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**The Baltic Dimension of European
Integration**

A conference at Riga, 24 - 25 August 1996

Latvian Institute of International Affairs
Royal Danish Embassy, Riga

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FOREWORD

<i>John Edwin Mroz,</i>	<i>Michael Metz Mørch,</i>	<i>Atis Lejins,</i>
<i>President,</i>	<i>Ambassador of the</i>	<i>Director,</i>
<i>Institute for</i>	<i>Kingdom of Denmark,</i>	<i>Latvian Institute</i>
<i>EastWest Studies</i>	<i>Riga</i>	<i>of International Affairs</i>

When the Institute for EastWest Studies launched its Baltic Initiative Fund at an Awards Dinner for the three Baltic Presidents this June, the theme of European integration seemed an obvious one to choose for the Fund's first major manifestation. As the Baltic Presidents made clear in their speeches at New York, entry to the major Western integrated organizations remains the highest goal of all three States' policy and the ultimate guarantee of their future security. But the task of preparation is a complicated one, and the pushing forward of EU and NATO frontiers into the Baltic space poses some difficult challenges for political relationships in the region. In designing an international conference at Riga on "The Baltic Dimension of European Integration", we set out to avoid easy answers and do justice to all the layers of significance of this problem. First, we wanted to underline the Baltic States' European identity (and West European culture), the common destiny which they now share with all the other free democracies of Central Europe and their right to aspire to the same fully integrated status. Second, we wanted to explore the true significance of the decision to 'integrate' and seek a better understanding of the massive effort this demands from all serious candidates, using the experiences of others to show how such challenges can be met. Finally, we hoped to face up to some of the realities of the gradual, phased and complex nature of the integration process in Europe today. Not every State can enter every organization simultaneously; and security and prosperity must be built through cooperation with non-integrated as well as integrated neighbours. The issue which the Baltic democracies, like many others in the region, face is how to keep up positive momentum, consolidate their place in the European family and ward

off harmful interference throughout what may be a long and difficult road to the fully integrated goal.

The conference held at Riga on 24-25 August 1996 was a fine demonstration in itself of the standing the Baltic States now enjoy in Europe. Even on a late summer weekend we were able to assemble 96 participants from 21 different states and all major European organizations, including the acting Secretary-General of NATO, the Political Director of the Council of Europe and the recently retired Secretary-General of OSCE. The Baltic governments, for their part, provided invaluable support for the event, with senior representatives of the Baltic States setting out in the conference's first session their national goals and their determination to work together.

Essential for the conference's success was the exemplary cooperation among the three co-organizers of the Riga event. While much of the cost of the conference was borne by the Baltic Initiative Fund, the Danish Government was pleased to make a substantial financial contribution through its Embassy at Riga. The Latvian Institute of International Affairs carried the main burden of local organization and ensured wide publicity and support for the event in Latvia itself.

What follows is a compilation of conference documents, including the texts of the speakers' presentations and summaries of the lively discussions which ensued. We hope that this book will provide not only a usefully detailed record of the conference itself, but will also serve to stimulate further discussion on the important issues raised during the course of the proceedings. For our own part, we will be staying in touch with each other and looking for new ways to cooperate as IEWS pursues further projects under its Baltic Initiative Fund (BIF): and we cordially invite those interested in the future of the BIF to contact any member of IEWS's BIF Steering Committee for the Fund (addresses at the back of this volume).

MESSAGE FROM H.E. MR. GUNTIS ULMANIS, PRESIDENT OF LATVIA

To the participants of the Institute for EastWest Studies conference on the Baltic Dimension of European integration:

I greet the participants of the Institute for EastWest Studies' conference! I remember with pleasure the arrangements organised by the Institute during my visit to the United States.

I regard the theme of the conference as very topical because in the geopolitical context the concept of the "Baltic identity" is acquiring ever more substance.

By this I mean the common strivings of our States to find the most optimal economic and security models that would correspond to the challenges of the 21st century.

I regret very much that due to circumstances beyond my control I cannot take part in the conference. However, I am sure that this is not the last time such a conference will take place in Latvia.

I wish the conference every success, and I hope our common endeavors will strengthen the place of the Baltic States in the European integration process.

OPENING REMARKS

*John Edwin Mroz
President and Founder
Institute for EastWest Studies*

It is an honour to open this conference and welcome the distinguished participants from 21 countries and four key European organisations who have journeyed to Riga to work together at this conference. Special thanks are due to those who interrupted their holidays to be here - something which in itself demonstrates how many people care deeply today about the Baltic States and their future.

In particular, I want to thank Minister of Foreign Affairs Birkavs for his presence and kind words of welcome to this conference. We are particularly gratified by the gracious message of welcome from President Ulmanis, who had hoped to be present in person, and who has given great personal encouragement to this conference at every stage. I hope you [Minister Birkavs] will convey thanks to His Excellency the President on behalf of all of us here, with our best wishes for his health and safe return to Latvia.

The attendance of so many high-ranking Latvian representatives, from every walk of life, at our conference today signals better than any words could do the warm support and encouragement we have received in this country both for this present enterprise and for the work of the IEWS in general. Let me express my gratitude again for the excellent welcome we have always enjoyed in Riga.

However, our conference this weekend can truly be seen as the brain-child of all three Baltic States. It was born and will be carried forward in the very best spirit of Baltic solidarity. The way was opened for this initiative by the annual IEWS Awards Dinner in New York this June, where we were graced by the presence of the Presidents of all three Baltic Republics. It was there that we announced the launching of IEWS's new Baltic Initiative Fund, made possible by the donations large and small of a wide variety of contributors who wanted to help us give practical support to the Baltic cause.

Our conference here in Riga was designed as a speedy follow-up to the New York dinner and the first major event under our Baltic Fund. We have deliberately dedicated it to the themes we believe should run through our whole Baltic programme:

- the European identity of the Baltic States
- their legitimate place in the whole multi-layered process of European integration
- and the great value, for themselves and for the outside world, of close cooperation and solidarity between them.

I have learned even since arriving here of new examples of how that solidarity is working:

- just two days ago the Latvian and Estonian Parliaments unanimously ratified the agreement ratifying their sea boundary - no small matter given the importance of the fishing industry in both countries
- the Estonian and Lithuanian Parliaments have ratified the pioneering agreement on free trade in agricultural products among all three States, and ratification by the Latvian Parliament is expected to follow soon
- further agreements are pending on such subjects as fishing quotas and the sea border between Latvia and Lithuania.

These are all further signs that the nations of this region understand very well that being a good neighbour, and a good European, is a process that begins at home. But of course there are many other and much wider dimensions to the European identity of the Baltic States. They know that their sovereignty and interests will be best defended by continuing along the path they have chosen of constructive, normal relations with all their neighbouring countries (including, of course, Russia). They have developed a particularly close community of interests with the democracies of Northern, and of Central Europe. We have made great efforts to reflect those themes in the construction of our conference too. I am gratified that we have such excellent representation today from every single State of the wider Nordic/Baltic community.

I am also delighted that we have been able to combine this conference with a meeting of IEWS's long-standing Strategy Group for strengthening cooperation in Central and Eastern Europe: so that we have here today eminent representatives of every single Central European Associate country of the European Union - happily now includ-

ing Slovenia - as well as Ukraine and Belarus. These are countries which share many of their highest values and aspirations with the Baltic States and I am personally much looking forward to the unique exchange of experiences this conference ought to make possible between them.

But as I hinted before, this is only the start. IEWS's Baltic Initiative Fund is now fully up and running with its own Steering Board backed by working-level coordination between all the IEWS offices. Between now and next summer we are pledged to carry out at least four major projects reflecting the policy themes of the Fund and involving significant international meetings in all three of the Baltic countries. My IEWS colleagues and I will be exploring with many of you during the conference the possibilities for other governments, institutes and private sector organisations to join with us in these exciting activities.

But to come back to the present, I have deliberately kept the best to the last: that is, the thanks that are due to our two co-sponsors, co-organisers and brothers in arms for this conference.

First may I introduce, with our profound thanks, a highly regarded Danish diplomat serving currently as the ambassador of Denmark to Latvia, HE Mr. Michael Morch. Through him the Danish Government has made a material contribution essential for the success of this event. Ambassador Morch himself has engaged himself tirelessly to ensure the success of this conference and, as you know, tomorrow he will have the honour and pleasure of introducing his Foreign Minister as one of our eminent guest speakers. May I extend special greetings also to the other distinguished Danish representatives here and thank them in advance for the role they will be playing during our proceedings.

It is my pleasure also to introduce Mr. Atis Lejins, the director of the Latvian Institute for International Affairs, who has devoted himself and the resources of his institute full-time over the past months to organizing this conference. We could not have been where we are today without him. I offer him our very deepest thanks and appreciation and the assurance of the closest possible continued cooperation between our Institutes in future.

Last but far from least is Alyson Bailes, the IEWS's Vice President for the European Security Programme. The Institute is deeply grate-

ful to the British Foreign and Commonwealth Office for loaning Alyson to us for two years during this critical period for European and world security. Alyson has been the intellectual driving force behind this conference and the Institute's work on the Baltic Initiative Fund. It is with special acknowledgment of her contribution that I now proceed to open the first working session of this conference, which is to be devoted to the Integration Policies of the Three Baltic States.

OPENING REMARKS

*Dr. Valdis Birkavs
Minister of Foreign Affairs
Republic of Latvia*

Your Honour, Mr. President,
Honourable Mr. Chairman,
Your Excellencies,
Ladies and Gentlemen!

Thanks to the combined efforts of the Institute for EastWest Studies, the Danish Embassy and the Latvia Institute of International Affairs, we have before us an excellent opportunity to gather in this auditorium in order to discuss the regional dimension of European integration. Allow me to thank all of the people who took part in organizing this function and all of the participants, who have shown interest in this event, which is of great importance to Latvia.

The idea of European integration has deep historical roots in Latvia. I would like to think, that the mutual cooperation of Baltic cities with Scandinavian and Northern German trade centres within the context of the Hanseatic Union, has been a sort of early expression of the integration process. At any rate looking from the shores of Latvia Europe has always seemed to be a large family of various peoples and regions, connected by the Baltic sea.

Certainly, what I've just said, does not pertain to the years of the Soviet regime, when the Baltic Sea was no longer a unifying, but rather an isolating element and European integration affected only the Western half of this continent. It is no accident, that this conference is meeting in Riga at the end of August. The 23rd of August, is, for the Baltic nations, a date which has double meaning: on this date in 1939, the infamous Molotov - Ribbentrop Pact was signed, but, in 1989, millions of Baltic people joined hands to form the "Baltic Way", which reached from Vilnius all the way to Tallinn and was a symbol of our mutual desire for freedom, as well as our way of saying goodbye to the years behind the iron curtain.

Along with the Baltic way the first buds of integration blos-

somed for us. The Baltic peoples made known their intentions to go towards common goals down the same road, which is based on democratic values, as well as a European identity. The end of August is very important to the Baltic peoples due to one other fact and that is, that at this time five years ago, we regained our independence from the USSR. It would seem, that one of the goals of our conference today is linked with this anniversary - we can review the results of five years of independence from the point of view of foreign affairs and we can also look into the future together.

Last week the Scandinavian and Baltic foreign affairs ministers met in Riga, during which time the idea of the necessity for regional cooperation and the importance of security questions on a European level were once again reaffirmed.

