least two other presentations:

· The notorious Anton Surikov recommended that if the Baltic states persist in their efforts to join NATO, the US-Iraqi model of 1991 should be applied, and the Baltic countries should be occupied.[32]

· A. Fyodorov, a former deputy foreign minister, recommended economic sanctions but no aggression.

No one could predict at that time that Lebed would soon disappear from the Kremlin stage. Primakov, however, gave priority to an articulated approach, which became obvious when he met with NATO secretary general Javier Solana on 20 September 1996:

· A very strict "no" to expansion, thus eliminating any speculation that Russia might yield on the matter (as was believed at NATO headquarters in the summer of this year);

· The strict "no" does not rule out the signing of a binding Russian-NATO agreement (but not a worthless "charter") prior to the expansion;

The strict "no" does not mean that Russia would suspend relations with NATO after the expansion.

The decision taken by Russia in December 1996 to begin negotiations with NATO about the conclusion of a special agreement indicated that Russia has begun to doubt whether the formula which Moscow had promulgated in June of that same year (NATO transformation first, an agreement with Russia second, and only then, perhaps, a successful expansion)[33] would work. The decision to begin negotiations, however, changed nothing in Russia's negative opinion of NATO expansion, nor in its hopes that NATO's status as a military and political alliance might undergo changes. Even as the decision was taken to undertake negotiations, Russia did not lose hope that, among other things, NATO expansion might perhaps be

rejected by the parliament of a member country (possibly Turkey as the result of its contradictions with the EU)[34] and that a NATO-Russian agreement might become an axis for European security and might even (sic!) replace Paragraph 5 of the Washington agreement in time.[35] It is clear that Russia will use the negotiations with NATO to receive "guarantees" that the second round of NATO expansion, should it occur, will not include the Baltic states. I believe that it is more in the interests of the Baltics that NATO expansion occur along with a deal with Russia, not that expansion take place without a deal. A more or less normal relationship between Russia and NATO is an absolute pre-requisite for Baltic security. It is not possible at this time to find a formula on NATO expansion that would satisfy both the Baltic countries and Russia. The formula that Russia be promised that the second round of NATO expansion will not take place at least for the near future, and that the Baltic states be promised that they will be involved in PfP+ (or PFP-2) and that they will receive at least verbal support for more rapid admission to the EU,[36] may well be the advantageous version for Russia.

The OSCE Lisbon Summit in December 1996

It is a fact is that the OSCE is of very little interest to Russia, just as is the case with abstract "security models." There is too great a gulf between Russia's geopolitically based approach to the world and the Wilson-type rhetoric of the "model." Russia's seeming fondness for the OSCE is, in fact, nothing more than a representation of Moscow's desire to reduce the role of NATO in Europe. Officially, Russia had at least four goals at the Lisbon summit:

A) To convince the organization of the need to afford it a legal base (a European Security Charter);

B) To have the OSCE declared as the coordinator of all European and Euro-Atlantic organizations;

C) To wage a discussion of possible guidelines for the modernization of the CFE treaty;

D) To actualize the "minority issue," not least in Latvia and Estonia.

Russia's achievements, however, were purely decorative in nature. The final declaration of the summit did not mention NATO expansion as a component of the European security system (which the Americans wanted at first), but this will have absolutely no impact on the future actions of NATO. Other "achievements" which some Russian commentators sought to point out[37] were simply imagined. The summit adopted a declaration on the need to begin work on a security model. There were virtually no objections to this declaration, and there was no basis at all for any claims that Russia had beaten the United States in this respect.[38] The summit also decided to begin negotiations on modernization of the CFE in January 1997, adding that the talks should be completed within 18 months. The decision was not unexpected, but Russia's hopes that Germany and France might use the occasion to advocate the establishment of a "cooperative security" system under the OSCE's wing did not come to fruition.

The most important issue here from the Baltic perspective is the fate of the CFE treaty. There can be no doubt that Russia seems to view CFE modernization as a possible way to obstruct both overall growth in NATO forces and any shift of resources toward new NATO members; Russia will seek to obtain changes to the treaty which, first of all, would be tied to NATO's expansion into Poland, the Czech Republic and Hungary: Moscow will undoubtedly ask for commitments that military forces would not be placed in the new member countries during peacetime; Russia is particularly worried about the prospect of NATO tactical forces moving closer to its borders.[39] Russia will also seek some changes to the treaty which would affect the Baltic states (for example, Moscow will seek more favorable changes for flanks; national ceilings in place of bloc ceilings; the inclusion of the Baltic states into the agreement, et al.). It is not easy at this time to forecast the pace of the modern-

ization negotiations,[40] but it is important for the Baltic states to understand that their position on the CFE must be based on the idea that survival of the treaty as such is valuable in and of itself, especially in the sense that it would be an affirmation of Russian and Western cooperation – something that would surely facilitate Baltic security. Though the Baltic states are not ready to join CFE now, the position which the Baltic governments take vis-a-vis the CFE negotiations must not be based on empty calculations about whether Baltic inclusion into the treaty and the obligations which might occur as a result would or would not facilitate Baltic membership in NATO.

Border agreements

Latvia and Estonia still have not resolved the issue of their boundaries with Russia. This is a truly serious problem, and Riga, Tallinn and Moscow must demonstrate their willingness to implement pragmatic policies in order to resolve the issue. The border question differs fundamentally from the exalted rhetoric that has surrounded the issue of NATO expansion. If the NATO expansion is annoying but largely rhetorical (Russia insisting that the Baltic states will never be in the alliance, the Balts, for their part, insisting that they will not rest until the three countries are in the alliance, thus guaranteeing an ongoing maintenance of the rhetoric of the whole affair), then in the matter of the border agreement, both sides must demonstrate true political and diplomatic abilities. The first question that arises when one looks at Latvia's and Estonia's position on this matter is (already) moot, but it must be posed anyway: Why did both countries insist for so long on holding on to admittedly very significant symbols (the peace treaties of 1920 and lost territories) and empty posturing? The answer to this question is merely of academic significance: It was because the two countries had moralistic policies, and also because once the Russian armed forces were withdrawn (a fact that was more the accomplishment western pressures on Russia, not from the Baltic states),

Latvia and Estonia had no other serious foreign policy problems to resolve. The absence of true issues allowed both countries to engage in flights of fancy.

A second question concerns the fact that even on the common issue of borders with Russia, Latvia and Estonia, until the end of 1996, proved unable to work in any kind of concert. In the spring of 1996, Estonia raised the eyebrows of many political observers by engaging in political rhetoric with respect to its relations with Russia that caused *The Economist* to note that "... Estonian officials speak out in a way that sometimes does more credit to their courage than to their diplomacy."[41] In the fall of the same year, by contrast, Tallinn dramatically stepped back from its insistence that Russia recognize the 1920 Tartu peace treaty, but, simultaneously, made a diplomatic lapse and agreed to link the border treaty negotiation with the question of the "Russian speakers" (the creation of a "group of experts"). Latvia was not informed of this step in advance, and in fact it could not be informed. If Estonia was serious about moving ahead with negotiations on the border issue, Latvia was not yet prepared to put aside the 1920 Riga peace treaty and in essence ended up reservedly criticizing Estonia, with one high-ranking official saying that Latvia, unlike Estonia, would seek a policy that is "sensible, calm, considered and consistent."[42] The Latvian president, Guntis Ulmanis, for his part announced in November of 1996 that Latvia would resolve the border issue with Russia at the beginning of 1997 "without sacrificing its basic principles" (meaning – unlike Estonia, which would lose its principles).[43] There are three things which should be observed here:

A) Estonia's "dramatic" move with respect to the border issue had less to do with a late victory of *realpolitik* in Tallinn than with Estonia's hope that it might alone be offered EU membership;[44] the Balts must come to the admission that pragmatism in politics is a value in and of itself.

B) Unrealistic are the positions that have been taken by the *Pro Patria Union* in Estonia and the *Fatherland and Freedom* politi-

cal party in Latvia,[45] which illustrates that on the value scale of the so-called "national" forces in the two countries, predictable and realistic relations with neighboring countries (and even the movement toward the EU and NATO) are rated much lower than "pure" nationalism.

C) The Balts are still proving unable to rid themselves of the desire to resolve Baltic-Russian matters under the auspices of Baltic-Western relationships, hoping that the West will put pressure on Russia at Baltic behest.[45] In fact the border issues are a matter in which this approach is unlikely to yield serious results.

As long as the borders between Russia and Latvia and Estonia remain unregulated, Moscow can fulfill two goals: maintaining serious obstacles on the road of Latvia and Estonia toward the EU, and facilitating contradictions between the two countries. In 1996 and early 1997, Russia has devoted more attention to the second of these two goals, knowing that EU membership for Latvia and Estonia is not a realistic prospect in the next several years, even if the border issue does get resolved. Taking advantage of some decisions by the Latvian parliament in August of 1996 (a declaration concerning the occupation of Latvia in 1940 and a statement of support for the Chechnya), Moscow re-ordered its list of "enemies." Estonia, which only recently was "enemy number one" in several scandalous surveys in Russia, was replaced by Latvia at the top of the list. In December 1996, the director of the Russian Foreign Ministry's 2nd European Department, V. Loshchinin, announced that Russia is having the greatest difficulty in its relations with Latvia, because of the unresolved problem with the "Russian speakers" and the aforementioned parliamentary declaration on the occupation (which Russia considered to be a territorial claim, inasmuch as the question of the Abrene region was put into the parliamentary document).[47] Estonia, meanwhile, began to be bandied about by Russia as the Baltic country

most likely to be admitted to the European Union,[48] which, of course, is exactly what Estonia wants to hear. In January 1997, however, Russia once more changed its position, beginning to threaten Estonia with economic sanctions over mistreatment of its Russian-speaking minority. Prospects for a border agreement declined considerably; now, of course, Russia deserves to be blamed for a lack of desire in concluding a border treaty with Estonia, as well as with Latvia.[49]

## III. The issue of the "Russian speakers" in Russian-Baltic relations

This problem involves at least two contradictory aspects. The first is the role of the "Russian speakers" in Russia's foreign policy strategies and tactics, insofar as these relate to the Baltic states; the second is the way in which the problem of "Russian speakers" relate to Latvia's and Estonia's attempts to carry out foreign policy goals.

In looking at the first issue, we must first note that it alone is fairly many-sided in terms of content. On the one hand, the status of Russians (or "Russian speakers") in the CIS and the Baltic states has created (in some instances) or may create (in other instances) serious economic problems for Russia in the form of refugees. This aspect has virtually no bearing on Russia's relations with the Baltic states at this time. According to Russian sources, some two million refugees arrived in Russia between 1992 and 1995 from other republics of the former Soviet Union.[50] One finds virtually no claims, not even from communists or Zhirinovskites, that refugees have come from the Baltic states; there are no such refugees.[51]

A second aspect of this issue is Russia's officially stated desire to defend the rights of ethnic Russians in the CIS and the Baltic states and to support the development of Russian culture, education, etc. This approach, at least theoretically, is justified. In terms of practical activity, however, Russia's investment

in Russian communities outside Russia itself (according to official information) was only 8.7 billion rubles, or less than two million dollars in 1996.[52] In 1995 and 1996, various state and public organizations seeking to defend the rights of their "nationals" became active in Russia. In the summer of 1995, a Soviet Sootechestvennikov (loosely translated – Union of Patriots) was created under the encouragement of Russia's communists and other "national-patriotic" forces. The most active member of this organization was the main ideologue of the Congress of Russian Communities[53], K. Matveyev. The CRC was most active in Estonia (among its leaders there were N. Maspanov, an Estonian citizen and parliamentary deputy, and Y. Mishin, leader of the community of Russian citizens in Narva), and it operated under the auspices of the Russian Duma. In 1996, one could find very little activity (at least legal activity) on the part of the CRC (at the end of the year it was transformed into a consultative group of experts which was supposed to inform the Duma about the status of Russian speakers in former Soviet republics and participate in the development of corresponding legislation), although its earlier activities led to the creation of a new institution – the Institut Novogo Zarubezhya (Institute of the New Border Countries) – under the leadership of the same K. Matveyev. Defense of Russian interests and development of Russian culture have also been the aim of other organizations, including the intellectual center of the Russian Communist Party, the Duhovnoye Naslediye (Spiritual Heritage) Foundation, which has chapters in the Baltic states. In the Russian government apparatus, the question of Russian speakers is handled by the Ministry of National Affairs and Federative Relations, which in July 1996 organized a meeting of Russian community representatives from the CIS and the Baltic States.

On June 15, 1996, Boris Yeltsin approved a new national policy conception for Russia, which spoke of support for "ethnic Russians" (in other documents, the phrase used is "Russian speakers")[54] in the Baltic states. In September, while various

parallel and mutually competitive institutions continued to emerge (which has always been a characteristic element of Russian politics), a newly created Foreign Policy Operations Council, which operates under the auspices of the president's office, held its first meeting. Among the goals of the council, according to its secretary, N. Zhdanov-Lutsenko, is the defense of Russian speakers in the Baltic states, using even the "severest sanctions" (meaning an economic embargo), if necessary. The Russian ambassador in Latvia, Alexander Udaltsov, declared in February 1997 that only Russia's Foreign Affairs Ministry cares about these people; in reality, no one does. Virtually nothing has changed in practice, and according to V. Pechenev, a member of the presidential commission on citizenship issue, Russia has never had any true policy on the "Russian speakers." Instead, Pechenev said, Russia has always been in reactive mode, and quite frequently with little success in dealing with specific events or processes.[55]

Russia has, however, devoted much more attention to the "Russian speakers" in the context of foreign policy strategy. Moscow has sought to maintain or even increase its influence in the Baltic states, and it has sought to use "human rights violations" to discredit the Baltics in international fora. In this area, at least, there is true consensus among Russia's major political forces (although that has not eliminated tactical differences, at least at the verbal level: in 1996, even as the Russian government, reacting to events in Chechnya, was emphasizing that existing borders in Europe absolutely cannot be changed, the Communist Party leader, Gennadiy Zyuganov, was threatening Estonia with the secession of the Russian speaking Narva region via a referendum;[56] it is likely that this pronouncement was nothing more than one way to try to pressure Tallinn).

In looking at this issue, however, any analyst is forced to answer a fairly difficult problem – how to make an adequate assessment of the influence of the "Russian speakers" in the Baltic states in terms of Russia's foreign policy aims. I will try to

approach the economic aspects of this issue a bit later, but it is safe to assume that precisely this area (meaning so-called "Russian speaking" business) could be considered a successful facilitator of Russia's aim to integrate the region around itself. Nevertheless, we must avoid any overly simplistic conclusions, especially keeping in mind a basic tenet of market economics: any vacuum that is not filled by Baltic or western capital will be filled up by "Russian capital" (at least insofar as there is any basis of speaking of "Russian capital" or "Latvian capital").

In the diplomatic arena, Russia's achievements have been fewer than Moscow had expected. In November 1996, the United Nations General Assembly rejected a Russian proposal to chastise Estonia and Latvia for human rights violations;[57] a similar position has been taken by the Parliamentary Assembly of the Council of Europe, which recommended to Estonia that it facilitate the integration of its Russian-speaking minority, but stopped short of endorsing Russia's accusations against Estonia.[58] A different aspect of this issue, however, is more important. This is the question of the extent to which Latvia's and Estonia's approach to naturalization of non-citizens (most of whom are Russians or "Russian speakers") fits in with the stated strategic goal of joining the European Union and NATO. In 1996, Estonia completed the legal framework for its citizenship system. Laws were adopted on citizenship, language, local government elections and foreigners in Estonia. The Russian press hyperbolically denounced these laws (especially the foreigner law which was adopted on 24 January) as "velvet deportation;"[59] objections against implementation of the laws were also lodged by the OSCE,[60] especially after 12 July, when the validity of Soviet passports expired, despite the fact that the issuance of alien passports was delayed considerably; even those who received the passport were granted only temporary residence status. It is difficult to determine precisely the number of people who took Russian citizenship as the result of Estonia's policies, but if the gap between the pace at which Estonia's number of

naturalized citizens is increasing (75,000 in four years) and the pace at which people are taking Russian citizenship (more than 100,000),[61] then Estonia (just like Latvia) will end up facing problems, especially given the fact that there are no prospects of joining the EU in the nearest term. No less important is the fact that by failing to expand the integration of non-citizens, both countries are helping to establish societies which are, for all intents and purposes, made up of two separate communities. This, too, would be an obstacle on the road to the EU.

A correct and proper evaluation of the issue of "Russian speakers" in Latvia was offered at the beginning of 1997 by the director of OSCE mission to Latvia, Charles MacGee. Discussing positive movement in 1996, he remarked on the affirmation of the State Human Rights Bureau's status as an independent institution, which improved its work; the establishment of a consultative council on minority issues at the office of the Latvian president (non-citizens also participate in its work) and the implementation of a UN-financed program to teach the Latvian language to non-Latvians. The OSCE played a positive role in all of these initiatives. At the same time, however, MacGee noted a series of serious problems: the slow pace of naturalization (from February 1995 to February 1997, 3,400 people, 46 percent of them Russians, were naturalized; in 1996, only 560 people achieved naturalization); excessive demands placed on citizenship applicants by the history test which they must pass; ten differences between the rights of citizens and non-citizens which violate international rights (there are 34 differences in rights altogether); weaknesses in the court system; ongoing shortcomings in the work of the Department of Citizenship and Immigration, especially in its regional divisions, including that in Liepāja; and delays in the provision of non-citizen passports in Latvia (a process which has been delayed three times).[62]

Resolution of the "Russian speakers" issue is nearing a dead end of sorts, and that is true for both parties to the argument: to Russia and to Latvia and Estonia. Even if Russia were to decide

to become more active in defense of the "Russian speakers," it would find that the resources available for this task are quite limited in number. In March 1996, Shakhray even admitted that traditional diplomatic resources would not suffice to resolve the issue of the "Russian speakers." This issue will continue to aggravate relations between the two sides, allowing Russia, at least at the rhetorical level, to bind it to the ratification of any bilateral agreement (this according to an announcement from the Duma chairman, Gennadiy Seleznev, in December 1996).[63] Relations between Russia, Estonia and Latvia will not, of course, be dependent only on this issue alone, but there is simply no solution which would satisfy both sides, and the emergence of such a solution in the near future is impossible. For its part, the EU emphasized at its 1994 Copenhagen summit that all applicant countries must show fair treatment of their ethnic minorities. This requirement can be interpreted broadly or narrowly; Latvia and Estonia will face problems if the EU chooses a broader interpretation which favors a more generous application of citizenship laws. Given the current distribution of political forces in Latvia and Estonia, a more inclusive approach to integration of non-citizens is quite unlikely. Still, even if greater generosity is impossible, the two countries must at least strive to avoid any worsening of the existing situation, including the psychological climate in the two countries (for example, even though the number of Russian pupils in Latvian schools has declined, the decision to "reorganize" two Russian high schools in Riga in 1996 was taken with unnecessary haste).

## IV. The economic relationship between Russia and the Baltic states

Russia has never hidden the fact that economic contacts with the former Soviet republics serve Russia's strategic interests in the post-Soviet territory. Among these interests, of course, is

integration of the territory around Russia. For that reason, I will begin this section of my chapter with a few remarks on Baltic economic security. The concept "economic security" is even more slippery than the concepts which I discussed in Chapter One.[64] Excessive attempts to engender absolute economic security would probably result in autarky that would create collapse, not security, in the Baltic states. A certain amount of economic insecurity is a natural part of any market economy, and in relationships with Russia, the insecurity for the Baltic states is quite high. In other words, the whole idea of "economic security" is of little use to analysts, but we must remember that among those things that are considered to be involved in *national* security are an excessive dependence on external supply of energy resources and irreplaceable raw materials. In the case of the Baltic states, this involves supply of Russian energy resources, as well as the role of Russian transit operations in the Baltic economies. But even in these areas, we must speak not only of Baltic dependence as of the interdependence of both sides.

One special element here involves narcotics trafficking, money laundering and the criminalization of economies as a security problem. Fully admitting the serious nature of this problem, I nevertheless wish to point out two things. First, there is a true paucity of proper information about the extent to which the Baltic economies are being criminalized, and second – it is all but impossible to determine whether the Baltic states are the victims of economic criminalization that comes from Russia or whether they are partners with Russia in the development of this criminalization. Even though a report by EU experts that was submitted to the European Community at the end of 1996 concluded that most criminal activities in Latvia are the work of Russians who live in Latvia and Russians from Russia, and that organized crime is almost completely associated with Russia,[65] I consider these conclusions to be one-sided. It would be more correct to say that the Balts are also partners in criminal activity than it is to claim that they are being only victimized.

If our research is largely based on the school of realism, however, we cannot avoid several impossible problems. States never think (and, indeed, they cannot think) only about national security. There are a great many matters which, even in the case of the Baltic states, are more important than are "pure" security issues. Even assuming that Russia is using "geoeconomics" in support of its strategic goals, it is difficult to see how the Baltic states can merge their desire for "pure" security with their desire for advantageous economic contacts with Russia. How to avert a situation where economic gains today may lead to security losses in the future?[66] There are no easy answers to these questions that would be fully satisfactory to the Balts, and there never will be any such answers, even if Russia's engagement with capitalist economics and democracy becomes more or less irreversible.