Honourable Mr. Chairman, Your Excellencies, Ladies and Gentlemen!

Allow me to express my pleasure about your participation in the conference and wish you the achievement of much productive work in these next few days.

With these words, allow me to open this conference.

INTEGRATION POLICIES OF THE THREE BALTIC STATES: THE LITHUANIAN PERSPECTIVE

*Professor Povilas Gylys
Minister of Foreign Affairs
Republic of Lithuania*

Ladies and Gentlemen,

It is of special pleasure to speak for such an honorable audience. Initiatives of the Institute for East-West Studies have been deeply appreciated in Lithuania for their great relevance to the political developments in Europe and across the Atlantic.

Indeed, the discussion would be incomplete, and the conclusions drawn would be short-sighted without proper attention to the Baltic dimension of the European and trans-Atlantic integration. Lithuania as well as Latvia and Estonia today are an inseparable part of the new Europe. Regrettably, the legacy of the Second World War still shows through in stereotypes and the psychology of some people. We even have recent cases where a respectable European institute of meteorology draws maps of Europe with no sign of Lithuania, Latvia and Estonia on them.

In spite of such misunderstandings, today the Baltic states, together with other countries of Central Europe, enjoy the same status in the European Union and Western European Union. In order to ensure the indivisibility of security, this principle continues in trans-Atlantic integration.

Our values, goals and aspirations are identical to those of the other Central and Western European countries. Our security, stability and well-being are tied firmly to that of the rest of Europe. And if we are to be decisive in search of a genuine architecture of security in Europe and to achieve a true integration and prosperity in Europe, the Baltic issue must be on the agenda.

This is a unique opportunity, so cherished throughout the history of our continent, to have all European countries united by the

universal ideals of democracy and liberty. We must do our utmost to ensure that the democratic growth of Central and East European countries is secure and stable. For that the integration of the new democracies into the western community of democratic countries must be smooth and comprehensive. And, as the United States Secretary of State Warren Christopher said this spring in Prague, "no nation in Europe should ever again be consigned to a buffer zone between great powers, or relegated to another nation's sphere of influence".

The official application for membership of the EU and the Letter of Request to accede to NATO reflect the strategic objectives of the Lithuanian foreign policy.

European Union

Integration into the European Union is one of the cornerstones of Lithuania's domestic and foreign policy. The way of my country to the EU is not merely a reaction to the unification of Europe. It is also a logical continuation of the history of a European nation whose statehood dates back to the 13th century.

We base our aspiration for membership of the EU on the conviction that it will consolidate our democratic achievements, increase economic and social welfare, stabilize and add momentum to relations with our neighbours, and enhance our participation in common European matters. It is not accidental, therefore, that the idea of membership of the EU is supported by the majority of the country's population and by all major political parties.

Thus, the signing of the Europe Agreement and the application for membership of the EU clearly demonstrate Lithuania's commitment and determination to accept the *acquis communautaire* as well as the *finalité politique* of the Union.

With our goal of EU membership at the turn of the century, we have embarked on the road of political and economic reforms to be able to satisfy the political and economic criteria defined by the European Council in Copenhagen.

At an economic level, Lithuania's integration process is clearly reflected in the progress towards building its economy on the basis of principles of market economy. Fundamental economic reforms, such as privatization, liberalization of the movement of capital, labor, trade and services, modernization of the social security system are being implemented. They go step by step with the restructuring of

the economy and the implementation of necessary legal and institutional reforms. The European integration process plays a key role in this respect.

We have embarked in Lithuania on a comprehensive program of harmonization of Lithuanian legal norms with those of the EU. A National Program of Legal Harmonization has been worked out and a mechanism to guarantee the application and enforcement of the *acquis communautaire* is in the process of being set up.

Internal reforms and external changes have led my country to the doorstep of the European Union. The time has come for the Union to admit new members. We *are* watching closely the work of the Intergovernmental Conference. Lithuania hopes that the decisions of the IGC will provide for institutional reforms necessary for the EU enlargement. Decisions of the Union to start accession negotiations simultaneously with all candidate countries six months after the end of IGC will be essential for the security, stability and well being of everyone in the region.

NATO

Our aim to join NATO is guided by the common values of democracy, individual liberty and rule of law; the historical experience, identity, geopolitical situation as well as the political logic of the European integration process. Lithuania has engaged in the costly state and economy restructuring reforms paving the way for the said values by having built democratic parliamentary and governmental institutions; by ensuring human rights as well as rights of persons belonging to national minorities; by implementing liberal market reforms; and not least, by conducting democratic and friendly relations with other countries, especially our immediate neighbours.

We are making a bid for membership in NATO without fear of some immediate or direct threat, the more so as we do not feel threatened. Rather, an imaginable political instability in the region due to the possible emergence of a security vacuum or so - called "gray zones" is perceived by Lithuania as the main security risk.

We see NATO enlargement not as a mere response to the local challenges or threats of a given moment. This is a solution for security and stability in the continent in the long run, giving us the ability to meet any kind of challenges in the future. And, as history shows, NATO is the institution best suited for this.

Moreover, the only way to build our national defense system and by this and other means to contribute to international security and stability is the engagement in the international institutions of collective security and defense, first and foremost - the North Atlantic Alliance which is the cornerstone of the European and trans-Atlantic security.

The logic of the political developments regarding the EU enlargement and the obvious benefits of it suggest a similar approach *vis-a-vis* the opening of NATO. However, the key decision-makers are slow to adopt it, probably because this issue is perceived as more political and less technical in many Allied countries and also because of remaining misperceptions of the Alliance's role in some of the countries suspicious of the accession of the new democracies to the Washington Treaty.

It is important to ensure equal possibilities for NATO membership of all countries with a prospect of EU membership, and which have shown a genuine interest to join NATO. An alleged security architecture in which some members of or candidates to the EU were accepted into NATO and others denied membership would be divisive and unstable.

To avoid such danger, we have to meet the needs of both a changing NATO in the new context of European security and its partners preparing for eventual membership in the Alliance. In order to sustain the reforms in the Baltic states and to further encourage the positive attitude of the people in the three countries towards the democratic transformations, it is vital that the three countries are included in the process of NATO enlargement as able to start the accession process simultaneously with other Central European states.

There are good prerequisites for the NATO accession process to start through furthering the self-selection principle in PfP and through the recognition of already existing different political aspirations and practical involvement of many PfP countries. During the Partnership for Peace process, it appeared that each of the 27 Partner countries has specific interests in cooperation with NATO. For some Partners, the PfP is a strategic partnership with NATO, for others - enhanced international peacekeeping, for some - just an acquaintance with the European and trans-Atlantic fora for development and implementation of international security policy. For a considerable group, including Lithua-

nia, it implies steps to the future membership in the Alliance. The comprehensive and transparent NATO enlargement process should include the countries which have expressed interest in NATO membership and are meeting certain sets of criteria, such as recognition of common values and compatibility and interoperability requirements.

The NATO enlargement process would fail, if security for some states comes at the expense of others. It can only succeed by adopting a comprehensive approach based on the indivisibility of security of the Central European democracies, including the Baltic states. The security of all European countries should increase regardless of the sequence of their acceptance into the Alliance.

We must also discard suspicion and raise awareness about the true character of NATO. The former concept of NATO based to a large extent on deterrence is now dominated by the cooperative component. The IFOR led by NATO and based on a wide participation of the Partners illustrates the cooperative experience to be furthered in building a closer partnership with the countries which play a key role in the Continent's security, first and foremost Russia and Ukraine.

What we have achieved

The integration process shapes Lithuania's foreign and internal policy.

Foreign relations

As prospective members of the European Union, we realize our responsibility to maintain security both in the Baltic sea region and Euro-Atlantic area as a whole. In a relatively short time, Lithuania has established friendly and mutually beneficial relations with all neighbouring states to encourage mutual trust, political and economic co-operation. With the recent ratification of a good neighbourhood agreement with Belarus and the agreement on the delimitation of the state border, Lithuania is now a party to such treaties with all neighbours, thus guaranteeing no territorial claims or border disputes.

In conducting its foreign policy towards its neighbours, Lithuania seeks to strengthen and deepen relations with the future members of the EU – Associated Countries of Central Europe, especially with Poland, Latvia and Estonia.

The historic rapprochement and close links with Poland are an

other proof of Lithuania's ability and willingness to build its foreign policy on the principles of European integration. It is no secret that throughout history, we had painful setbacks in our relations with Poland. Decisive steps undertaken over the past few years by the politicians and governments of both countries have positively reversed the situation. One of today's tasks in relations with Poland is finding technical means to implement the ideas generated together over the past few years (for instance, a joint peacekeeping battalion).

Cooperation among the Baltic states has, from the very outset, been close and fruitful. Lithuania builds its policy of Baltic solidarity on the principle of good neighbourhood as well as on the understanding that the Baltic states should reintegrate into the Western structures together. As the three Baltic States represent a distinct region, Lithuania gives priority to trilateral co-operation and considers it the most effective way for achieving the goals of Baltic co-operation. We have joint intergovernmental and interparliamentary institutions which facilitate further integration of the three states. Recent top level meetings reaffirmed solidarity with which the Baltic states will move together in the processes of European and trans-Atlantic integration.

The common goal to reintegrate into the Western structures gives additional impetus for the deepening of Baltic co-operation. In pursuing this goal, the Baltic states are working towards co-ordinated implementation of standards and requirements based on EU principles in various fields; for example, the introduction of common transit procedures in the Baltic states, a comprehensive plan of which was prepared in January and approved by the Prime Ministers in April 1996, will be based on the practices of the EU and EFTA countries.

There is still a need to define and distinguish competition and cooperation, common and individual goals in our future Baltic endeavors.

In the Baltic Sea Region, the Nordic countries have always proved their active support of Lithuanian independence and have always been among the biggest contributors to the process of reforms in our country. Intensive bilateral cooperation and the "five-plus-three" process considerably support the full reintegration of the Baltic states into European and trans-Atlantic institutions. The efficiency of this approach has been once again confirmed during the recent meeting of the Baltic and Nordic Foreign Ministers. Lithuania fully supports the initiatives

to develop a comprehensive strategy for the Baltic Sea Region as a future region of the enlarged European Union.

With regard to relations with Russia and Belarus, Lithuania in a relatively short time has established ties and created a favourable environment for co-operation with them on the basis of equal rights and mutual benefit.

We follow a widely accepted strategy focused on the economic development of the Kaliningrad District. Accepting it as an inseparable part of the Baltic Sea region and having adopted a friendly approach, we, for instance, have mutually abolished the visa regime for residents of the Kaliningrad District and, together with Poland, are intending to involve it in cross-border cooperation. The concentration of arms on this small piece of land remains a subject of concern, yet it is up to the entire international community to persuade Russia that there is no need to keep them there but rather to promote rapid economic and social growth in the district.

It is worth stressing our good relations with Ukraine. Lithuania's policy is directed to strengthen our bilateral ties and develop mutual understanding. Ukraine is of special importance for stability and security in the Euro-Atlantic area so we believe that our efforts would contribute to those of the EU and NATO countries to support democratic and economic reforms in Ukraine.