With respect to the content and developmental tendencies of the economic relationship between Russia and the Baltic states, we must emphasize several fundamentally important elements:

There has been an ongoing increase in the interdependence between the two, even though this has not been equally important for both sides. In 1995 the Baltic states accounted for only 2.7 percent of Russia's foreign trade, while Russia's role in the foreign trade of the Baltic countries was 26.3 percent for Lithuania (for which Russia was the leading trade partner); 24 percent for Latvia; and 17 percent for Estonia. Russia's foreign trade with the Baltic states has increased continuously since 1992, accounting for approximately 3.3 billion dollars in 1996 (with a significant trade surplus of approximately 1.2 billion dollars for Russia). All three Baltic states continue to be highly dependent on Russian energy and raw materials: Latvia imports 93 percent of its heating resources from Russia, as well as 90 percent of its non-ferrous metals and 50 percent of its electricity.[67]

All three Baltic states have been active in attempting to create a legal basis for economic contacts with Russia, although

these efforts have not always been fully successful. Numerically speaking, Latvia has the most extensive legal base, including an agreement on trade and economic relations which was signed on 28 October 1992, but which Russia still has not ratified. Lithuania's economic relationship with Russia is in the best order; there is an agreement on trade and economic relations that was struck in January 1995. Despite the fact that the political relationship between Russia and Estonia is often quite tense, economic relations between the two countries are also regulated by a whole range of agreements, and of the three Baltic countries, Estonia has the largest number of registered Russian banks and joint ventures, though Estonia has no most-favored nation status.[68] By 1996 it was quite evident that Russia is interested in the Baltic states almost exclusively in terms of a transit corridor and a banking paradise. Russian investments in the Baltic states were negligible;* it is likely that they reflect general tendencies by Russia to invest in the "far abroad," which attracted no less than 83 percent of Russia's foreign investment between 1993 and 1996. The greatest increase in Russian investment in 1996 was registered in Latvia, where the role of those investments is now becoming visible.[69]

The year of 1996 provided vivid evidence of the economic interdependence of Russia and the Baltic states, and this interdependence has significant political consequences. First of all, we must clarify the possibility of economic sanctions against Latvia and Estonia by Russia. Russia has always declared that economic sanctions are possible as a way to influence the policies of both countries toward their "Russian speakers" (or in other matters, including the Baltic relationship with NATO). No sanctions

* The figures are very contradictory, even in Russian sources. One source speaks about Russian investments ranging from 9 percent of foreign investments in Lithuania to a mere 3 percent in Latvia and Estonia; another – about 10 percent in Estonia. – *Nezavisimaya Gazeţa* 10 Sep. 1996, p. 4; *Mirovaya Ekonomika i Mezhdunarodniye Otnoshęniya* no. 8 (1996), p. 108.

have ever been implemented, however. In July 1996, the Russian Duma approved a resolution calling on the president to implement economic sanctions against "regimes that are hostile to Russia" – Estonia and Latvia, which were said to be "persecuting" the Russian speakers. Nothing happened as a result of this resolution, and in November, in a letter to Prime Minister Chernomyrdin, Duma chairman Seleznev reminded the prime minister of the unfulfilled resolution.[70] It is significant, however, that even the Politicheskiye Issledovaniya (Political Research) Foundation of A. Fyodorov, which is close to the so-called nationalist-patriotic forces in Russia, has been forced to amend its views on economic sanctions. In September 1996 the Foundation was claiming that Russia could easily refuse to use Baltic ports and reduce the supply of energy resources to the Baltic states (while raising the prices of these resources for added effect), but two months later, in November, Fyodorov was pessimistically concluding that bitter political rhetoric will not result in any radical economic sanctions.[71] It is not illogical that the leader of the Russian delegation at border negotiations with Estonia, V. Svirin, commenting on the activities of the Russian Duma in December 1996, said that the status of Russian speakers in Estonia and Russia's economic contacts with Tallinn (especially in the area of transit) are issues which must be considered in parallel, but not in direct correlation; V. Serov, the deputy chairman of the Russian government, commenting on Foreign Minister Primakov's threats (January 1997) about using economic sanctions against Estonia, stated that Russia hopes to resolve all problems without sanctions.[72]

My purpose is not to simplify this issue or to deny the influence which political factors in Russia have on economic contacts with the Baltic states. Let us take as an example a decision by the Russian Ministry of Transportation in the summer of 1996 to repeal (on 1 August) tariff discounts on rail freight traveling through Latvian and Estonian ports. This served to increase transportation costs of such freight by 30 percent; the initiator of

the move was the Russian Foreign Ministry. Even though the move was explained as a way to facilitate increased freight transportation through the Russian port at Kaliningrad, the practical implementation of the decision led to losses for both sides, and it is possible that the greater looser was Russia, especially in terms of its chemical industry.[73] At the beginning of 1997, the ruling had not yet been repealed, however, and it was event supplemented with new hindrances.

A second example also involves Latvia – this is the issue of aviation contacts between the two countries. On 10 June 1996, representatives of the Latvian Ministry of Transportation were in Moscow, seeking to convince Russia that it should grant permission for a Latvian airline to begin flights to Russia (such flights were suspended after the bankruptcy of the *Latavio* airline in 1995). Representatives of the Russian Federal Aviation Service stated that any solution to the issue must be approved by the Russian Foreign Ministry. This points up the fact that the mutual dependency between the two countries is quite complicated and that politics have a great influence on economic matters. This, in turn, leads me to the next imprint issue, to wit – the many independent actors who have appeared on the stage in terms of Russian-Baltic economic relations.

In 1995 and 1996, there was a wealth of evidence to suggest that the economic relationship between Russia and the Baltic states, as well as the impact which this relationship could have on the foreign policies of the two sides, are much more complicated questions than could be guessed if one were to look only at the high-flown rhetoric which has surrounded the issue. Even though in 1996 there were no major agreements on economic matters between Russia and any of the Baltic states, and even though the political relationship was continuously exacerbated by such issues as NATO and the "Russian speakers," there were some very intensive processes in the economic sector. Without much exaggeration, one can say that Russian foreign policy in the Baltic states is the bent for strategically important routes for

energy resources transportation and ports and for enterprises which service the heating and energy resource complex. Both in 1995 and 1996, Russia's energy giants (*Gazprom*, *Lukoil*, *Yukos*, etc.) were becoming increasingly active in the Baltic region.

*Lukoil*, for one, is interested in the entire Baltic region. Its activities in the Baltic states are coordinated by the *LukoilBaltiya Group*, which is headquartered in Riga. The company currently has the greatest influence in Lithuania, where turnover of the Lithuanian affiliate of *Lukoil Baltiya* reached approximately 200 million dollars in 1995. 75 percent of the operational capacity of the major oil processing plant at Mažeikiai is filled by crude oil supplied by *Lukoil*. In 1996 and 1997, *Lukoil*'s interest in Latvia has increased. In November 1996 *Lukoil Baltiya Riga* purchased an oil products base at the Riga suburb of Olaine, and it began an active program of constructing gasoline filling stations. At the end of 1997, however, *Lukoil*'s share in the Latvian oil products market may reach only 15–18 percent. But the company is already the largest transit client of Latvia's *Ventspils Nafta* company.[74]

A second major Russian oil concern, Yukos, has also become active in Latvia. It has established several subsidiaries (*Lat-West-East*, *Latgales Nafta*, *Lat-Ros-Trans*) in Latvia and is an example of the fact that no complaints by the Russian Foreign Ministry about Latvia's pro-NATO course or about the "persecution" of Russian speakers are keeping Russian companies from increasing their activities in the Baltic countries; at the same time, it's necessary to point out that the greatest share of the Baltics' oil market is controlled by western companies.

One very difficult and complicated issue is the possible political consequences of Russian economic activity in the Baltic states. I will try to touch briefly upon several aspects of this issue, using Latvia as an example and emphasizing from the very start that there are *no* countries in the world, even among the oldest and most stable democracies, in which economic considerations do not influence political processes. Nevertheless, one can always

look at the extent to which this is true, as well as the favorable (or unfavorable) effects which this influence can have.

Looking at Latvia's case, I must admit that the role of transit and communications in the country's economy is very large and growing. In 1996, the transportation sector in Latvia developed at a pace that was 1.4 times faster than the growth rate of the economy as a whole. In 1995, 55 percent of foreign investment in Latvia (total foreign investment that year was approximately 400 million dollars) was invested in transportation and communications;[75] this is a reality which cannot be ignored by anyone. In 1996, when there were no official meetings of the joint Latvian-Russian commission on economic matters, and when Latvia was unsuccessful even in getting the head of the Russian delegation to the commission to visit Latvia, the private Latvian company *Skonto* managed to organize two visits by high-ranking Russian business people and politicians to Latvia. Among the Russian visitors were the privatization minister A. Koh, Yeltsin advisor V. Belousov, influential businessman and politician Arkady Volski (active in Estonia, too) and others. The main focus of attention was devoted to the Liepāja harbor,* which is developing into a significant center for dry freight transportation. During one visit, in July 1996, Volski significantly remarked that the idea of Latvian economic sovereignty is an absurdity.[76] It is completely natural that the influence of Russia's monopolies in Latvia, especially given the bureaucratic nature of the Latvian state, has not been limited to individual political groupings, even if some of the mass media have occasionally created that impression, especially in writing about contacts between the *Saimnieks* political party and Russian companies, especially *Lukoil*. The fact is that this influence has stretched across almost all of Latvia's significant political forces.[77] Inevitably, two not necessarily interrelated conclusions

* On 17 March 1997, Russian government made a decision to buy the shares of the company *Trans-Liepāja* (closely connected to *Skonto*), which controls the Liepāja harbor. – *Biznes i Baltiya*, 29 March 1997, p. 1.

emerged: In May 1996, the Russian foreign trade minister, Oleg Davydov, said that Latvia's dependence on economic contacts with Russia is growing; and influential Latvian businessman (and prime ministerial advisor) Uldis Osis wrote (in something of a slap at the Foreign Ministry) that Latvia's political relationship with Russia is "non-constructive, passive and glum...."[78]

We can conclude that in 1996 in Latvia there emerged contradictions between two factors:

1) Rhetoric about "historical justice" (the 1920 peace treaty, the issue of the 1940 occupation) and the "security threat emanating from Russia;"

2) The demand from economic circles for a political relationship with Russia that is based on pragmatic considerations about profits (something that on occasion led to remarks from the Foreign Ministry).[79]

In analyzing the economic relationship between Russia and the Baltic states, one can come to at least a few specific conclusions:

· The Baltic states are a much more comfortable location for Russian economic activities than are the countries of the CIS, largely because of the liberal economic policies that prevail in the Baltic countries. At the same time, however, Russia must obtain the approval and support of the political elite in the Baltic states before it can hope to carry out its economic interests. The mutual dependency and interrelationship between the Baltics and Russia (first and foremost, of course, due to Russia's influence) are significant aspects of the economic and political relationship between the two parties.

· Even though Russia's role in the foreign economic contacts of the Baltic states is quite significant, one cannot fail to notice another tendency, which is the increasing role of the European Union – an increase which is surpassing that which Russia has enjoyed in the past. At the same time, however, Russia's influence in specific (but very important) sectors, including transportation, export of Baltic foodstuffs to Russia, etc., is very con-

siderable and, indeed, is increasing. In 1995, for example, Latvia exported five times more food to Russia than was the case in 1994. A very important factor which strengthens Russia's influence is the fact that a significant segment of active Baltic business consists of trade and transport, while manufacturing and industry makes up a very small share of the entire process.[80]

· Russia has always been able to take advantage of competition among the Baltic states for Russian business, and the Baltic states have always allowed Russia to do so;[81]

· Russia currently has no abilities to replace the Baltic ports, especially the Latvian harbor at Ventspils, with equivalent facilities in Russia. Strategically speaking, however, the Baltic states must count on the construction of new ports in the St. Petersburg region.* The issue of which ports will be allowed to handle Russian oil products has already become one of the most strategically important issues in Latvia, and this may well have a serious impact on the country's foreign policy in the future.