Minorities, civil society

The situation of ethnic minorities is regarded as an indicator of the state of democracy in the country. We have a comparatively low percentage of ethnic minorities in Lithuania (less than one-fifth of the population), and their rights are guaranteed by the universally recognized international legal norms. The main safeguard of inter-ethnic stability in Lithuania is the centuries-old tradition of tolerance of which we have legitimate grounds to be proud. Issues of minorities' rights cast no shadow over our relations with Russia or Poland. Russians and Poles are the main ethnic minorities in Lithuania.

Economy

The development of democracy is inseparable from market economy reforms. The progress is evident from the fact that the private sector accounts for nearly 70 percent of Lithuania's GDP. Inflation in July of this year, was only 0.1 percent, and that reaffirms the

fact of ongoing Lithuanian economic development. A significant step towards economic liberalization was the amendment of the Lithuanian Constitution which now allows purchase of land by foreigners. Another liberal move was a change in the legislation allowing the operation of foreign banks in Lithuania.

Free foreign trade is ensured through free trade agreements with the Baltic states, EU, EFTA countries and currently negotiated free trade regimes with the CEFTA countries with a view to eventual membership therein.

Cooperation with and within other international structures

Lithuania is also an active member or partner in or with other European institutions such as OSCE and WEU.

As the OSCE is engaged in designing a new security model for the next century, it can do a lot in international confidence building. A good point of departure is the contribution by the EU to the European Security Model for the XXI century which proposes a focus on the strengthening of existing functions of the OSCE for which it has expertise and, after all, a mandate: early warning, conflict prevention, crisis management and post-conflict rehabilitation. Furthermore, the model should ensure that no hierarchy of international security organizations emerges. But again, OSCE cannot be an alternative to NATO enlargement as, among many reasons, its nature is different from NATO. It could rather be a solution for the transparency of trans-Atlantic integration processes.

WEU is still searching for its role in Europe. There is a lot of skepticism about the potential of this organization to be an adequate alternative to NATO, or at least a European pillar of NATO. But in many points, developments in WEU contribute to the processes of European integration. Noteworthy is the equal status of the countries associated with the EU, which guarantees the natural inclusion of Central Europe in the integration processes without creating a new dividing line. Such equality is the logic of the integration process that we would very much welcome in the case of NATO enlargement.

Conclusion

No one in Europe today wants new dividing lines or dividing walls anymore. The main precondition of an undivided continent is mutual confidence between all political actors. All of them and espe-

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.

The second thrust of our integration policy is NATO. In the case of NATO, just as with the EU, Estonia supports objective evaluation of the candidate states. Estonia believes that no country outside of NATO should have a direct or indirect veto over the enlargement that is coming, and coming soon. Just recently, my president, along with the other two Baltic presidents, had a meeting with President Clinton. I am happy to say we heard confirmation of these views in Washington as well. President Clinton told us that the door to NATO remains open, and that the first new members will not be the last.

Considering what the latest US presidential election polls say, I would add that during the same visit, the three Baltic presidents also had a very good meeting with Senator Bob Dole, who stressed bipartisan support for Nato's enlargement and that this enlargement is open to the Baltic states as well. Senator Dole was very clear on this: he said that NATO should have enlarged a long time ago and that the Baltic states are potential members.

It is this strength of support that helps us feel more secure. We are feeling more secure now that we did, say, two-and-one-half months ago, before Russian voters chose a new president. We are gratified that those elections were free and fair and demonstrated considerable progress in democratic thinking in Russia.

Given these results, it is all the more inexplicable that battles still rage in Chechnya and that Russian armed forces continue to massacre civilians in a seemingly indiscriminate manner. Just as the world community is taking a stand and an active part in ending the war in Bosnia, it should also pay more attention to ending wars in other parts of Europe.

Besides Russia, Estonia has other neighbours as well. Significant progress in practical cooperation with our two southern neighbours, Latvia and Lithuania, has been made in the last year. We now have a free trade agreement in agricultural goods, which is possibly the greatest achievement in Baltic cooperation since 1991.

Because of our common goals, the three Baltic states have been able to overcome some differences that have hindered cooperation thus far. We are moving in the same direction, and the direction itself is

more important than the speed with which each of the three travels. By cooperating among ourselves, we demonstrate our willingness and ability to work together, and to work together with other states, namely those of NATO and the European Union.

Thank you very much, and I wish this conference success.

THE LATVIAN PERSPECTIVE

*Dr. Valdis Birkavs
Minister of Foreign Affairs
Republic of Latvia*

Honourable Mr. Chairman, Excellencies, Ladies and Gentlemen!
Honourable Colleagues!

The main objective of my speech is to characterize Latvia's integration policy in Europe. First of all, it is important to provide an answer to the question of what integration into Europe means to Latvia. In answering this question we must take into account, that the Europe of today is characterized by regionalism as pertains to the resolving of issues of practical politics. It is because of this, that, from Latvia's point of view, the Baltic region must find its own specific and defined place within the European integration process. Taking into account, that Latvia is, at this time, the presiding (chairmanship) nation of the Council of the Baltic Sea States (CBSS), I will place quite a bit of focus on regional development in my speech. From my point of view, Latvia's integration into the European Union (EU) is the only way it will be able to promote the increase of its economy, as well as an overall process of growth and development. At the same time, it should not be forgotten, that there is also a dimension of security within the idea of the European integration process. The security of the Euro-Atlantic region and European integration are two very closely tied processes. Without security there cannot be integration and without integration no one has any guarantees, that Europe will not be thrown back into the confrontational atmosphere of the Cold War.

Ladies and Gentlemen!

Turning to the issue of cooperation among the countries of the Baltic Sea Region, mention must be made of the fact, that this dimension is not only important, but is also one of great developmental potential, which was proven by the recent meeting in Visby. During the Visby meetings, the governmental leaders of the Baltic Sea States and the Chairman of the European Commission agreed, that the Baltic Sea Region must become an integrated, competitive and dynamic area,

which is governed by cooperation, democracy and market economy principles.

While in the capacity of Presiding state, Latvia will do all that is necessary to guarantee the fulfilment and implementation of the initiatives and working outlines of the CBSS and European Commission's Baltic Sea program. Within the documents, there is the requirement for the promotion of participation, democracy, programs for the development of contacts between peoples, economic integration and market development, as well as solving ecological problems within the region. These are the main directions of the work of the CBSS. The CBSS has begun working on the implementation of a working program on the subject of cooperation between states. The programs provide for concrete activities in order to promote the strengthening of regional cooperation, which will be carried out within the CBSS, as well as in individual member nations. As one of the main goals of our period of presidenture, Latvia would like to create a concrete mechanism of CBSS coordination.

Worthy of mention is the fact, that right before Latvia took over the functions of presiding state of the CBSS, the EU council approved its Baltic Sea initiative, which is geared towards the deepening of economic cooperation. The initiative, among other things, provides for steps such as the creation of a free trading zone between Latvia, Lithuania and Estonia, as well as the creation of a customs union by 1998. This direction of development stresses the CBSS program's and the EU Baltic Initiative's common goal - to support EU associate nation (Poland and the three Baltic States) economic reform processes, as well as integration into the European Union. Naturally, in this aspect, the most important roles must be played by those EU member nations that are also Baltic Sea States.

I would like to express my satisfaction with the CBSS program's position pertaining to international trade, which provides for Most Favored Nation (MFN) trading regimes, according to the principles of the WTO, as the standard for trade relations until such time, as all of the nations of the region have joined the WTO.

The above mentioned clause makes bilateral trade with Russia a multilateral issue, in which all of the neighbouring nations are involved. This reduces the possibility, that manipulations of the trade regime will be utilized as a weapon of political pressure and at the same time,

guarantees greater stability in commercial relations. I would like to remind my listeners, that, even though Latvia is preparing to join the WTO within the next few months (by the end of 1996), the most favored nation (MFN) regime will remain intact as pertains to our trade relations with Russia on a temporary basis. Due to political considerations, the Russian parliament still has not approved the 1992 twoway agreement signed on trade and economic relations.

I think that the CBSS has offered Russia an excellent opportunity to prove its good will in developing cooperative relationships with the Baltic States in fields that are not tied to security politics and questions of a military nature.

Special attention should be paid to the CBSS's working groups and projects. At this point in time, of significant importance to Latvia is the economics group, whose meetings will be in Riga. Latvia sees this leading to concrete possibilities of developing its ports and transit, as well as the co-financing of regionally important projects. At this point it is worth mentioning that specifically in the organization of the transit flow, Latvia sees one of the potentially most effective branches of CBSS economic activities.

Taking into account that 90% of freight within the Baltic region travels in a West-East direction, it is important to give these transport routes official status, as well as EU support. Latvia would like to achieve the approval of the Ventspils - Liepaya - Riga - Moscow route as the tenth trans-European multi-modal transport corridor. This type of development would reflect the fact, that the year - round port of Ventspils is the largest port in the Baltic sea and alone is able to process 20% of all shipments in this area. Latvia is interested in the development of the Eastern shore ports of the Baltic Sea, as well as the strengthening and modernization of the existing infrastructures.

Certainly, aside from the economics working group, of great importance are the other CBSS groups and projects. I would like to note the positive investment which the creation of democratic institutions has given us under the leadership of CBSS commissioner Espersen and the work of his bureau.

One of the greatest problems affecting regional cooperation is that of organized crime. Latvia highly values the common decision of the prime ministers to create the "Task Force On Organized Crime", which has already begun its work. Mention must be made of the fact,

that in this CBSS work year the member nations will decide on whether or not to create a group on "Civic Security". From Latvia's point of view any type of activity to strengthen security on a regional level is a goal of utmost importance.

New opportunities for CBSS activities would arise from closer cooperation with EU institutions. Taking into account the significance of this aspect, Latvia during its time of presidenture will investigate all possibilities to create an office of Baltic Sea Regional Representative at the European Commission in Brussels. Apart from this positive results in the guaranteeing of political continuity will be gained from the CBSS "troika's" permanent representative's activities in the CBSS secretariat in Riga.

The expansion of cooperation contains a certain risk of weakness in action. Therefore the CBSS should become more powerful and play a unifying role for the other regional organizations. This will create a necessity for the institutionalization of the organizations, that is, the creation of a permanent, technical secretariat. Latvia supports this direction of development and during its time as presiding state will continue negotiations specifically on the issue of a permanent secretariat.

Within the aspect of regional cooperation between the Baltic Sea States, attention must be paid to the Baltic States as a specific sub-region. Trilateral Baltic cooperation has significantly deeper roots than the cooperation between the CBSS member nations, which is driven by common historical experience, problems inherited by the Soviet regime and other factors.

Cooperation between the Baltic states has given positive results in the economy - the free trade regime agreement has been signed and we have accomplished political unity on the subject of the creation of a customs union. The creation of a Baltic area free trade zone will allow for the significantly more effective utilization of resources, the ability to attract supplementary foreign investment and the ability to achieve a decrease in prices and production costs. This type of economic policy has one effect - an increase in the competitiveness of Baltic manufacturers within the European market. Cooperation among the Baltic States has other positive examples as well - for instance, the creation of the Baltic Peacekeeping Battalion and the implementation of a common visa area.

Ladies and Gentlemen!

The other theme of my speech touches upon Latvia's integration into the European Union, which along with the strengthening of Latvia's ties with NATO belongs to the fundamental direction of the state's foreign policy. In this part of my speech I will attempt to characterize the relationship between Latvia and the EU, the major achievements of the state whilst in the process of implementing its integration policy.