· The unstable political climate in Baltic-Russian relations always leads the Balts to conclude that Russia wants to use its economic contacts for the purpose of political pressure (even if sanctions are not applied). A specific issue in this regard is the question of whether most-favored-nation principles will be applied (in the case of Estonia) or implemented (in the case of Latvia), the underlying matter being that of the so-called "Russian speakers."[82]

It is very difficult at this time to provide an adequate evalua-

* The discussion here concerns four ports – Ust Luga, Primorskaya, Batareinaya, and the old St. Petersburg port, which is to be modernized. Even though Batareinaya has already reached agreement on the export of oil products from the *Surgutneftj*company, and the St. Petersburg port in March 1997 signed an agreement on transit operations with Kazakhstan, the ability of these ports to replace Baltic ports is viewed skeptically, at least for the time being. At least 500 million dollars will be needed to begin the Primorskaya project, and profits could start occurring no sooner than 10 years hence. – *Moskovskiye Novosti*, 9–16 March 1997, p. 15.

tion of whether the current Baltic economic contacts with Russia serve to facilitate the Baltic goal of joining the European Union or whether quite the opposite is true. The inclusion of any multi-modal transportation corridor in EU maps may become nothing more than a visual admission of the *de facto* trade contacts which currently exist between Russia and the EU. The fact is, however, that not every country through which one of the significant transport arteries passes will become a member of the EU. If Latvia does not develop other sectors of its economy, it may very well become a hostage to Russia's transportation system, with all the attendant political consequences.[83] Equal problems may arise in terms of economic contacts with Russia in the area of agricultural exports. If Latvia and Lithuania prove unable to create competitive agrarian sectors,* they may very well end up unable to overcome the enormous gap which exists between their agricultural systems and those of the EU, while at the same time failing to find stable agricultural markets in Russia (a country in which demands for protection of domestic producers are bound to increase).

## Conclusions

Normal and orderly relations with Russia are more than just one of the most important pre-requisites for the foreign policy goals of the Baltic states (joining European economic and securi-

* See, i. e., data about Latvian food exports in 1996: 85 percent of fish products, for example, were exported to Russia; 113 tons of meat were exported to the EU (for two years running Latvia has failed to ship as much meat as EU quotas allow) while 3,149 tons went to Russia; a better situation exists in terms of dairy products, which are exported to a greater extent to the EU. In March 1997, representatives of the Latvian Ministry of Agriculture admitted that if the current technological level persists, Latvia's agricultural system has no future. – *Diena*, 15 March 1997, p. 6.

ty organizations); they also should be one of the priorities in terms of the national interests of the Baltic countries, and they are becoming increasingly important as chances for early membership in the EU, to say nothing of NATO, are becoming increasingly remote. Nevertheless, at this point there is no stable basis for completely pragmatic and predictable relations between the Baltic states and Russia. "Turbulence ahead" might be an apt phrase to describe the future in this respect. There is a whole range of factors that will be difficult to overcome and that make Baltic-Russian relations into what they are today. These are:

I. Russia's belief that it is a major power with ambitions "on a global scale"[84] and especially in the territory of the former Soviet Union. This automatically creates a basis for turbulence in Baltic-Russian relations, because the Balts want to maintain and increase their freedom of action, while the Russians want precisely the opposite. I agree with American analyst, professor Robert Legvold who emphasizes: "As Russia passes through this phase of its political development, it will be prone to deal with the outside world, particularly the new neighbors, awkwardly, perhaps aggressively..."[85] More or less equal relations between the two sides will be possible only if the Baltic countries manage to become entrenched in the economic and security institutions of the West. That will not happen in the near future.

II. In terms of security policy, Russia is implacably opposed to Baltic membership in NATO, and this has created contradictions between NATO's stated open door policy on the one hand and its desire to establish a special relationship with Russia on the other hand. The contradiction lies not in the fact that the doors will open quickly,[86] but rather in the fact that the Balts are going to try to pry the doors open, thus creating permanent problems with Moscow. On 17 January 1997, meeting with the German ambassador to Latvia, President Guntis Ulmanis said that Latvia is not satisfied with the thesis of the open door.[87]

These contradictions cannot be resolved right now, but at least it is possible to avoid exacerbating the problem, if the Balts manage to maintain a sense of limitations in exploiting the open door image.

III. In the matter of "Russian speakers" in Latvia and Estonia, deadlock continues to exist. This deadlock was emphasized once again by threats made by Russian Foreign Minister Primakov in January 1997 to wage economic pressure against Estonia to influence its position on the "Russian speakers." There is nothing odd about the fact that it was precisely the chairman of the Estonian Russian Party, parliamentary deputy N. Maspanov, who said that such sanctions would leave a negative effect on the Russian speakers themselves, because many of them are active in medium-sized and small business in Estonia.[88] By connecting the issue of the Russian speakers with the matter of border agreements with Estonia and Latvia, Russia can maintain the situation where unresolved border issues act as a roadblock on the Baltic road to the European Union. This obstacle, of course, will not be particularly significant, as the Baltic states have no hopes of joining the EU in the nearest future. At the same time, however, Russia has no hope at all of getting the Balts to implement the so-called "zero option" in citizenship, also because that would have significant foreign policy consequences (both Baltic countries, Latvia especially, would be forced to change their foreign policy strategy quite considerably). From the perspective of Latvia and Estonia, the deadlock exists because the non-integrated Russian speakers are a threat to the successful movement of both countries toward various European institutions, as well as to the domestic security of the two nations. Estonia and Latvia must count on the fact that they are going to find themselves increasingly between pressures from Russia and inducements from the EU. These pressures and examples of encouragement will differ in terms of tone and intent, but they will be identical in their aim to sharply reduce the number of non-citizens in both countries.

IV. A certain amount of turbulence may be created by differences in the foreign policies of the three Baltic states and their varying approaches to relations with Russia. Speaking at the Danish Foreign Policy Institute in early February 1997, Lithuanian Foreign Minister A. Saudargas emphasized that the unity of the Baltic states is an out-of-date stereotype. Each Baltic country has its minuses, said the minister, but there are no pluses common to all three. Evaluating Lithuania's relations with Russia, Saudargas concluded that they are much better than those of the other two Baltic states, and especially Latvia (a unsettled border issue, 700,000 non-citizens).[89] I consider that the Baltic states should not try to convince themselves that they can carry out separate policies in relations with Russia, or with the EU and NATO.

V. Turbulence will also be caused by factors that can emerge in Russian domestic politics. The Yeltsin government's approach to foreign policy, including the Baltic states, has been more or less pragmatic (there has been no significant crisis in these relations since 1991), especially since the administration maintained full reign over the aggressive Russian Duma, and economic calculations snuffed out various emotional considerations.[90] The Yeltsin era is coming to an end, however, and changes in domestic policies may have undesirable influences on the country's foreign policy, at least from the perspective of the Baltic states.

The Baltic relationship with Russia will continue to be uneven, and it is unlikely that they will become uniform. Rather, relations will continue to differ at various levels. In terms of economic relations, especially in terms of the transit of Russian goods through the Baltics, especially Latvia, the situation will continue to be mutually advantageous, but Russia will not abandon its intent to carry out alternative transit projects. The only questions will concern the ability of Moscow to carry out such plans and the battles which will be waged among various economic and political groupings in Russia itself. The depen-

dence of the Baltic states (especially Latvia and Lithuania) on economic contacts with Russia will continue to increase, with all of the attendant consequences, if the Balts do not speed up restructuring of their backward economies. It is possible that contacts will continue to develop in such "non-political" areas as cultural links, but even these will be overshadowed by the aforementioned unresolved political issues.

The "art" of Baltic foreign policy will in the next few years take on a very important, though not decisive importance. If various entities in the Baltic states (their foreign ministries, right-wing or nationalist political parties and the mass media) prove unable to demonstrate self-control after NATO's June 1997 decision on enlargement, then the political climate of Baltic-Russian relations may be poisoned for a long time to come. Baltic self-control will be even more necessary if NATO's decision on expansion is adopted before an agreement is signed between NATO and Russia. The interests of the Baltic states would certainly be served by the establishment of a NATO-Russian partnership council (NATO-Russian council"),[91] which would enshrine cooperation between the two parties, something that would be of great importance in terms of Baltic security. If the Balts choose to devote nervous attention only to the impossible dream of actually opening the "open doors," then relationships with Russia may end up worsening. On the other hand, the Balts may end up hearing two rejections – a "no" from NATO, and a "no" from the European Union in its first round of expansion. In that case the demand for constructive relations with Russia will become more acute, but establishment of such relations may well become more difficult. The Balts should also avoid deepening their own confusion with the idea that one of the Baltic states might slide into NATO alone (this particularly applies to Lithuania's idea about getting into NATO hand-in-hand with Poland). The West will continue to increase its demands for the Baltic states to fully settle their relations with Russia as a pre-requisite for the further integration of the Baltic

states with western institutions. The Balts can even expect to hear urging to begin to develop military and political cooperation with Moscow. Russia, for its part, will increase its attempts to avert this integration altogether, especially after it has "lost" Poland, the Czech Republic and Hungary.

Our project had already been completed when the news arrived in february 1997 that Russia has elaborated a long-term strategy (announced on 13 February) for relations with the Baltic states. I do want to touch upon the main aspects of this "long term strategy."

First it must be noted that the strategy was announced at a time when the following perception was developing in Russia about the country's foreign policy goals, and its ability to carry out these goals: Russia must definitely avoid confrontation with the West over NATO expansion, because Russia cannot afford any confrontation due to its own weakness. Russia must stall for time (10-12 years), during which time it must evaluate its national interests in the new Europe, as well as the ability of the country to pursue these interests. Russia must facilitate the development of special relations between Russia and NATO, as these would weaken or even eliminate NATO's motivation for expansion. NATO and EU expansion can turn out to be mutually exclusive, not parallel processes; the membership of Central and Eastern European countries in the EU can be postponed for quite some time, and Russia can find various opportunities to strengthen its position in the region. Russia must not try to resolve these problems only over the heads of the Central European governmental leaders, going to Washington or Brussels; rather, Moscow should establish bilateral relations with each country in the region separately, bearing in mind the political and economic interests of each one.[92]

Russia has never viewed the Baltic states as part of Central Europe, so everything that Russia feels about the time which it has at its disposal can be applied to an even greater extent to the Baltics. Russia will seek to settle relations with the Baltic coun-

tries on a bilateral basis, dealing with higher-level security problems in a dialogue with NATO. At the center of its interests, Russia is looking at security considerations. Russia considers that the security model for the Baltic states must be neutrality, and it is implacable in its "no" to NATO membership for the three. Russia continues to favor the OSCE hoping for an eventual OSCE security charter. Russia also hopes to activate the work of the Council of Baltic Sea States and to develop bilateral Russian-Baltic dialogue on security issues (during these talks, Russia might possibly have a chance to revive the vague topic of joint Russia-NATO guarantees for the Baltic countries). Russia's approach to security issues is clearly based on the idea of a multi-polar world,[93] something which is described at the beginning of this report. It should immediately be noted that the neutrality model which is at the center of Russian security thinking about the Baltics has always been flatly rejected by the Baltic states.

In the area of economic relations, the long-term strategy is well articulated and pragmatic. Russia hopes to increase the influence of its capital investments in the Baltic states, especially in terms of facilitating the development of a regional economy (including also the investment of Baltic capital in Russia).[94] Russia also wants to "discipline" the activities of its private companies in the Baltic states with the purpose of fully integrating economic activities and Russia's foreign policy strategy and of linking economic contacts with political matters (the issue of the "Russian speakers," for one). A characteristic sign of Russia's approach is its desire to facilitate competition among the three Baltic states in the area of Russian transit. If we compare Russia's approach to economic contacts with the Baltic states with the approach of the Balts themselves, we find certain differences. It was precisely during the time when Russia was considering its long-term strategy that Estonia emphasized its desire to establish MFN relations in trade, while Latvia spoke of its desire to bring better judicial order to economic relations,

concluding an agreement of economic cooperation and regulating all outstanding matters (protection of investments, avoidance of double taxation, settlement of air traffic matters, etc.). The approach of the two sides is as follows: for Russia this is both an economic and strategic issue; Moscow wants to use economic levers to increase political influence. The formal and legal aspects to this issue are not primary. The Baltic approach, meanwhile, is different, at least formally; the Balts are emphasizing the economic and legal aspects of the relationship.[95] It is clear that the "long-term line" simply served to re-affirm Russia's long-standing precepts about the great role of economic contacts in facilitating overall integration.