The implementation of the Europe Agreement is a very important part of the integration process. The transition period provided for in the agreement ends on December 31st, 1999. By that time, in general, the legislative harmonizing process should be complete and the mechanism of its implementation as well. Will the ending of her transition period Latvia hopes it un join the EU in the year 2000.

Latvia feels that the European Agreements, as well as the EU-dictated pre-joining strategy, have created the necessary prerequisites for beginning negotiations between the EU and candidate nations in Central and Eastern Europe. Negotiations should begin simultaneously with all of the associated nations that have declared the desire to do so.

This type of expansion scenario would allow for the opportunity to avoid the creation of new lines of division, would guarantee stability and would decrease mutual mistrust and competition among the candidate nations. It would seem, that in evaluating potential member nations, the evaluations must not be based solely on the economic factors of the given nation, but on its development perspectives and the geopolitical effects of the expansion process.

In Latvia's opinion, just as important as the actual beginning of the negotiations, are the dynamics of the negotiations. Latvia feels that the negotiations not only have to begin, but also have to develop in a parallel manner with all of the candidate nations. It is necessary that the negotiation process conform to two very important rules:

1. Due to considerations of internal and foreign politics, the negotiation process must be rapid and continuous, with a time period between the conclusion of talks with the successful candidate nations and the completion of the expansion process being no longer than 2 - 3 years. Delays in the negotiations would benefit only those powers, who are dead-set against the further integration of Europe.

2. The expansion process must guarantee the further coopera-

tion of the associate nations in political and economic spheres, hence, the negotiation process must not divide the existing Central and Eastern European cooperation unions (CEFTA and the Baltic States Free Trade Zone). On this subject I would like to insert a reminder, that efforts to revise the fundamental principles of the structure of the continent could result in unpredictable geopolitical after-effects and destabilize the international system within the continent.

Latvia closely follows EU policies pertaining to Russia and the CIS nations. Bilateral agreements between the EU and Russia, or other CIS nations will, without a doubt, positively influence the other associate states' economic relations with the CIS. Latvia feels that these agreements will promote the strengthening of an economic model acceptable to all of Europe, as well as the continued strengthening of trade relationships in this region and in so doing, will create good prerequisites for regional cooperation. However, with regard to purely political questions, especially those of security policy, Latvia is concerned that relations with Russia may become the political imperative for some of the member states. It is with some regret that the assumption could be made that Russia's efforts to influence the politics of the Baltic States in such questions as NATO expansion have not yet received any criticism from the EU member nations.

The "structured dialogue" approved at the Essen meetings also has a lot of positive meaning for us. The first portion of the development of the dialogue has already been completed and it could be characterized as getting acquainted with partners, the structure of the EU, the working style of Brussels and the general context of the most immediate problems at hand. The second period has begun, the main focus of which is the identification and analysis of concrete problems, particularly harmonization of legislation.

Basically, the harmonizing process of legislation according to the norms of the "White Paper" must be complete by 1997. In several sectors there is already a high level of achievement as pertains to the harmonizing process. As examples, I can mention such branches as banking/financial services legislation, as well as the protection of intellectual property.

I would also like to mention that Latvia's economy is still undergoing a successful reform process, which is bringing the state ever closer to a European way of handling economic issues. Already now,

the gross national product (GNP) of the private sector has reached 65% and as a result of further privatization, this proportion will continue to grow and will surpass that of some of the other EU member nations. The privatization process as a whole is scheduled to end by 1997.

According to the latest calculations of Scandinavian experts, Latvia's GNP level per one resident has reached U.S. \$ 5,400. In 1995 the GNP fell by 1.6%, but a rapid increase has been observed in 1996. In the first quarter of this year, the rate of increase of the GNP was 2.3%, but in June, as compared to the same time last year, the figure already reached 6%. The experts predict that beginning with 1997, the economy will enter a phase of stable increase, in which the GNP will increase by at least 5% annually. The rate of inflation continues to decrease. If last year the level of inflation was 25%, then this year, the figure will be significantly less.

In the closing portion of my speech, I would like to talk about the increasing importance of security policy.

Latvia feels, that at the base of the structure of European security is the expansion of European and trans-Atlantic security structures, as well as cooperation between these structures. This process must avoid the currently existing "security vacuum," not allowing for the creation of new and conflicting lines of division or "grey zones" of security within the Baltic region.

For this purpose, Latvia defines itself as a part of the Euro-Atlantic area and would like to institutionalise its place within Western structures.

Within the context of security politics, of greatest importance would seem the trans-Atlantic dimension. The parliament has approved the basic priorities of foreign affairs which, inter alia, state that "Latvia will utilise all opportunities, in order to become a full fledged NATO member nation".

I would like to stress that Latvia's efforts at integration into NATO structures are not threat-oriented but stability-oriented. Latvia has constructive relationships with all of its neighbours, including Russia. Relations with Russia guarantee for Latvia a sense of balance in the development of intense cooperation with NATO, the EU, the WEU, the Baltic states and the Scandinavian nations. We feel that NATO expansion will create the necessary conditions for harmonious relations with Russia.

Certain valid concerns have been caused by Russia's opposition to NATO expansion, which in the last few months is focused mainly on the Baltic states. Latvia feels that along with the ending of the Cold War all attempts to limit the sovereignty of other nations via the controlling of decisions of security policies in these countries is absolutely unacceptable. Moreover, Russia's non-constructive position pertaining to NATO expansion negatively influences regional cooperation, which is characterised by the integration of Baltic nations into Western structures on the one hand and the deepening of cooperation between the CIS nations on the other hand.

I would like to stress that the development of Latvia's security policy is characterised by a continuing direction towards solutions with the help of international agreements, as well as within the framework of international organizations, which can be viewed as proof of the fact, that a cooperative approach has taken root in the sphere of security politics and the formulation of such policies. In the relatively short time since 1993 some fundamental changes have taken place with regard to the security situation in Latvia:

1. The removal of the Russian army from the territory of Latvia;
2. Latvia has joined the NATO program "Partnership for Peace";
3. Latvia has obtained the status of associated partner within the WEU [Western European Union];
4. Our soldiers are involved in the NATO peace-keeping forces in Bosnia (IFOR);
5. Latvia, together with Lithuania and Estonia, has created the Baltic Peace Keeping Battalion (BALTBAT);
6. Latvia is participating in "intensive dialogue" with NATO in order to achieve and speed up integration into this organization.

Latvia supports all activities of NATO that are geared towards the strengthening of Baltic security. The government affords maximum attention to efforts to formulate the NATO plan for the strengthening of Baltic security. But we would like to stress once again, that Latvia's participation in the Northern Atlantic Alliance must become an integral part of any such plan. Any different approaches to the question of national security would only serve to cultivate an unrealistic approach to the security of the region and would sharpen the situation in the Northern Europe-Baltic Sea region.

We would like to join NATO simultaneously with the other Central and Eastern European states and feel that there is no realistic base for the division of potential member states into several echelons. The question of Baltic security is indivisible from Central European security, as well as from the security of all of Europe, just as the question of Latvian security is indivisible from that of Lithuania and Estonia.

We see the PfP program as one step on the road to admission into the Atlantic Alliance. Latvia supports steps taken in order to deepen future cooperation. We are very much interested in ideas on the decentralization of the PfP, as well as individualized cooperation with active partners within the framework of the program. For example, are the proposals of the Danish defence minister Haekkerup merit attention :

1. The creation of a NATO / PfP coordination bureau alongside the appropriate NATO regional bases;
2. The creation of NATO / PfP coordination bureaus in partner countries;
3. More frequent individualized consultations between NATO member nations and candidate nations according to the formula 16 + 1, or, accordingly, 16 + 3 (NATO and the Baltic states).

Naturally, Latvia is concerned that the isolation of the Baltics from the first round of NATO expansion could result in the worsening of the security situation of the Baltics and Northern Europe, which will influence the whole of Europe. It is clear, that the development of such events would have unbelievably negative after-effects on the security of the Baltics. If the Baltics were to suddenly find themselves in a "grey zone", the results could be :

1. We cannot entirely exclude the possibility of a reaction having a military nature from Russia as pertains to NATO expansion. Moreover, Latvia is duly concerned that changes in the agreement on conventional forces in Europe (CFE) allow for the concentration of supplementary forces in the Pskov region which is very close to Latvia's border.
2. It is possible that the second stage of NATO expansion will be delayed or cancelled and Latvia's status will become a long-term geopolitical problem.
3. The fact that the Baltic states could find themselves in a "grey zone" will undoubtedly increase instability by the entire region, because the security policy within each state in the region is different.

The varying security models of the Baltic region states could lead to the rise of a hegemon in the area.

4. Limited NATO expansion could have a negative effect on the expansion process of the EU and in this way symbolically create a sense of uncertainty in the security of the Baltic States.

An important element of the security structure of the New Europe is that of Russia joining negotiations on the security model of the continent. Russia's participation in the program "Partnership for Peace", as well as the deepening of dialogue between Russia and NATO provides a good foundation for the cooperation of all of the nations of the continent, which testifies to the value of a cooperative approach. Latvia's participation in NATO does not, in any way, threaten Russia's security and does not interfere with the development of constructive cooperation. A good example of this are in the neighbourly relations between Russia and Norway. Speaking about NATO, that is the art of jumping into troubled waters without making a splash.

At the same time, I would like to stress the fact, that Russia's relations with NATO cannot be allowed to become a factor that would rearrange the relationships of NATO and its member states with the other European nations in the field of security policy. Latvia supports the deepening of NATO-Russia relationships, but only to the point that this would not limit the sovereignty of third party states and their freedom of action. Hence, it is of the utmost importance, that the Russia-NATO dialogue is transparent and open to third party states.

Honorable Colleagues!

Only five years have passed since the renewal of Latvian independence. Looking back on these years, it seems that we have travelled a surprisingly long road and have achieved good results. The major motivating factors in Latvian foreign policy have been regional cooperation and Latvia's integration into European and trans-Atlantic structures. These motivating factors are closely tied, because the common integration of Europe, as well as economic development can only take place on a foundation of regional cooperation and security within the continent. In any case, the EU plays a key role in these processes and specifically because of this Latvia will continue its activities geared towards integration. I am thoroughly convinced that all problems, which come to be as a result of dynamic events, can be resolved. The only

thing necessary is the political desire here at home, as well as in the capital cities of our partners.

Thank you for your attention!

Discussion:

A participant observed from the floor that further economic development would be vital to making Baltic integration into Europe actually work. In particular, strong export industries would be needed. What could the three Baltic governments do in order to strengthen their economies? One of the ministers replied that free movement of goods, services, capital and labor among the Baltics would be necessary. Legislation must be harmonized, both among the Baltics themselves and with the EU. Another Baltic official added that Baltic institutions were now engaged among themselves in discussions of this subject. The costs and benefits needed to be carefully thought through. It was pointed out from the floor that both Lithuania and Estonia have traditionally been strong in dairy products; yet these countries were still importing milk from an EU country. The Baltics should strengthen their dairy industry further.

Another speaker raised the issue of visas, as a necessary means of preventing criminal elements from entering Europe via the Baltics. One of the Baltic ministers replied that at a recent meeting of Nordic and Baltic countries, he had been happy to note support for a non-visa regime. He was in favor of abolishing visas for travel to Western countries as soon as possible. As for the issue of fighting organized crime, the Council of Baltic Sea States (CBSS) countries were coordinating policies with each other, and the Baltics had agreements among themselves on fighting crime. They favored a closer approach to the Schengen regime: freer travel among themselves, combined with tougher border controls. Another Baltic official pointed out that Baltic countries already had visa-free regimes with a number of countries of the EU, were in negotiation with others, and were pleased to be participating in Schengen Regime meetings. They were working closely with EU institutions to improve border controls and fight crime and had managed to avoid an influx of illegal immigrants from the East. A Finnish representative noted that Finland was conducting complicated negotiations on a visa-free regime with Estonia. Such a regime would

include the introduction of high-tech passports and a central register of passports in Estonia. When realized, this would result in a technically perfect regime. However, visas between Finland and Estonia could only be abolished once the Finns were satisfied regarding the adequacy of border controls.

Another speaker asked what the Baltic states were doing to promote integration with each other. He had recently noted an interesting Estonian proposal on this subject. A Baltic official replied that integration had begun after liberation, and the Baltic governments had established inter-governmental and inter-parliamentary structures to deal with this. Though the process was a difficult one and not all 19 committees were equally active, positive results had been achieved in economics, trade and energy, and an agreement on free trade in agriculture had just been signed. Of course, much remained to be done. Another Baltic official observed that the Baltics were trying to coordinate their policies, but some tasks, such as the establishment of a customs union, were large ones. More resources might need to be devoted to the task. This conference in itself provided a good opportunity to talk about cooperation. A third Baltic official added that cooperation among the Baltic countries was a daily challenge. Some results were readily apparent, such as military cooperation. However, he wished to point out that real cooperation among Western European countries had begun only with the European Coal and Steel Community. To deepen Baltic cooperation, one large-scale economic project was needed; then it would be clear to business people that something was really happening. Thus, while technical cooperation among the Baltics was excellent, more substance was needed. The Baltics were working toward establishing free trade and solving their border problems. This would still take time, but they would achieve it.

A speaker from the floor referred to press reports that the Vice President of the Estonian Parliament had suggested creation of a security pact among the three countries. Was this the policy of all three Baltic countries? Further, what did Baltic ministers think were the real chances of their countries' being admitted both to the EU and NATO? There was much talk of achieving the criteria for admission, but other countries also feared they would not be admitted. In the press, it was being said that Hungary, Poland and the Czech Republic would be the first to be admitted. A "veto" on membership had been referred to, but

whose veto was meant? Russia had said several times that nobody had the right to cast a veto. Where, then, would a veto come from?

A Ukrainian participant observed that it would be good if integration policies were coupled with a strong Eastern policy, resulting in a balanced approach. Discussion should not be limited to integration with the West. It was important that existing good relations between Ukraine and the Baltics should be maintained. As to visas, the speaker was aware that criminal organizations were selling visas in Ukraine, and this problem had to be dealt with while preserving as much freedom of travel as possible.

In response to the question (reiterated by the Chair) as to what would happen if applications for membership in the EU and NATO were unsuccessful, one Baltic official quoted the saying, "Whoever does not believe in miracles is not a realist." It would indeed be a miracle if the Baltics were to join both organizations soon. They were seeking to establish a situation where they could present their case in a diplomatic way and achieve a result that might seem unattainable today. Another Baltic official, referring to the "veto" issue, noted that everybody asserted there should be no veto, yet "somebody" had already said "no". Did this amount to a veto? Probably not, but it would certainly be taken into account as membership applications were being weighed. While the three Baltics did not make it a pre-condition join the EU and NATO simultaneously, it would in fact be a good thing if this could happen. True, there were some differences among the three countries, but these were not very big (less, actually, than the differences among some EU members).

A participant observed that nearly half of the Swedish population - 49 per cent - had voted against membership in the EU. It was risky for a government to find itself in the EU with only half of the population in support. What were Baltic governments planning to do about public opinion in their countries? Many people had no idea what membership was all about. Information was key. In a recent survey, a large proportion of the Estonian population had been unable to answer questions about the EU. Another participant added a query about how Baltic governments expected to cope with cooperation with the EU, NATO, the other Baltics, and the Nordics all at the same time. How did they set priorities? In response, a Baltic official noted that support for membership in Western organizations was very high in Latvia (70-

80%). He saw no alternative to membership in European organizations for achieving greater prosperity and security. But he agreed it was necessary to provide broad information to the public, including negative points as well. He also acknowledged that managing the workload of cooperation with others was indeed difficult. Another Baltic official said that when people were asked two years ago in his country whether they saw an alternative to the EU, 94 percent had answered in the negative. The percentage was still very high (perhaps 70 percent) and would remain high. Governments were managing somehow to handle the public.

REFLECTIONS ON RUSSIA AND THE BALTIC STATES

René Nyberg

*Deputy Director General for Polical Affairs
Ministry of Foreign Affairs, Finland*

The unravelling of the Soviet Union left scars all over Russia. To suggest that the Baltic States constitute the major problem for Russia would, however, be absurd. Everything has to be put into perspective. No Russian can seriously claim that the reconstitution of the Baltic States and their integration into the West could even remotely resemble the trials facing Russia in the Caucasus or Central Asia. The Caucasus is the soft underbelly of Russia. An unstable Central Asia opens up the whole gamut of problems with Afghanistan and China. Probably the biggest challenge facing Russia is the fast growing Chinese economy and its political and military implications. Even compared with Ukraine the Baltic problems seem small.

An instinctive and natural reaction to the dissolution of the Soviet Union - Krakh sojuza (literally crash of the union) has been integration via the CIS. But can a new form of integration take place before the disintegration of the old Soviet structures has been completed? Integration without disintegration would just be another attempt of re-integration, i.e. restoration of the lost empire.¹

The change of paradigm suggested by the juxtaposition of integration and re-integration is evident and persuasive. The die has been cast. A reformist Russia cannot pursue an economically untenable "re-integration" without jeopardizing its own stability. The same should also be true for political re-integration. In today's Russia pragmatism should reign superior.

Evidently pragmatism as such does not answer all prayers. But a pragmatic approach does suggest that only a sound and dynamic economy can create the foundation for a new Russia. Pragmatism based on economic realities seeps naturally, albeit slowly, into politico-military thinking. What you cannot afford, you cannot uphold, let alone

attain. Pragmatism also suggests that prestige is a scarce commodity and should not be put to a test lightheartedly.

The krakh sojuza has seen a renaissance of the concept of "geopolitics". Discredited for a long time in the West as the political theory underpinning claims for "spheres of interest", geopolitics is back in ubiquitous use in Russia. It is difficult to blame the Russians, who have woken up to the fact that they live in a Russia within pre-Petrine borders, for looking at the map. Integration or rather re-integration becomes easily the escapist solution to all woes.

Geopolitical thinking is heavily influenced by military reasoning. If you cannot control a given area militarily you have to try to deny its control to others. This is the essence of the Russian maxim of not having NATO "infrastructure" established at its borders.

But military denial also implies that Russia has to be content to defend its interests with political means only. It is worth noting that the limits of Russia's military power have been publicly recognized by military leaders although not by chauvinist ideologues. A reformist Russia cannot afford adventurism.

Turning now to the Baltics it could be assumed that a pragmatic Russian thinks above all in economic terms. What professors of other schools of thought think we do not have to guess. The facts are on the table. The far end of the Gulf of Finland - shallow and icebound during winter time - does not, and could only with prohibitive expense meet all the transport needs of St. Petersburg and North West Russia. Can Russia live and be content depending on the services of foreign ports - the Rotterdams and Antwerps of the Baltic Sea? This is, in a nutshell, the core question of Russia's relationship to the Baltic States.

It would be misleading to reduce the problem only to economic factors. But trade and transit are mighty forces. The emerging "rouble vote" in Russia will not tolerate political harassment through arbitrary levies at the borders, or for that matter, in the ports. The Foreign Ministers of the Council of Baltic Sea States (CBSS) just adopted "Action Programmes" in which they underlined the importance of "non-discriminatory handling" of goods.² These kinds of commitments are already covered by the Partnership and Co-operation Agreement (PCA) with the EU and the Interim Agreement covering trade policy issues from February 1996. Russian negotiations for membership in organizations like the World

Trade Organization (WTO) will become also important in this respect.

Ostpolitik for the Baltic States means, of course, much more than securing the benefits of Russian transit traffic. The “rouble vote” also has an important regional dimension. The rapid, indeed, phenomenal economic growth in the Baltic States has in no way been matched in the Russian border regions. The economic fault line is therefore quickly deepening. This does not come as a surprise, but it should not be overlooked.

The Pskov oblast offers an interesting case study. It is a sleepy province that has found new political prominence as a strategically important region bordering Estonia, Latvia and Belarus. At the same time it has become a victim of the new borders. The end of Soviet era industrial co-operation between Leningrad and the Baltic republics has left Pskov in a limbo. The kolkhozy, and sovhozy are dying as they cannot compete with foreign food imports that swamp not only St. Petersburg but also rural cities. According to eyewitnesses the kolkhoznyki are practising a kind of passive resistance by producing only for family consumption.

Nevertheless, cross-border traffic offers new hope and opens up economic prospects for the Russian border regions. The conclusion is very simple. Estonia and Latvia should pay extra attention to Pskov and, indeed, establish development programs for Pskov. It might at first glance not be an easy concept to sell in the Riigikogu or the Saeima but a careful look will disclose that a growing economic fault line on the Russian border cannot correspond to the interests of the Baltic States.

In the same vein, the future of a border twin-city like Ivangorod facing Narva in Estonia is important. Winning the hearts and minds of the population of the Russian border regions is a challenge of great political significance. Against this background criticism against the liberal issuing of border passes for the residents of Ivangorod and other border regions seem misguided, indeed. “Neighbourhood stability” (Nachbarschaftsstabilität), an expression coined by the German Defence Minister Volker Rühle, is a wider concept and goes beyond the settlement of border disputes.³ The EU and the Nordic countries are studying the possibilities to devise co-operative programs with the Baltic States and Russia for the Russian regions bordering the Baltic States. Let me point out that one of the first steps Finland undertook with new

the Russia in 1992 was to establish a policy of co-operation with the border regions.

If there is a need for a “policy for Pskov” there is, indeed, a need for a policy for St. Petersburg and the Leningrad oblast. The future of the “Northern capital”, as St. Petersburg is again affectionately called, is not only important for Finland but also for the Baltic States. The establishment of a fruitful political dialogue with the political and economic elite of St. Petersburg comes right after contacts with the Kremlin.

The Russian energy complex is known for striving to own crucial infrastructure assets. A favourite technique to achieve this has been “equity for debt”. Such a policy could potentially lead to the restoration of Russian economic and, by implication, political control over many CIS countries.⁴ Time is an important factor. Even investments with political motives can with time turn into lucrative businesses. “The rouble vote” will not tolerate the abuse of investments for political purposes.

Major Russian investments could seriously affect especially small countries. The dominant role of Russian-owned capital in Latvian financial institutions is often cited as a case in point.

Russian investments in the Baltic States can, in a stable political and pro-business atmosphere foster the development of a mutually beneficial relationship. With time, undisrupted functioning of profitable business, not economic, not political control, becomes the overriding interest.