In terms of the "Russian speakers," the long-term strategy not only emphasized Russia's traditional view that the "zero option" should be applied in citizenship considerations in Estonia and Latvia, but it also (for the first time in such an important document) linked the signing of a border agreement with Latvia and Estonia with that particular question. At the beginning of 1997 (according to information about a meeting of the Russian government's "national affairs" commission on 25 February), Russia decided that the emigration of "Russian speakers" from the CIS and the Baltic states should not be facilitated. On the contrary – such people, Moscow now feels, should be encouraged to stay in their countries, where they can become bearers of Russian influence and even help to promote the idea of "territorial autonomy."[96] It is clear that this latter idea, if it were truly to be encouraged, would worsen Russia's relations with the Baltic states (especially Latvia and Estonia), not improve them. The long-term strategy, as I already noted, is to link the issue of the "Russian speakers" with economic relations with Latvia and Estonia. Nothing practical has been done by Russia toward this end so far.[97]

Worth a separate mention is the issue of border agreements between Estonia, Latvia and Russia and this matter in the context of the "Russian speakers." Both Baltic states have now

agreed not to include mention of the 1920 peace treaty in the border agreement, and this has placed them on the moral high ground to a certain extent. There should be no more objective obstacles to the conclusion of agreements. Several western countries and organizations have stated that both Baltic states have taken serious steps toward the better understanding of Russia's interests in the border negotiations.[98] Russia, however, by linking the agreement with the "Russian speakers," has lost moral standing by demonstrating that it is not prepared to deal with the border issue and is instead choosing to throw up new obstacles in the way of the process.[99] It is not possible to say at this time whether Latvia's and Estonia's more pragmatic approach will lead to an early signing of border agreements.

It is important to note that in commenting on the "long-term line" that has been developed, Russian officials have said that there is no unity of opinion within the Baltic states (especially Latvia) with respect to Russia.[100] These remarks suggest that Moscow is still hoping for changes in the policies of the Baltic states which would be favorable to Russia.

In finishing this brief assessment of the "long-term strategy," it is necessary to note the following:

1) The extent to which Russia manages to carry out its interests in the Baltic states will largely be dependent upon the extent to which the Baltics become included in the new security system of Europe. If Baltic membership in Europe's main economic and security organizations is postponed for many years, Russia's opportunities might be enhanced (in the context of NATO expansion, one issue is the compromise which Russia and the alliance manage to reach). Russia's opportunities would be diminished, however, by the establishment of a cooperative security system in Europe and by greater domestic order in the Baltic states (economic progress, political stability, integration of minorities).

2) It is difficult to forecast the extent to which Russia will manage to coordinate the operations and activities of various ministries, organizations, private capital holders and other

interests in terms of carrying out the policies which are stated in Russia's long-term line. Such coordination has not been Russia's strong suit in the past.

In sum, Russia-Baltic relations in the future will be dependent on various European and regional issues and their resolution, as well as on the trends of internal development on both sides of the equation.

The US-Russian Helsinki summit in March 1997, which aroused great interest in the Baltic states, affirmed the existence, not the resolution of the Baltic problem. On the eve of the summit, authors who are close to the Russian government emphasized that the Baltic issues must certainly be resolved within the context of a Russian-NATO charter, meaning that Russia must receive "guarantees" that the Baltic states will never be members of NATO.[101] No written promise is forthcoming from NATO, however, even though Russia has received confirmation several times that the next round of NATO expansion will not occur in the near future. Urged on by America and Finland, Yeltsin said after the Helsinki summit that the Baltic states must be offered a "positive program." Russia's approach until then had focused solely on "negative control" over area,[102] and the new statement contained hints of Russian security guarantees for the Baltic states. All three Baltic states rejected this offer, with Latvia taken the most negative position, at least publicly. The so-called new approach by Russia contained both a stick and a carrot, and in fact it is not very different from the old approach: at a closed meeting of CIS leaders on 28 March 1997, Yeltsin repeated long-standing geopolitical stereotypes about the need to combat the encroachment by other major powers on the territory of the former Soviet Union, as well as the appearance of anti-Russian buffer countries which would be a hindrance against integrationist trends in the post-Soviet space.[103] The last round of border negotiations between Russia and Estonia (10–11 April 1997), meanwhile, ended without results, Russia showing no desire to conclude a border agreement; the "carrot" approach remained at

the verbal level. A similarly contradictory situation was created by the Baltic states, for example, Latvia. After a brief working visit in Helsinki at the end of march, President Guntis Ulmanis, prodded by the Finns and (through the Finns) the Americans, spoke of the need to promote the integration of the so-called Russian speakers in Latvia and to "open the window of naturalization."[104] This immediately engendered threats from the *Fatherland and Freedom* party to create a government crisis, and the president *de facto* withdraw his own statement.

It is likely that in the near future relations between Russia and the Baltic states will not change in any radical way, neither toward improvement or toward worsening. Russia will closely monitor the method and extent of Western involvement in the Baltic region after the Madrid summit, as well as the decision of the European Union to start (or not to start) negotiations with one or more of the Baltic states with respect to accession to the EU. Russia will view as beneficial any distancing or weakening of Baltic attempts to integrate with Western institutions.

## NOTES

1. "Dogovor chetyryokh" (An agreement of four), *Obshchaya Gazeta* 28 Mar.–3 Apr. 1996.
2. *Nezavisimaya Gazeta*, 19 Mar. 1996, p. 5.
3. *Nezavisimaya Gazeta*, "NG – Scenarii" no. 2 (23 May 1996), p. 5. The idea that Latvia is more likely to become involved in post-Soviet integration processes was based on two considerations: Latvia's economic backwardness and the as yet unresolved issue of the "Russian speakers" in Latvia. Both factors would hinder Latvia's integration with the EU.
4. The PRF is a small fund which is headed by A. Fyodorov, a former (1990–1991) deputy foreign minister of the Russian president and a contemporary of the former Russian vice president Rutskoy. The fund is seen as being close to the so-called nationalist-patriotic forces of Russia.
5. *Nezavisimaya Gazeta*, 28 May 1996.

6. *Nezavisimaya Gazeta*, "NG Scenarii," no. 2 (23 May 1996), p. 2.
7. In one of his articles, the American journalist David Remnick, who knows Russia very well, cited the Russian literary figure Andrey Zorin. In response to a question of what Russia has created in terms of strategic thinking over the last five years, Zorin answered: "Little besides pure hysteria." See Remnick, D., "Hammer, sickle and book," *New York Review of Books*, 23 May 1996, p. 46.
8. See an interview which Primakov granted to his long-time trustee, S. Kondrashev, in *Izvestia*, 6 Mar. 1996. See also Primakov's lectures at the Institute of World Economics and International Relations (Moscow) and the Moscow University of International Affairs in April and June 1996, respectively, reported by *Interfax*, 5 Apr. 1996 and *Moskovskiye Novosti*, 23–30 June 1996, p. 10. See also Primakov, Y., "Na gorizonte – mnogopolyusniy mir" (A multi-polar world on the horizon), *Nezavisimaya Gazeta*, 22 Oct. 1996, p. 1.
9. See Razuvayev, V., *Geopolitika post-sovetskogo prostranstva* (Geopolitics in the post-Soviet space) (Institut Evropi: Moscow, 1993), p. 55. See also Blackwill, R. and Karaganov, S. (eds.), *Damage Limitation or Crisis? Russia and the Outside World* (Brassey's: London, 1994), p. 122.
10. "Russia eyes the world," *The Economist*, 23–29 Nov. 1996, p. 36. Also Stent, A. and Shevtsova, L., "Russia's election: No turning back," *Foreign Policy*, no. 103, (Summer 1996), pp. 93–94.
11. Integration of the post-Soviet space was defined as being part of Russia's national interests, while efforts by "external forces" to weaken Russia's influence in this space was seen as a threat against Russian national security. See *Nezavisimaya Gazeta*, 23 May 1996.
12. *Nezavisimaya Gazeta*, 25 Jan. 1996.
13. *Moskovskiye Novosti*, 23–30 June 1996, p. 10.
14. Moshes, A., *Russian Policy Towards the CIS and the Future of the Commonwealth* (Institut Für Wirtsschaftspolitische Studien: Wallisellen, 1996), pp. 1–15. See also *Moskovskiye Novosti*, 13–20 Oct. 1996, p. 8. Dr. Moshes is associated with the Institute of Europe in Moscow.
15. The situation began to change at the end of 1996, when the level of mutual trade increased, especially in terms of Russian export from the CIS countries, which reached approximately 33 percent of the total. It's far from clear how stable this trend will be. *Nezavisimaya Gazeta (NG Scenarii)*, no. 2 (11) (1997), p. 3.

16. Tuleyev himself has spoken of financing of nine billion rubles (approximately USD 2 million) for 1996. See *Nezavisimaya Gazeta*, 4 Oct. 1996.
17. *Nezavisimaya Gazeta*, 30 July 1996, p. 2. Also *Moskovskiye Novosti* 23–30 June 1996, p. 5.
18. *Nezavisimaya Gazeta*, 1 July 1996, p. 4.
19. Kortunov, S., "Potencialnye soyuzniki Rossii" (Russia's potential allies), *Nezavisimaya Gazeta*, 1 Mar. 1996, p. 4. Kortunov is an aide to Baturin, who at the time of the writing of the article was national security adviser to Boris Yeltsin and now is the secretary of the Defense Council. See also Narzikalov, R., "Lukavaya integraciya" (Crafty integration), *Nezavisimaya Gazeta*, 2 Apr. 1996, p. 4. With respect to the goals of partly isolating (or marginalizing) Ukraine, see Karaganov's remarks in *Nezavisimaya Gazeta* 23 Mar. 1996, p. 3.
20. Tsekhlina, Y., "Voyenniy faktor Rossiyskoiy politiki v SNG" (The military factor in Russia's CIS policy), *Nezavisimoye Voyennoye Obozreniye*, no. 18 (Sep. 1996), pp. 1 and 4. Tsekhlina is associated with the Institute of World Economics and International Relations in Moscow.
21. Moshes (note 14), p. 12. Also "Voyennoye sotrudnichestvo stran SNG: trudniy put k integracii" (Military cooperation among the CIS countries: the long road to integration), *Krasnaya Zvezda*, 6 Nov. 1996, pp. 1 and 3; for a succinct appraisal of the topic, see Sergounin, A., *On the Way to Integration: Military-Technical Cooperation Among the CIS Member States* (University of Nizhny Novgorod: Nizhny Novgorod, 1996), pp. 1–38.
22. Consultations between representatives of the Russian general staff and Latvia's Ministry of Defense were held in Riga on December 1996, and they produced a protocol of intentions which spoke to cooperation in some areas of little importance; Latvia insisted that the protocol comprise an assertion about Latvia's desire to join NATO, which cannot be put in the shade by this protocol.
23. Trenin, D., "Rossiya i strani Baltii: pyat let spustya" (Russia and the Baltic states: Five years having passed). Paper presented at a roundtable discussion organized by the Moscow Carnegie Center (Carnegie Endowment for International Peace, Carnegie Moscow Center, 16 Jan. 1997); Moshes, A. and Vushkarnik, A., "Russia and the Baltic states: Between coexistence and cooperation?" Wallisellen Institut Für Wirtschaftspolitische Studien, no. 1

(1997), pp. 77–78.