The economic significance of large Russophone populations in Estonia and Latvia together with the wide-spread knowledge of the Russian language in all three Baltic States is an asset whose importance should not be underestimated. The emergence of a mutually beneficial relationship will be accelerated by the comparative advantages of the Baltic States. Rule of law, transparent administrative practices and effective crime prevention together with a rapidly developing high tech infrastructure are the most important factors.

Turning now to the question of minorities the key concepts are loyalty and integration. Russian worries about the 25 million Russians living in the “near abroad” overlook the fact that the Russophone population in the economically dynamic Baltic States enjoys a far higher standard of living than the population in Russia and the other CIS countries.

Time is again an important factor. The fathers voted for Zyuganov, but their sons will know better. It is a well known factor all over the world that the first generation of immigrants is inevitably "lost".

The clamor about the 25 million Russians does not appreciate the dynamism of change and the reforms under way even in Russia. As Sherman Garnett from the Carnegie Endowment notes in the case of Ukraine the war in Chechnya has had an enormous influence on Ukrainian thinking. Ukrainian boys are not sent to fight unpopular wars in the Caucasus or Central Asia.⁵ Living in and becoming a citizen of a new state is much more than a question of language.

The Russian historian V.V. Kudryavtsev maintains that the Russian diaspora will not play a significant organized role in their respective countries or for that matter, in Russia. According to Kudryavtsev there has never existed ethnic solidarity between the Russians. The Russians living in the "near abroad" are just "other Russians" (*drugije ruskie*).⁶

The existence of large Russophone populations in Estonia and Latvia is a fact. Integration is a daunting and a time consuming challenge facing the Baltic societies. Only by creating conditions conducive to loyalty can Kudryavtsev be proven right. This would provide strong guarantees against chauvinistic Russian agitation.

It is a fundamental Russian misconception to perceive the Baltic States as a problem. As stable and dynamic neighbours on their way to becoming members of the EU the Baltic States are valuable partners for Russia.

¹ Olga Aleksandrova: Mutually Beneficial Re-integration or Restoration of Empire, "Russia 1996", Lectures and Contributions to East European Studies at FOA, Stockholm, 30 June 1996.

² Action Programmes for the Baltic Sea States Co-operation, Fifth Ministerial Session, Kalmár 2-3 July 1996, Council of the Baltic Sea States (CBSS), 2.3 parts.

³ Volker Ruhe, Friedrich-Ebert-Stiftung, Bonn, 11 June 1996

⁴ Alexandrovna, op.cit. p. 48.

⁵ Sherman W. Garnett, "The Keystone in the Arch: Ukraine and the Emerging Security Environment of Central and Eastern Europe" (manuscript 1996) p. 40.

⁶ V. V. Kudryavtsev: *Nezavisimaja Gazeta*, 25 June 1996.

Discussion:

The question was asked whether Nordic experience in dealing with the Russians could be helpful to the Baltics. Were there ways of increasing the stability of the region and helping Russia to find the right relationship to the Baltics? Another participant warned, however, that the Nordics themselves had no united strategy on Russia. There were two traditions: according to one tradition, integration with the West was the right foundation for dealing with the East; according to the other, a country could deal singly with the Russians (the Finnish model).

A Danish participant referred to his country's experience in dealing with its German minority: it had taken ten years following the war-time occupation to settle all the issues. But Denmark had been occupied for only five years, whereas the Baltics had been occupied for fifty. It was not clear, accordingly, whether the Danish experience was helpful. It was at least clear that "we were all doomed to live together." Another Danish participant added that the Danes might not have been able to settle their minority problem if Germany had not been interested in joining NATO at the time.

A Swedish speaker urged caution in applying the Nordic experience with Russia to the Baltics. One was constantly being reminded of history - but the histories of the individual Nordic countries themselves were different. He agreed that integration with the West provided a good foundation for relations with Russia (even though Sweden was not a NATO member). Regional cooperation was not a substitute for integration into the European economic or security organizations. The political background of the different countries within the region was diverse. This was both a benefit because of different institutional linkages, but also a disadvantage because of differing political circumstances.

Another speaker agreed with the point made in Ambassador Nyberg's presentation that there was no such thing as Russian ethnic solidarity. But he wondered whether there might be a feeling of ethnic solidarity among the Russians living in the Baltics, or between Russians living in Russia and Russians living in the Baltics. Yet another speaker remarked that much of the bad feeling on the part of the Russians resulted from statements by Baltic spokesmen as to how successful they had been in "turning away from the East" toward the West.

Moreover, there was no public recognition in the Baltics of the value of the Russian transit trade.

Replying to these points, Ambassador Nyberg stated his personal view that Finnish security in the post-war period had been based on the existence of NATO. Moreover, Finland as a member of the European Union today was no longer alone. One of the aims of current Finnish policy was to engage the Russians on all levels and in all areas, multilaterally as well as bilaterally. As for ethnic solidarity, if there was any such solidarity among Russians, it certainly could not be compared to Jewish or Armenian solidarity in the diaspora. Economic conditions and local relationships would ultimately be decisive in determining the orientation of the Russian minorities. The Orthodox religion, once a bond, was no longer a factor.

A Latvian official commented that it was Latvian policy to take one step toward Russia while taking two steps toward the West. Certainly, Latvia was oriented toward having good relations with Russia. But the best way to achieve that was to integrate quickly with the West; Latvians must be able to feel behind them the same kind of backing that Norwegians, Finns, etc. had long felt. Regarding the issue of ethnic solidarity, experience had shown that Russians who were long-term residents of the Baltics had problems when they tried to re-integrate into Russia. The integration of Russians into Latvia had already begun and would continue, but the process would only be promoted by Baltic integration into the West.

An official of another Baltic country observed that Russia felt humiliated over its loss of territory. But the argument that Russia had lost its access to the Baltic Sea was a misunderstanding: the Baltics were stable countries and had an interest in trade. They would not seek to exploit the transit trade for political purposes. Baltic governments should work together to explain to their publics and others the benefits of economic cooperation. They should think of cross-border programs, as Ambassador Nyberg had suggested. Estonia had begun with this. Regarding the issue of ethnic solidarity, the problem was to integrate two communities who had had bitter experience of each other in the past. The process was working in Estonia, and conditions were much better today than they had been five years ago.

Other contributions from the floor included the comments:

– that the Russians seemed to be looking for some public recognition of the value of trade with Russia;

– that if Moscow saw integration with the West proceeding too well, it would react negatively;

– that the use of seaports was a matter for business, not governments; one of the Russian arguments against Baltic independence had been that Russia would be cut off from the Baltic Sea, but it should be explained to the Russians that “it was not necessary to occupy a country in order to make use of its ports”;

– that, on the issue of ethnic solidarity, Europeans needed to learn from others’ mistakes, a point that was relevant to all parts of Europe.

The discussion concluded with some observations on the political manipulation of trade relations. A Latvian official noted that in the post-Cold War period, the Russia had targeted its transit trade through Estonia, then followed this up by making certain demands; when the Estonians did not comply, the Russians targeted transit through Latvia and again made certain demands. Latvia was satisfied with its present economic relations, but would like to have guarantees that these relations would not be manipulated for political purposes. Now the Russians were intending to switch transit through Lithuania. If this was enforced, some Latvian enterprises would be forced to go out of business. Another Baltic official said that the Russians had been cautioned that if they tried to discriminate among the Baltic countries and use trade for purposes of political manipulation, the result would be a reduction of trade. De-politicization of trade relations, on the other hand, would lead to a rational distribution of trade.

THE EU's ENLARGEMENT STRATEGY

*Heather Grabbe
Research Fellow
The Royal Institute
of International Affairs, London*

The European Union is facing the major challenge of redefining itself following the end of the Cold War. This process of redefinition includes enlargement to embrace CEE, but also a number of other issues: its changing relationship with NATO and the future of transatlantic relations; its position in the world economy; its internal economic problems, most notably unemployment; and its own construction and goals, particularly Economic and Monetary Union.

The EU is under considerable pressures as a result, both external and internal. The enlargement strategy being pursued by the Union has to be understood in the context of these pressures as it tries to adapt its economic, political and security architectures to post-Cold War Europe. Many in the EU see enlargement as a historic moral imperative, and essential for the EU's security. But even its supporters are worried about how much it will cost. It is significant that the Reflection Group preparing for the IGC last year referred to enlargement as a 'moral imperative' in the first draft of its report, but settled for the phrase 'a political imperative' in the final version. It is clear that the EU is not prepared to have enlargement at any price.

To put enlargement into context, here are the dates of the major events for the rest of this decade.

EU AGENDA

1996-97	IGC
1997	Opinions issued on applicants
1997	Draft budget package, including implications of enlargement for the CAP and Structural Funds
1997-8	Negotiations Open with associated countries, six months after the end of the IGC

1998	EMU decisions
1998	WEU Treaty
1999	New EU budget
1999	Start of EMU Stage III
2000+	First accessions

As you can see, there are major challenges ahead, many of which will affect how and when enlargement happens. Problems with the move to EMU and political wrangling over the adoption of a new budget programme could delay negotiations with new members, and enlargement, is just one item on a very busy agenda. It is not top priority for the EU at the moment. Although the desirability of enlargement is often invoked as a reason to undertake reforms, as we have seen at the IGC, it is other priorities which tend to determine the outcome of negotiations.

The message to Eastern Europe at the moment is 'Don't expect a fixed timetable', however desirable that might be for CEE governments, trying to develop a strategy for their internal politics. There seems to be some concern that a fixed timetable could cause a relaxation of efforts on the part of CEE countries because it would be seen as a guarantee of accession. However, the EU does seem to be moving towards a clearer time-frame for enlargement.

Let's look at likely dates. Chancellor Kohl has said that important decisions will have been made by the year 2000, not that the first accessions will have taken place by then. Just on practical administrative grounds, an earlier enlargement seems unlikely. The earliest possible date for starting negotiations will be January 1998, assuming the IGC finishes mid-1997. The speed record for completing negotiations is held by the EFTA countries, who took 13 months, but they had had several decades of preparation and detailed negotiations during the creation of the European Economic Area prior to the opening of the accession treaties. Even if everything went smoothly, 2000 would be an optimistic date for the first enlargement. The European Commission has already made statements to the effect that it does not expect the earliest accession to start before 2002 or 2003.

Copenhagen, June 1993

"...the associated countries of central and eastern Europe that so desire shall become members of the European Union. Accession will

take place as soon as an associated country is able to assume the obligations of membership by satisfying the economic and political conditions required."

The EU's approach: Copenhagen conditions for accession

1. Stability of institutions guaranteeing democracy, the rule of law human rights and respect for and protection of minorities.
2. The existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union.
3. The ability to take on the obligations of membership including adherence to the aims of political, economic and momentary union.
4. The EU's capacity to absorb new members while maintaining the momentum of European integration.

Following an initial caution about making commitments to enlarge, the EU made a formal statement at the Copenhagen summit in June 1993 and set out some general conditions for accession. Before discussing them, it is important to note that these criteria are very general and in some cases have deliberately been left vague. The decisions about who meets them and when are partly subjective, and are essentially political rather than technocratic ones.

1. Stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities.

This criterion concerns political developments, and the emphasis is on practices and policies, not just the institutional framework for democracy and the rule of law. For example, the Commission has already rebuked Slovakia publicly on the position of its minority population and its civil rights situation.

2. The existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union.

This criterion covers a whole range of factors in the economics of transition, and is not just based on GDP per head. The degree of integration, with other CEE countries as well as the EU, achieved by a country depends on a large number of different indicators, and their selection is inevitably somewhat subjective.

As I will discuss in the context of the Single Market White Paper, there is a great emphasis from the EU on the development of economic institutions and the role of the private sector in transition economies.

The vulnerability of economies is also important, both in their ability to cope with competition and their degree of dependence on other countries. However, important open question concerning this criterion is how much transition and how much development of market structures are expected to happen before accession, and how much afterwards.

3. The ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union.

This criterion relates to an applicant's ability to adopt and apply the *acquis communautaire*, the ECU's legislative and policy framework, so it involves a good deal more than just adopting the Single Market legislation, which has been the main focus of attention so far.

Officially, applicants have to be able to take on the whole *acquis* as it applies to current members. But it would be difficult for the EU to hold CEE to elements of the *acquis* which current members do not meet. No entrant has taken on the full *acquis* at the start of membership, and some will not meet elements of it, such as the Maastricht criteria for EMU, for some time yet.

4. The EU's capacity to absorb new members while maintaining the momentum of European integration.

This condition is an important indication of the concerns of a number of member states that widening the Union should not distract from deepening it, and that the political and economic underpinnings of enlargement should be sound. It is also an indication that a major crisis in the EU, such as a failure of EMU, could delay or postpone enlargement.

The EU's own preparations for enlargement are very important in this context. Previous enlargements of the EU involved only three new members at a time, and the institutional changes needed then were much smaller than will be required for an eventual EU of 27 or more member states. For this reason, the IGC will have to find practical solutions to the institutional problems facing it and not just tinker with existing arrangements.

There are many policy-makers in the Commission and member states who are concerned that enlargement without reform could result in paralysis and the disintegration of the EU. But although the reforms are necessary, just small ones may be needed, especially if enlarge-

ment is phased over a long time period and only a few countries join at first.

Let's look at the second part of the pre-accession strategy: the economic and legal adjustments which the associated countries will have to make.

Pre-accession strategy

Essen, December 1994

1. Europe Agreements
2. Multilateral Dialogue
3. White Paper on the Single Market (May 1995)

1. Europe Agreements. These have been signed with associated countries since 1993 and cover the main economic relations prior to accession. They set out a ten-year timetable for liberalisation of trade in most industrial goods, with the EU liberalising faster than CEE.

Under these agreements, trade has grown dramatically, and the EU has become the CEECs' most important trading partner, taking well over half of their exports. Most quotas, tariffs and restrictions on trade have now been removed, although agricultural trade is still subject to a complex regime. The question now is: how much more growth in trade can we expect in the medium and long term? And will this growth in trade allow most economic integration between East and West to occur before accession? First indications seem to be that a great deal of it may well occur in advance, but accession could be important in encouraging foreign direct investment into CEE and in making progress in areas like agriculture and the removal of the contingent protection provisions. Accession would also give CEE access to the Single Market, offering significant economic benefits.

2. Multilateral dialogue. The regular ministerial meetings seem to be making steady if slow progress, although there seems to be some concern about the interest of EU ministers in attending them.

3. Single Market White Paper. As many of you will know from the questionnaires which were returned at the end of last month, the White Paper sets out the main Single Market legislation and identifies the key measures in each, setting out the basic policies and the instruments required to implement them. The onus is on each applicant coun-

try to draw up its own programme of implementation, which means that it sets its own priorities and establishes its own timetable.

Central and East European countries seem to have experienced considerable difficulties in transposing EU laws into very different national frameworks. The EU is providing technical assistance to help with this through the Phare programme, and applicants will be expected to be able to demonstrate a basic ability of their political institutions to implement and enforce the legislation. Just writing it into the statute books is unlikely to be sufficient.

Overall, there are some difficult criteria for aspirants to membership to meet. But although the Europe Agreements and the Single Market White Paper go into detail about the technical aspects of joining the EU, they do not lay down a timetable for enlargement or detailed criteria for aspirants to meet. So there is no transparency about how high the hurdles are which applicants will have to jump, and no applicant can be certain that it will pass the test. The European Commission will issue opinions on applications for membership following the end of the IGC, and these will provide some indication of the ranking of countries on the various criteria. But ultimately the decisions about who to let in and when to let them in are political ones, and they will be made by the Council of Ministers. From this point of view, it is important not to 'shoot the messenger' in the shape of the Commission.

The uncertainty surrounding the criteria is frustrating for many policy-makers in the associated states facing the difficult job of pushing through reforms. But the EU is having to tread carefully to ensure sustainable progress. At the end of the negotiations, every EU country must sign the accession treaties and their parliaments will have to ratify them. A veto from just one could stall the whole process. So those in charge of the EU strategy have to ensure that it does not alienate any member state and that the two most powerful lobbies in the EU, the structural funds and CAP recipients, are not set against enlargement.

The strategy's future development- unresolved issues

1. What kind of European Union?
2. Transitional periods and derogations. The possibilities of a 'core *acquis*' and variable geometry.

3. The interface between EU and NATO enlargement:

Russia, soft security and new relationships.

So how will the strategy develop once the IGC finishes and negotiations are ready to begin? A number of unresolved questions present themselves.

1. What kind of EU? The first relates to the EU itself. You may have noticed that this is an accession strategy, not an enlargement strategy. It does not guarantee entry for anyone and it makes no promises about the changes the EU would have to make to its own internal structures and policies to accommodate new members. From this point of view, the IGC may make changes to the Treaty on European Union which seem small but which nonetheless have far-reaching consequences. Decisions about a flexibility clause, the status of the Common Foreign and Security Policy, and the future of Justice and Home Affairs cooperation are very important for potential members, and the uncertainty surrounding them makes the EU something of a moving target for applicant states. Some people are already talking about another IGC in 2001 or 2002 to prepare properly for enlargement.

2. Transitional periods. Here the question is how much transition has to take place before and after accession. Previous enlargements have involved periods for new members to adapt themselves to the *acquis*, and in the case of the Mediterranean enlargements, these periods were as long as ten years in some areas. However, the Commission has made it clear that transitional periods cannot last for so long that they become permanent derogations. As has happened in previous enlargements, some transitional periods are likely to be delays, but most will be progressive adaptations. Other issues also arise. I will just mention here two very interesting but complex subject which are part of the academic debate on enlargement at the moment.

A core *acquis*? One is the idea of the EU eventually outlining a 'core *acquis*' for applicants to facilitate relatively speedy accession. It might include the elements defined as essential for membership - a set of *de minimis* requirements - and separate them from the rest of the current *acquis*; on this view, the whole *acquis* is seen as desirable eventually for all members but unrealistic as a condition for accession. After all, current members do not apply all of the formal *acquis* now owing to various national difficulties. Such a core may come to be

seen as preferable to stringent entrance requirements which result in attempts to bypass the rules, but it is not clear yet whether either the EU or CEE could cope with such an arrangement.

The concept of a core *acquis* is still very much a subject of debate within academic and policy-making circles. There are major difficulties in defining the *acquis*. For example, can the Single Market be extended without elements like the CAP? Similarly, can new members be allowed to maintain lower environmental and social standards without undermining the Single Market principle? But how long would it take for CEE to reach EU standards in these areas? Moreover, there is a risk that a very narrow *acquis* would attract moral hazard by allowing applicants to slow the pace of their adjustment to EU norms.

Differentiated integration. The other subject is the idea that an enlarged EU might include members participating to very varying degrees in Union initiatives, either through not being able to participate fully or not wanting to be involved in a particular area. The role of new member states in such an EU would depend heavily on the form of 'differentiated integration', 'flexibility' or 'variable geometry' which emerged. For example, it could mean that new members were invited to participate just in some areas of the EU at first, such as the second and third pillars.

3. The interaction between EU and NATO enlargements.

The EU's strategy for the security side of enlargement is quite closely bound up with NATO's strategy and its timing could have an impact. However, a direct link between the NATO and EU enlargements seems unlikely for the moment, and NATO enlargement could well happen first. However, the two enlargements should not be seen as alternatives. To a certain extent, the same countries are prime candidates for both enlargements. For those in the lead, NATO enlargement could happen quite quickly, but some countries might not join for 20 years.

For those further behind in the NATO queue, EU membership could be an important step forward. This is particularly the case for those states whose membership of NATO is opposed by Russia, but who could join the EU without opposition. EU accession could be an important interim measure in changing Russia's attitudes, especially towards the Baltic states. Moreover, by the time they actually join the

EU, NATO's role and organisation may have changed substantially, and Russia may have changed its policy towards NATO expansion. But progress may well be slow, and EU membership should not be seen as an automatic compensation for failing to get into NATO. Different criteria apply for the two enlargements.

Alternative forms of security relationships with NATO and the EU are likely to be put forward, on the lines of Partnership for Peace and WEU Associative membership or Observer status. These should not just be seen as 'second best' options, because they could well end up becoming staging posts to full membership. Active involvement in such initiatives is likely to be an important test of applicants' commitment to accession and their readiness to cope with whatever new security arrangements will emerge in Europe. Arrangements like these may also act to warn Russia off.

I'm sure that many of these issues will be fully covered in tomorrow's session on security. I will finish by saying that both the EU and NATO are unwilling to give hostages to fortune by offering security guarantees or membership statuses which they believe will not be credible or sustainable in the long term. So Central and East European applicants should certainly not give up hope, but they must not expect too much too soon.

Discussion:

A Swedish participant drew attention to the possible opposition of Cyprus, Malta, Turkey and South European members of the European Union to the entry of any further North European States, such as the Baltics, into the EU in the near future. All three countries mentioned (particularly Turkey, which had been restricted to a Customs Union arrangement with the EU) had been waiting pretty long for accession and it would be difficult for them and some EU members to accept Baltic States "jumping the queue". The best solution was to agree that this need not be a matter of 'either or', but that both groups of countries should start their accession negotiations at the same time, with the results to be decided on merit. She also saw potential obstacles to enlargement in the current character of the Common Agricultural Policy. Failing wholesale reform, it might be necessary to envisage only partial application of this policy to new Central European members.

Another academic speaker agreed that before embarking on enlargement the EU must reform itself, including the CAP, otherwise the inclusion of Central and Eastern European countries would bankrupt it. This sequence of events could, however, imply further indefinite delays in the enlargement process. He also saw a connection between the handling of EU and NATO enlargement, and wondered what would be the fate of the Baltic countries if NATO were to accept three central European countries (Poland, Czech Republic and Hungary) first or for example Finland (Sweden?) and Poland. How would they react and what could they do about it? The implications were further complicated by the uncertainty over developments in Russia.

A Nordic participant cautioned realism about how fully new members could adjust to EU standards. Among those who joined the EU in the 1980s no country entered fulfilling all the conditions and geo-strategic aspects had dominated the decision. The Iberian countries had taken a long time to adjust to life in the EU and Greece arguably had still not done so. In this sense the EU had already given itself one 'weak underbelly' and some might say the Central and East Europeans would constitute another.