24. Speeches made at the conference by the director of the 2nd European Department of the Russian Foreign Ministry, V. Loshchinin and the director of the Baltic division thereof, S. Prihodko. Latvian Foreign Ministry Archives (1995), 228/1023.
25. See, for example, claims that as the result of American pressure, NATO might place a mobile force and a fleet of as many as 100 (sic.!) ships in the Baltic states. – Meshkov, A. and Nikolayev, A., "Baltiskiy region v planah SShA" (The Baltic region in the plans of the USA), *Zarubezhnoye Voyennoye Obozreniye*, no. 2 (1994), pp. 9–11.
26. In a letter to the newspaper *Diena* which was published on 20 July 1996, the Russian ambassador to Latvia, A. Rannikh, wrote that "... one is made careful by the announcements of some Latvian politicians to the effect that the joint military exercise Baltic Challenge 96 demonstrated that the army structures of NATO and the Baltic states could be merged. In fact, some people even see the name of the exercise as a challenge to the Eastern neighbor."
27. See an interview with Trenin in the newspaper *Neatkarīgā Rīta Avīze* on 13 Dec. 1996.
28. In July 1996, the state secretary of the Latvian Foreign Ministry, Māris Riekstiņš, remarked upon more or less regular contacts with the deputy foreign minister of Russia, Sergey Krylov (at that point such consultations had taken place three times) and said that these meetings were a sign of increasingly normalized relations between the two countries (*Diena*, 19 July 1996, p. 2). From a purely procedural standpoint, this may have been true, but there were no practical results in terms of resolving various security issues. For example, at the beginning of 1996 Russia floated the idea of "cross" guarantees of security for the Baltic states which would involve both Russia and NATO (Krylov touched upon this idea briefly in a meeting with Riekstiņš in Moscow on 1 February 1996). The Latvian Foreign Ministry flatly rejected the idea, and among Latvia's political figures it gained support only from the small People's Harmony Party faction in Parliament (which is headed by Jānis Jurkāns). Later Russia refrained from sending up the trial balloon a second time, although Jurkāns offered his personal support for the idea during a visit of Latvian parliamentary deputies to Moscow on 20–24 May 1996, suggesting that there could be consideration of a tri-partite agreement on friendship

and cooperation among Latvia, Russia and NATO, and saying that the idea of "cross" guarantees could be discussed. Essentially Russia was interested in the topic of security guarantees only insofar as the discussion could divert Latvia from its pro-NATO course.

29. See Primakov's interview with S. Kondrashev and B. Lysenko in *Izvestia*, 6 June 1996. See also Kondrashev's own article, "Kto kogo peretyanul v Berline" (Who did what to whom in Berlin?), *Izvestia*, 8 June 1996. Kondrashev was repeating Primakov's ideas about a multi-polar world, the "Europeanization" and transformation of NATO, et al.
30. Zagorskiy, A., "Kompromis s NATO neobhodim i vozmozhen" (Compromise with NATO is necessary and possible), *Segodnya*, 21 June 1996; interview with A. Zagorskiy in Moscow on 27 Sep. 1996.
31. See Korotchenko, I., "Naputstviye sekretaryu SB" (Traveling snacks for the Security Council secretary), *Nezavisimaya Gazeta*, 19 Sep. 1996. Also Karaganov, S., "Poka slab, bud tverd" (While you're weak, be strict), *Moskovskiye novosti*, 13–20 Oct. 1996, p. 5.
32. There have been many attempts to guess at how much influence Surikov's views have. The American analyst Richard F. Staar writes on the one hand that Surikov's views (first of all his threat to aim nuclear missiles against new NATO countries) may represent no more than a form of blackmail; on the other hand, he also feels that Surikov's extreme views seem likely to become part of Russia's new long-range security doctrine. See Staar, R.F., "Emerging signs of Moscow ambition," *Journal of World Affairs* vol. 40, no. 3 (Summer 1996), pp. 380 and 388. It is clear that Surikov's "concepts" are popular in the so-called national-patriotic circles (on 1 October 1996, at a conference which these forces held in Moscow to discuss Russian policy in the Northern Caucasus, Surikov was the main speaker) and among at least one segment of the Russian military leadership. It is entirely another matter, however, whether Surikov's recommendations might actually be carried out.
33. *Diplomaticheskiy Vestnik*, no. 7 (1 July 1996), p. 19.
34. "Russkaya karta Ankari" (The Russian card in Ankara), *Moskovskiye Novosti*, 15–22 Dec. 1996, p. 2; The chairman of the Foreign Affairs Commission of the Russian Duma, V. Lukin, feels, however, that hopes that have been placed on Turkey are unfounded. – *Nezavisimaya Gazeta*, 13 Feb. 1997, p. 5.

35. Gornostayev, D. and Reutov, A., "Ostriye protivorechiya mezhdu Rossiyei i NATO sohranyayutsya" (Sharp contradictions between Russia and NATO survive), *Nezavisimaya Gazeta*, 17 Dec. 1996, p. 1.
36. Lewis, F., "It's going to be a critical year for diplomacy," *International Herald Tribune*, 2 Jan. 1996; see also Blackwill, R., Horelick, A. and Nuan, S., *Stopping the Decline in US-Russian Relations* (RAND Corporation, 1996).
37. First and foremost we must mention A. Pushkov, a well known commentator on Russia's ORT (public) television station. He also serves as the station's director of foreign affairs and recently has become increasingly hawkish. See Pushkov, A., "Virus porazhenchestva: Evropeiskaya politika Rossii" (A defeating virus: Russia's European policy), *Nezavisimaya Gazeta*, 10 Dec. 1996, p. 2.
38. John Kornblum, assistant secretary of state for European and Canadian affairs, stated before the summit: "The main goal at the summit ...is to come up with a definition of a model for security in the 21st century." *U.S. Foreign Policy Agenda: An Electronic Journal of the United States Information Agency*, vol. 1, no. 19 (Dec. 1996), p. 13.
39. "Russia's surly answer to NATO," *The Economist*, 1–7 Feb. 1997, p. 29; Pierre, A. I. and Trenin, D., "Developing NATO-Russian relations," *Survival*, vol. 39, no. 1 (Spring 1997), pp. 13–14.
40. On the possible pitfalls on the road to modernization, see Goble, P. "New divisions in Europe," *Baltic Times*, 6–12 February 1997, p. 22.
41. "Honored enemy," *The Economist*, 4–10 May 1996, p. 27.
42. Latvian Foreign Minister Valdis Birkavs in an interview on *Radio Free Europe*, reported in *Diena*, 28 Nov. 1996, p. 2.
43. *Diena*, 14 Nov. 1996, p. 1.
44. "Border issue rains on EU parade," *Baltic Times*, 19 Dec.–8 Jan. 1996/1997, p. 2.
45. Sharp, M., "Border deal signing put off," *Baltic Times*, 5–11 Dec. 1996, p. 4.
46. This hope was evident in President Ulmanis' remark that "We must speak to Russia via the good offices of NATO about the kind of relationship our two countries should develop." *Diena*, 30 Dec. 1996, p. 2.
47. *SM*, 14 Dec. 1996, p. 2; *Segodnya*, 1 Nov. 1996, p. 9.
48. *Kommersant Daily*, 12 Nov. 1996, p. 4.

49. In 1996, the Latvian prime minister Andris Šķēle became the first Latvian leader to exhibit a realistic approach to the border issue with Russia, refuting unrealistic demands with respect to Abrene and the 1920 treaty. In February 1997, in the fourth round of border negotiations with Russia, Latvia finally agreed to leave Abrene and the 1920 treaty out of the border treaty. Now the final resolution of the matter is also dependent upon Russia's position.
50. *Nezavisimaya Gazeta*, 30 July 1996, p. 3.
51. 700,000 people came to Russia from the former Soviet republics in 1996; of these, 180,000 were regarded as refugees. *Nezavisimaya Gazeta*, 6 Feb. 1997, p. 1; the official Russian statistics speaks about 8,000 refugees from Estonia, 15,000 from latvia and 2,400 from Lithuania, during the period since 1992. – *Rossiya v tsifrah* (Russia in figures) (Komitet po statistike: Moskva, 1996), p. 31. These figures seem to me unsubstantiated.
52. *Nezavisimaya Gazeta*, 30 July 1996, p. 3.
53. Even before 1995, there existed under the auspices of the CRC a group known as the Kongress Kompatriotov (Union of Compatriots). Its chairman was D. Rogozin, son of the same General Rogozin who, in his role as deputy to the highly influential A. Korzahkov, was sometimes known as the "Sage of the Kremlin."
54. There has been some confusion over the most appropriate terms. "Russian speakers," which as a loose but generally fair term, has been proposed. Lieven, A., *The Baltic Revolution* (The Yale University Press: New Haven and London, 1994), p. 185.
55. *SM*, 23 Nov. 1996, p. 1; *Nezavisimaya Gazeta*, 22 Feb. 1996; *Nezavisimaya Gazeta*, 20 Nov. 1996, p. 5; *SM*, 9 Sep. 1996; and *SM*, 7 Feb. 1997, p. 1.
56. *SM*, 28 Nov. 1996, p. 1.
57. Carrol, J., "UN junks Baltic human rights proposal," *Baltic Times*, 5–11 Dec. 1996, p. 2.
58. Vushkarnik, A., "Upushchenniye vozmozhnosti" (Lost opportunities), *Moskovskiye Novosti*, 16–23 Feb. 1997, p. 9.
59. *Nezavisimaya Gazeta*, 29 Nov. 1996, p. 4.
60. *Baltic Times*, 5–11 Dec. 1996, p. 2; at the beginning of March 1997, the new Prime Minister of Estonia M. Siimann promised to grant the permanent resident status to the greatest part of non-citizens. – *Biznes i Baltiya*, 17 March 1997, p. 3.
61. In December 1996, an advisor at the Russian embassy in Tallinn,

V. Ostapchuk, announced that the number of Russian citizens in Estonia was nearing 120,000. See *SM,* 16 Dec. 1996.

62. *SM,* 17 Feb. 1997; *Neatkarīgā Rīta Avīze,* 19 Feb. 1997.
63. *Nezavisimaya Gazeta,* 19 Dec. 1996. See also Vushkarnik, A., "Rossiya i russkiye v Pribaltike" (Russia and Russians in the Baltic states), in *Na rubezhe vekov* (On the threshold of the centuries), Moscow, no. 2 (1996), pp. 72–77. Mr. Vushkarnik is associated with the Institute of Europe. See also *SM,* 6 Jan. 1997.
64. See Cable, V., "What is international economic security?," *International Affairs,* vol. 71, no. 2 (Apr. 1995), p. 307.
65. Tihonovs, J., "ES kritizē korupciju Latvijā" (The EU criticizes corruption in Latvia), *Diena,* 17 Dec. 1996.
66. With respect to the theoretical aspects of this problem, see Liberman, P., "Trading with the enemy: Security and relative economic gains," *International Security,* vol. 21, no. 1 (Summer 1996), pp. 154–155.
67. Davydov, O., "Spad preodolen" (The decline has been overcome), *Nezavisimaya Gazeta,* 14 May 1996, p. 4.
68. Davydov (note 67). See also materials from a conference organized by the Diplomatic Academy of the Russian Foreign Ministry ("Russia and the Baltic States: Prospects for Cooperation") on 13 December 1995, which are located in the archives of the Latvian Foreign Ministry, No. 228/1023. See also *Diena,* 3 Jan. 1996 and Izvestia, 23 July 1996.
69. Kuzmin, V., "Ekspansiya rossiyskogo kapitala" (Expansion of Russian capital), *Nezavisimaya Gazeta,* 10 Sep. 1996, p. 4.
70. *Biznes i Baltiya,* 2 Dec. 1996.
71. For the contrast, see Fyodorov, A., "Chto, yesli ... Rossiya–Baltiya: v vozduhe pahnet grozoi" ("What if" in Russia and the Baltic: a storm is coming), *SM,* 13 Sep. 1996, p. 3; and Fyodorov, A., "Rossiya i Baltiya. Noviye realii" (Russia and the Baltic: New realities), *SM,* 27 Nov. 1996, p. 2.
72. *Biznes i Baltiya,* 2 Dec. 1996. A list of possible sanctions, including as extravagant a step as sealing the Russian border for a time to citizens of the Baltic states, is contained in *Biznes i Baltiya,* 17 Sep. 1996. See also *Nezavisimaya Gazeta,* 1 Feb. 1997, p. 3.
73. In Soviet times there were only two ports – the Yuzhnaya port in Ukraine and the Ventspils port in Latvia – that were appropriate for the transportation of ammonia and potassium salt (Ventspils has the world's largest terminal for transportation of the latter substance). There has never been an ammonium lading facility at

Kaliningrad. See Vaganov, A., "Tarifnaya voina s Baltiyei" (Tariff war with the Baltics), *Nezavisimaya Gazeta*, 6 Aug. 1996.

74. *Izvestia*, 23 July 1996. Also *Biznes i Baltiya*, 19 Nov.1996; *Neatkarīgā Rīta Avīze*, 19 Dec. 1996; *Diena*, 19 Dec. 1996.
75. Osis, U., "Politika tranzitnogo biznesa: iz proshlogo v budushcheye" (Politics in the transit business: from the past to the future), *Biznes i Baltiya*, 19 Feb. 1996, p. 3. The main factor which contributed to the slight increase (~2.5 percent) in Latvia's GDP in 1996 was development of the transit sector. See *Diena*, 8 Jan. 1996 and 19 Dec. 1996, as well as *Neatkarīgā Rīta Avīze*, 19 Dec. 1996.
76. *Neatkarīgā Rīta Avīze*, 27 Aug. 1996, p. 3.
77. Another fully logical example of this process was the appearance of J. Kosītis, a member of the *Latvia's Way* political party, as one of the major representatives of *Yukos* in Latvia. See *Diena*, 30 May 1996. The battle among Russia's monopolies and the effect of this battle on the political establishment of the Baltic states is a very important but little researched topic.
78. See Davydov (note 67). Also Osis (note 75). Another visible Latvian businessman, the president of the *MAN-TESS* company, J. Krūmiņš, had this to say about events in 1996: "I have become very dissatisfied with Latvia's foreign policy... Look at where our foreign minister is traveling. He has been in Sweden and Finland several times, but those countries, after all, are our main competitors." *Biznes i Baltiya*, 3 Jan. 1997, p. 2; an owner of one of Latvia's largest banks, Valeriy Kargin of *Parex Bank*, stated in February 1997 that he would like to act as a mediator between Latvian and Russian politicians. – *Biznes i Baltiya*, 13 Feb. 1997, p. 2.
79. When the mayor of Ventspils, Aivars Lembergs, stated that Latvia has only interests, but no friends, the Foreign Ministry's state secretary, Māris Riekstiņš, remarked that "this is a classical example of officials who begin to mix up the desires of specific sectors with the overall policies of the state." See *Diena*, 19 Dec. 1996.
80. An EU-supported survey at the end of 1996 provided the following illustration: 50.5 percent of Latvia's companies, 41.4 percent of Estonia's companies and 50.9 percent of Lithuania's companies are retail trade organizations; only 13.4 percent of the companies in Latvia are producers, while trade, transportation, hotels, restaurants and cases represent no fewer than 76.0 percent of Latvia's enterprises. See Bebris, P., "EU surveys Latvian businesses," *Baltic Times*, 12–18 Dec. 1996, p. 16.
81. Russian transit through Latvian ports increased in 1996, but

transport through Klaipeda (Lithuania). See Davydov (note 67).

83. In an interview with the newspaper Diena, Russian ambassador A. Rannikh had this to say: "You are sitting in place and doing nothing, and you receive a specific and very large percentage for the fact that things are moving or driving through your territory." See *Diena*, 17 Dec. 1996. Transit and communications produced more than 20 percent of Latvia's GNP in 1996. – *Biznes i Baltiya*, 3 Feb. 1997, p. 7.
84. "O nacionalnoy bezopasnosti. Poslaniye Prezidenta Rossii Federalnomu Sobraniyu" (On National Security: The Russian President's announcement to the Federal Council), *Diplomaticheskiy Vestnik*, no. 7 (1996), p. 35.
85. Legvold, R., "The 'Russian question' in Russia and Europe," Ed. Baranovsky, V., The Emerging Security Agenda (SIPRI, Oxford University Press: Stockholm, 1997), p. 51.
86. *The Economist* noted with justification that "indeed, if NATO is to operate effectively, then it is probably unrealistic to expect it to expand much more at all." – "NATO goes a-wooing," *The Economist*, 25–31 Jan. 1997, p. 13.
87. *Neatkarīgā Rīta Avīze*, 18 Jan. 1997.
88. "Rossiyskaya diplomatiya vibirayet rezkuyu tonalnost" (Russian diplomacy chooses a sharp tone), *Nezavisimaya Gazeta*, 11 Jan. 1997.
89. *Neatkarīgā Rīta Avīze*, 6 Feb. 1997; *Diena*, 7 Feb. 1997.
90. Malcolm, L. and Pravda, A., "Democratization and Russian foreign policy," *International Affairs*, vol. 72, no. 3 (July 1996), p. 544.
91. Hoagland, T., "Advice to avoiding bad troubles in US-Russian relations," *International Herald Tribune*, 10 Jan. 1997; "For NATO, eastward ho!" *The Economist*, 1–7 March 1997, p. 29.
92. "Pobeg iz soclagerya" (Fleeing from the socialist camp), *Moskovskiye Novosti*, 26 Jan.–2 Feb. 1997, p. 10. The article was about a research project carried out by Sergey Karaganov's council and the Parliamentary Development Fund. See also Kortunov, S., "Dogovor ne mozhet stat platoy za rasshireniye" (The agreement cannot become compensation for expansion), *Nezavisimaya Gazeta*, 13 Feb. 1997, p. 2. Also Nikonov, V., "Centralno-Evropeiskiy mirazh" (The mirage of Central Europe), *Nezavisimaya Gazeta*, 18 Feb. 1997, p. 2.
93. Briefing at the Russian Foreign Ministry, 13 Feb. 1997.– Archives of the Latvian Foreign Ministry, 1651–228291.
94. It should be noted that in the literature it has already been

emphasized that Russia's integration policy in the post-Soviet space need not be confined to a macro level and to formal state political-economic frameworks; it may also take place through creating or re-creating linkages in trade, investment, production sharing, joint ventures, partnerships and the like ("micro-integration"). – Becker, A. A., "Russia and economic integration in the CIS," *Survival*, vol. 38, no. 4 (Winter 1996/1997), pp. 119–120. Interestingly, the beginning of 1997 saw greater activity by Latvian business people in Russia. Latvia's largest private bank, *Parex Bank*, was hoping not only to invest in Russian companies, but even to offer credits to Russian local governments. – *SM*, 19 Feb. 1997, p. 1.

95. *Biznes i Baltiya*, 13 Feb. 1997; *SM*, 12 and 13 Feb. 1997.
96. *SM*, 26 Feb. 1997, p. 1. It should be noted that organizations which deal with Russian emigration met with the deputy prime minister of Russia, V. Serov, on 27February 1997, and expressed their dissatisfaction with Russia's failure to promote emigration. – *SM*, 1 March 1997, p. 2.
97. At the beginning of March 1997, Latvia was visited by a delegation from the city government of Moscow. Members of delegation stressed that Moscow is supporting economic cooperation with Daugavpils, a city which has an absolute majority of "Russian speakers" and non-nationalist local government, not cooperation with Riga, whose city council, they said, is "discriminating against Russian speakers." – SM, 4 March 1997, p. 1. (President Ulmanis expressed frank dissatisfaction about Daugavpils contacts with Moscow. – *Diena*, 22 Apr. 1997).The issue of the "Russian speakers" has not thus far had any significant influence on Russia's economic interests in Latvia and Estonia, especially in the area of transit.
98. In February 1997, the American State Department said that there is no visible reason why the border agreements should be linked to minority issues. – *Diena*, 28 Feb. 1997, p. 4.
99. This was frankly admitted by the Russian analyst D. Trenin. See "Baltiyskaya koncepciya Rossii" (The Baltic conception of Russia), *Nezavisimaya Gazeta*, 11 March 1997.
100. *Neatkarīgā Rīta Avīze*, 14 Feb. 1997.
101. Pushkov, A., "Lideri Zapada nie sderzhali obeshchaniy" (Western leaders have not kept their word), *Nezavisimaya Gazeta*, 19 March 1997, p. 2.
102. Baranovsky, V., "Security in Europe: Russia's approach," Ed.

Herolf, G., *Europe. Creating Security through International Institutions* (The Swedish Institute of International Affairs: Stockholm, 1996), p. 38.
103. *Nezavisimaya Gazeta*, 5 Apr. 1997, p. 2.
104. *Diena*, 29 March 1997.

# CONCLUSION

*By Daina Bleiere, Atis Lejiņš, Žaneta Ozoliņa, Aivars Stranga*

Baltic ambitions to join the EU and NATO by the end of this century will not be fulfilled. This obliges the Balts to seek solutions that would enhance their security by meeting internal and external security challenges that arise over the next decade, and would facilitate integration into European and Transatlantic structures, a process which has already begun.

The international environment in which the Baltic countries operate will continue to be turbulent for some time. Therefore, the Baltic states should clearly identify sources of possible threats to their security, and from these, comprehensive and realistic security policy solutions must be elaborated. The Baltic states should also devote much greater attention to the non-traditional and non-canonical threats which they face (economic and social instability, etc.); these threats are currently the most significant, and if they are not dealt with successfully, Baltic movement toward Western European institutions will be seriously impaired.

There will never be a final and irreversible solution to Baltic

security issues. The Baltic security formula will be based on a democratic state-building process which creates preconditions for domestic stability; on internal developments in Russia and/or cooperation between Russia and the West as the key element in European security; on security developments in the closest international environment (the Baltics, the Baltic Sea area, Central and Eastern Europe); and on how successfully the European security system, which is made up of several separate elements, ends up functioning.

This Baltic security formula emerges from the main goal of foreign and security policy for the three states, i. e. integration into Europe. The extent to which this process is successful will depend on the abilities of the three countries and their societies to adapt to the demands of the European Union. The focus of EU integration is now shifting to domestic developments in the Baltic states – growth of the market economies, as well as political and social reform, are the decisive factors. Preparation for the accession process has also taken on increased significance, especially in terms of purposefully coordinated integration policies in various state institutions. At the same time, the support of major political forces, as well as the population at large, for EU integration must be maintained.

Still, no matter how successfully the internal, democratic reform of the Baltic countries proceeds, the specific geopolitical condition of the three states makes them highly dependent on internal processes in Russia.

Normal relations with Russia are an important pre-requisite for the main foreign policy goals of the Baltic states (joining European economic and security organizations). However, at this point there is no irrevocable, stable basis for completely pragmatic and predictable relations between the Baltic states and Russia. There are several factors that will be difficult to overcome: Russia's belief that it is a major power with ambitions in the territory of all of the former Soviet Union; Russia's opposition to Baltic membership in NATO; deadlock in the matter of

"Russian speakers" in Latvia and Estonia; domestic politics in Russia and the possibility of unfavorable trends therein; and the condition of Russian-Western relations and the impact of these relations on Russian-Baltic relations.

The sovereignty of the Baltic states can only be strengthened if relations with Russia are developed on the basis of mutual respect and equality. This, in turn, will be largely dependent upon the extent to which the Baltics become included in the new security system of Europe. At this point there is a very difficult contradiction in this area: the West is urging the Baltic states to bring order to their relations with Russia, making this a precondition for further rapprochement with Western institutions. At the same time, however, Baltic-Russian relations will be resolved only if the Baltic states become anchored in the major European and Transatlantic structures.

At the same time, security policy must also be directed toward the immediate geographical area of the Baltic states, i. e., the Baltic Sea region and Central and Eastern Europe. The momentum toward Baltic unity should be maintained. The three Baltic states belong to one security space and, if they manage to achieve unity of the type that exists in the Benelux Economic Union (including a strong and cooperative military dimension), the Balts will significantly improve their security situation. By becoming a sub-regional model of cooperation, the Baltic states would enhance their attractiveness and bargaining position, both with respect to the EU and NATO, and with respect to Russia.

As the prospect of EU membership for the Baltic states draws nearer, the importance of coordinated policies toward the EU increases. Such policies could help the Baltic states to negotiate better terms on the transitional period and on membership as such. At present there are no such policies at the strategic foreign policy level, and many policies remain to be developed at the lower level of practical issues.

Cooperation among the Baltic Sea region (BSR) states has

begun and is growing, but it is too early to say whether this development will continue at an increased rate. Post-Cold War changes have brought about Finland's and Sweden's entry into the EU, while Poland is banking on early NATO membership. Russia's resistance to NATO enlargement, however, makes this region much more diverse than it used to be, and more attention will therefore have to be focused on the dynamics of diversification and unification trends in the BSR and the result effects on the region, as well as its individual states.

Tendencies of diversification and unification can be seen both in the BSR, and among the Nordic countries. This leads to a key question which directly involves the future of the Baltic states: The Nordic countries have been active supporters of Baltic efforts to join the EU, and will continue to do so. It is necessary to determine the resources and strategy that will be used for implementation of this support, i. e., how will the Nordic states coordinate their efforts to support the Baltic countries on their way to the EU?

In previous research on Baltic-Nordic cooperation, the focus has largely been placed on the attitude of the Nordic countries vis-a-vis the Baltic states, emphasizing security policies and assuming that the desire of Estonia, Latvia and Lithuania to integrate with their Nordic neighbors is a fully understandable phenomenon, typical of small, new, weak and unstable countries which seek partners in foreign and security policies and channels for international recognition and participation in global processes. The Baltic states have already reached the goals of recognition and equal participation; now they must articulate their policies vis-a-vis their Nordic neighbors. More attention must be devoted to the way in which the Baltic states react to Scandinavian offers, how active the Baltics are in specifying the content of cooperation, and to what extent are Baltic foreign and security policies with respect to the Nordic countries coordinated.

The Council of Baltic Sea States, which started as a forum for

the promotion of cooperation but which gradually has taken on an institutional role in the BSR, has been in existence for five years. Developments in this forum can have a very important influence on the prospects of countries in the region, at least in the context of two political processes. First of all, the BSR is a European region, and thus the matter of expansion is directly linked to changes in the region and in the EU. Secondly, the CBSS brings together countries for which it is important to maintain regular dialogue. This is particularly true of Russia, the Baltic states and Poland. One area of possible research in the future might be a consideration of the role of the CBSS in promoting political dialogue among various Baltic Sea countries.

Relations with Central European post-communist states have developed rather unevenly and slowly, despite similarities in strategic goals, political and ideological values, and problems encountered during the transition process. One of the more fundamental factors to foster cooperation among the Central European and Baltic states is integration with the EU and NATO. At the same time, this very cooperation serves as an indicator of Baltic readiness to merge into European structures.

In the new European security architecture, there will be a growing number of regional, sub-regional and bilateral solutions to various security problems, and greater attention will be devoted to the so-called trans-border soft security arrangements (among cities, regions, institutions, etc.). Cooperation with the Central European states is desirable from this point of view, because it furthers stability in Central and Eastern Europe, including the Baltic states.

The fourth element of the Baltic security formula lies in the dynamics of the international system, especially with respect to the future structures of European security. The European security system which is presently being created will move beyond the two elements of the European Union and NATO to include not only the two organizations, but also the enlargement

process and the accession of some new members; the PFP program and its ongoing modernization; the special charters that will be arranged between NATO and at least three partners (Russia, Ukraine and the Baltic states); the CJTF concept, which will include non-NATO countries; and the development of associative agreements with the EU. If this very heterogeneous system manages to become effective, that will minimize any negative consequences that might emerge from the limited expansion of NATO or the EU.

It is in the interest of the Baltic states to participate actively in as many parts of the system as possible: the signing and implementation of a Baltic charter with NATO (or the United States); the opening of NATO offices in the Baltic states; strengthening of relations with the WEU; development of bilateral military agreements with NATO member countries; and active participation in the PFP (or PFP+), as well as CJTF missions. By strengthening institutional links with NATO and the EU, the Baltic states become involved in the European security space.

The security component of EU integration has been the dominant focus in the first stages of Baltic integration in the EU. The importance of this component may increase, but this must be supported by a careful engineering of the integration process. An encouraging factor at this point is that an understanding of EU integration in terms of comprehensive security is gaining in importance in the Baltic states.

Clearly, integration into the EU and NATO will remain the strategic goal of the Baltic states, and it will be high on the foreign and domestic policy agenda. Nevertheless, the success of this integration effort depends in large measure on outside factors, including the international environment. In the case of the EU, the key question concerns the success of internal reforms in the EU. Various accession scenarios and developments within the EU must be taken into account (development of a Common Defense and Security Policy, introduction of EMU, etc.). There are no real grounds to believe that the most optimistic scenario

with respect to Baltic membership in the EU (beginning of negotiations six months after the IGC, comparatively short negotiations, and approval of a long transitional period) will come to pass. Policy makers should be aware of the fact that the accession process may well turn out to be quite protracted, and they should develop strategies and tactics that are appropriate for this situation, should it arise.

We conclude that in the near future one of the main factors to form the security environment of the Baltic states will be integration with European and Transatlantic structures. Therefore, our next research project, "The Impact of European Integration Processes on Baltic Security," will be devoted to an analysis of the interaction of integration process in the West and the East and the way in which this affects Baltic security; in other words – what impact may both processes have on Baltic foreign and security policy priorities.

# ABOUT THE CONTRIBUTORS

**Daina Bleiere,** Dr. hist., is a research fellow at the Latvian Institute of International Affairs and at the Latvian Institute of History, University of Latvia. She is the author of articles on the political and social history of Latvia in the 1940s–1980s and on Latvia's relations with Ukraine and countries of Central Europe.

**Atis Lejiņš**, M.A. in History from the University of California, is the founder and director of the Latvian Institute of International Affairs. He has worked many years at the Swedish Institute of International Affairs as editor of scientific publications and has returned to Latvia from exile in 1991. He has written extensively on Baltic affairs and Afghanistan during the Soviet occupation and now specializes on Baltic security issues. He was elected to the Royal Swedish Academy of War Sciences in 1995.

**Žaneta Ozoliņa**, Dr. paed., is an associated professor at the University of Latvia, Department of Political Science and a research fellow at the Latvian Institute of International Affairs. She has published articles on international politics, regional and international security and security cooperation within the Baltic sea area.

**Aivars Stranga**, Dr. habil. hist., is a research fellow at the Latvian Institute of International Affairs and a professor at the

University of Latvia Faculty of History and Philosophy and Head of the Latvian History Department. He is the author of many articles and several books on the history of Latvia's domestic and foreign policy in the inter-war period. Presently he specializes in Latvia's foreign policy and Baltic-Russian relations after 1991.

## PUBLICATIONS OF THE LATVIAN INSTITUTE OF INTERNATIONAL AFFAIRS

***Topical Issues in World Politics:***

**1992**

- Andris Ozoliņš. *Eiropas Kopiena: Latvijas vārti uz Eiropu?*

**1993**

- Kārlis Eihenbaums. *Eiropas Drošības un sadarbības apspriede: mainīgā loma* .
- Jeļena Staburova. *Latvija–Ķīna–Taivana: trīsstūris vai aplis?*

**1996**

- Ineta Ziemele. *Eiropas Padome – Latvijas partneris Eiropas norisēs.*
- Daina Bleiere. *Ukraina – Eiropas valsts.*
- Toms Baumanis. *Latvijas integrācija Eiropas struktūrās – drošības politikas risinājums.*

***Baltic Security Studies:***

**1993**

- Uldis Cērps. *Politiskās partijas demokrātiskā sistēmā: Zviedrijas pieredze.*

**1994**

- Inesis Feldmanis, Aivars Stranga. *The Destiny of the Baltic Entente, 1934–1940.*

**1995**

- *Latvija pasaules politikā: iespējas un ierobežojumi*. Rakstu krājums.

**1996**

- Eds. Atis Lejiņš and Daina Bleiere. *The Baltic States: Search for Security.*
- Uģis Šics. *Latvija ceļā uz NATO.*

***The World in Your Pocket:***

**1993**

- Guntis Štamers. *Latvia Today.*

**1994**

- Edgars Katajs. *Japāna: vakar un šodien.*

**1995**

- Guntis Štamers. *Latvia Today* (2nd edition).

***Fundamental Research on International Relations:***

**1993**

- Inesis Feldmanis, Aivars Stranga, Mārtiņš Virsis. *Latvijas ārpolitika un starptautiskais stāvoklis (30. gadu otrā puse).*

***Conference Proceedings:***

- *The Baltic States on their Way to the European Union (Security Aspects)*, Latvia, Riga, 3 December 1994 (An international conference organized by the Latvian Institute of International Affairs and the Konrad Adenauer Foundation).
- *NATO and EU Enlargement: The Case of the Baltic States,* Latvia, Riga, 9 December 1995 (An international conference organized by the Konrad Adenauer Foundation and the Latvian Institute of International Affairs).
- *The Baltic Dimension of European Integration,* A conference at Riga, 24–25 August 1996 (Institue for EastWest Studies; the Latvian

Institute of International Affairs; Royal Danish Embassy, Riga).

• *NATO and the Baltic States: Quo vadis?*, Latvia, Riga, 7 December 1996 (An international conference organized by the Konrad Adenauer Foundation and the Latvian Institute of International Affairs).

*Lejiņš A., Ozoliņa, Ž.*, eds.
Small States in a Turbulent Environment: The Baltic Perspective

Published by the Latvian Institute of International Affairs, (registered by the Ministry of Justice, Republic of Latvia, SO – 0485)
Brīvības bulv. 32, Riga, LV – 1716, Latvia
Tel.: 7282297, fax: 7828089, e–mail: liialai@lanet.lv.

Printed by "N.I.M.S." Ltd, Tallinas iela 81–20, Riga, LV – 1009, Latvia

.