In this situation, Germany's will for enlargement would be a key factor. Germany had already won over its electorate for enlargement, but most of the other EU countries still had to work on this if ratification was to succeed. Most experts agreed that the decision on enlargement would be mainly of a political and not principally of an economic character. The UK was probably an exception in that respect: the British Foreign Office were stressing that decisions especially on the composition of the first tier must be based largely on economic considerations. Their argument was that if Central and East European countries became convinced the choice would be mainly political, their resolve to pursue difficult and costly economic reforms will diminish. A Swedish speaker thought this British approach was correct, arguing that economic reforms were the key for the Baltic countries in their efforts to join the EU. A Hungarian spokesman rejoined that there need be no fear that Central and East European countries will slow down their economic reform and adjustment process even without strong EU pressure. Nonetheless, he agreed that both political and economic aspects were important and should be considered in making the decision on EU enlargement.

A Nordic academic speaker asked how the Baltic countries fitted into the concept of a multi-speed Europe. Should Estonia, as the most advanced country, be the number one in the competition to join EU or should there be a common approach for all Baltic countries? Economic factors might suggest a differentiated approach, but political and especially security aspects pointed strongly in the other direction. Other speakers, including one from Estonia, agreed that it was difficult to imagine Estonia being accepted into the EU and other Baltic countries left outside.

An IEWS participant suggested that in NATO's case, it was in the ultimate interest of all candidates that enlargement should start soon, even if this meant in practice a fairly small first wave. The key for other States was that NATO should make clear this was only the start of a process. Russia would thus have an early chance to observe the real effects of enlargement, and hopefully to realise that the move had not in fact been designed to damage her. If this could be achieved it would smooth the prospects for further "waves" as well. Taking up a question raised earlier about a possible "back door" from EU membership into NATO via WEU, she pointed out that EU states could only become WEU members "on conditions to be agreed", that no EU member had so far chosen to do so without also joining NATO, and that NATO's official position was that NATO and WEU membership should not be allowed to diverge. So long as these principles were respected and the EU itself did not try to transform too rapidly into a "hard defence" organisation, there would be useful possibilities for extending "soft security" through EU membership even to countries who faced unusual obstacles in getting into NATO.

An EU spokesman saw a different balance of political and economic factors in the case of NATO and of EU enlargement. NATO enlargement was mainly of a political character, and so could happen relatively quickly. The EU had virtually taken a political decision on enlargement in 1957, as the Treaty of Rome stated explicitly that any democratic country could join. There could be little doubt that most Central and East European countries today fulfilled the democratic criterion. The will to enlarge had, of course, been reaffirmed by many consecutive EU Summits (in Copenhagen, Essen, Madrid, etc.) Although the EU had to consider also economic factors in its enlargement strategy, he stressed that EU enlargement was also very much a

matter of security. The first step in the post-War integration of Western Europe, the European Coal and Steel Community, had been created precisely for reasons of security - to integrate these two sectors and prevent their being misused again as national war machines.

Summing up, Heather Grabbe agreed that political and economic criteria in the EU enlargement process could not and should not be separated.

THE IMPORTANCE OF POLITICAL VALUES AND INSTITUTIONS FOR THE INTEGRATION OF EUROPE

Hans-Peter Furrer

Director of Political Affairs of the Council of Europe

Minister, Excellencies, Ladies and Gentlemen,

I am most grateful to the President of the Institute for EastWest Studies, Mr. John Mroz, for the invitation which he kindly extended to me to address this distinguished audience on political values and the importance for the integration of Europe of those European institutions which are in charge of caring about such values.

Among the European organisations, the Council of Europe is the one having the closest connexion with political values and standards. It is not the only organisation with such a mandate but, for the Council of Europe, politics mean values, not military nor economic matters. Significantly enough, it is also the oldest European institution. This is a pointer to the fact that values were indeed, together with security, at the centre of European politics when they began to be organised and institutionalised after World War II. "Never again!" was the key word: make sure that there will never be aggression and war again among European peoples, by destroying the very roots of aggression and war, totalitarian rule and massive, indeed absolute, violations of human rights.

In 1949, the idea was to create a political organisation with the aim of preparing greater unity among European States on the basis of reconciliation among the peoples and the common commitment to the respect and implementation of the principles of genuine democracy, the respect for human rights and the rule of law.

Adherence to these principles was, on the one hand, the condition for membership in the Council of Europe and for participation in the European construction, on the understanding that there was no other possible federator in Europe. On the other hand, the promotion and safeguarding of these principles was the declared purpose of wide co-

operation among member States within the Council of Europe at both parliamentary and governmental level.

The history of the Council of Europe, however, has highlighted the initial limitations of the project. Economic integration through pooling of resources was not within the reach of the Council of Europe and was taken care of by the European Community and today the European Union. For many years, the Council of Europe worked in the shadow of this highly successful institution. And more importantly, because of the ideological and political division of Europe, the Council of Europe could for 40 years, be the Council of half of Europe only.

This radically changed in 1990 and today the Council of Europe is on the path to completing its pan-European membership. Presently, it comprises 39 Members including all the three Baltic States, but also all the other Central European States as well as Ukraine and the Russian Federation. Belarus is still the exception, as are three of the countries which formerly belonged to Yugoslavia. All of them, with the exception of the Federal Republic of Yugoslavia are in a process of accession to the Council of Europe, as is also the case of the three sub-Caucasian States: Armenia, Azerbaidjan and Georgia.

Let me deal briefly with two aspects of the theme of this address: political values on the one side and the relevance of political European Institutions on the other side.

Democracy, human rights and the rule of law are values relating to the nature and quality of institutions within the State as well as Organisations at the European level. Among the latter, all of which should comply with these values, there are two in particular, the Council of Europe and the OSCE, which bear special responsibility for setting standards and caring about their implementation by participating States.

Such political standards need a basis at the level of personal ethics. There must be a consensus as large as possible among people concerning such standards and a broad adherence to the ethical requirements implied in them for personal behaviour and performance.

We should certainly not underestimate the difficulties and the necessary caution when speaking about ethical questions for the people at large, and the consequences in terms of education, for instance. These difficulties stem from the irreversible individualistic turn of western liberalism and the final discredit shed on ideologies and the corresponding moral precepts and appeals. But is it not precisely these

two developments that have brought about, in present times, a new and deeper understanding, and even a growing demand, for ethics and a more correct perception of what the ethical question really means and how it should be broached?

It is my conviction that we can no longer escape this question. Economic performance depends more and more on personal involvement, imaginative initiatives and the courage to take risks and accept liability. Social security has to rely more and more on personal foresight and responsibility. The necessary sustainable use of scarce natural resources demands personal restraint. Plights such as drug abuse and corruption, to mention a few, cannot be overcome without the acceptance by the people that there are off-limit areas of behaviour. And, above all, we must find efficient ways and means to contain and hopefully eradicate intolerance, racism and anti-semitism, which are moral diseases in the minds of the people.

In an Organisation like the Council of Europe, there cannot be any doubt about the need of efforts to promote in society values such as personal initiative and responsibility, common care about social, educational and environmental concerns, the respect for the equal dignity of each and every human being, which calls to combat hatred and aggressive doctrines and behaviour against people of different ethnical origin, religion, beliefs and traditions.

For sure, we cannot and must not substitute the State or Institutions for civil society, but civil society should not be left alone in these tasks. Education is, and remains, a public concern and should not be put into the straightjacket of value neutrality. And beyond that, we must promote and assist efforts, mainly through help for youth cooperation programmes, to strengthen defence in civil society against indifference, intolerance, aggressiveness, xenophobia and racism. A token for that effort, within the Council of Europe, is the recent European Youth Campaign for Tolerance and against Racism and Antisemitism.

In addition, there are, after all, quite a number of intersections between personal ethics and political standards, where deficiencies on either side provoke failures on the other and where positive developments interact for both civil society and the State. Suffice it to mention just a few: free initiative and corresponding personal responsibility, reliability and confidence in each others' obedience to common rules,

equality as the basis of debate and compromise, equity and fairness as guidelines for debate and policies, multiple allegiance motivating varied civic actions. Is it not that what we rightly call 'democratic culture' without which democracy, respect for human rights and the rule of law would be built on shaky grounds?

Among the European institutions, the Council of Europe can be called the alliance for the defence of democracy, human rights and the rule of law. As such, it is an important part of European security according to the new concept of global and comprehensive security currently under discussion within the OSCE.

This alliance is characterised by the mutual commitment of member States to common standards and by the collective control exercised within the Organisation over the performance of member States in compliance with these standards (including the eventuality of sanctions up to exclusion from membership).

As regards the common standards, the Council of Europe's specific mandate and action is characterised by the preparation and adoption of legally-binding instruments in the form of international treaties ratified by member States, in addition to the general principles spelled out in the Council of Europe's Statute.

The European Convention on Human Rights represents the hardcore of these efforts, but there are also important other treaties with direct relevance for these principles, such as the Social Charter, the Code of Social Security, the conventions in the field of cooperation in criminal matters, etc.

This is an ongoing process, allowing to cope through mutual learning with new challenges, such as presently the fight against corruption, the necessary checks in the field of biotechnology, - engineering and - medicine.

There are important new questions in the field of democracy. Under the conditions of growing mobility of the people in Europe and the opening-up of State borders, there is a need for generalising, as far as possible, participation by the people in democratic processes. Local democracy needs to be strengthened and diversified. Citizenship, with the right to vote and to be elected, must be enlarged.

In the case of Latvia and Estonia, the question of citizenship and status of non-citizens has been prominent in the debate prior to their accession to the Council of Europe. We understood the need of the two

countries to reaffirm their recovered statehood and national identity and the position that, consequently, citizenship could not be automatically granted to all persons living there after 50 years of foreign rule. But we are glad to find ourselves in agreement with the authorities of both countries that, for the future, serious efforts must be undertaken to facilitate the acquisition of citizenship by those who are willing to become involved actively in the political life of their countries and to fulfil the conditions set for that purpose by law. This policy is in line with European trends which do away to a large extent with legal obstacles preventing immigrants living in a country from acceding to civic rights akin to those enjoyed by nationals.

Democratic principles must also come to bear for the necessary protection of minorities, even beyond the legal protection of the individual rights of persons belonging to minorities and the collective exercise of these rights. The Council of Europe's Parliamentary Assembly and, to some extent, relevant European Conventions have opened up new horizons for institutional and legal developments capable of coping with group interests of minorities, on the basis of personal and functional criteria, in the field of culture, language and education for instance. It is our task to promote, gradually and progressively where necessary, solutions appropriate to specific situations, for the sake of internal cohesion and harmony and good neighbourliness between the States concerned.

Concerning commitments and monitoring of compliance with standards, the approach prevailing in the Council of Europe is highlighted by the European Convention on Human Rights. This treaty is now compulsory for each member State both in respect of the list of rights to be protected and the control mechanisms. These give any member State a say in the monitoring of the performance of each other (inter-state applications) thus taking human rights out of the realm of exclusive domestic jurisdiction, and every person the right to ask for and to obtain redress in case of violations of his or her human rights (individual applications). The control is of a judicial nature, exercised at the European level through the European Commission and Court of Human Rights. It leads to binding decisions, the execution of which by the governments concerned is guaranteed and supervised by the Council's Committee of Ministers.

There are other monitoring proceedings at work in the Council

of Europe. In the legal field, the Convention on Protection against Torture contains preventive control proceedings through visits of places of detention by independent experts. The Social Charter and the Code of Social Security provide for legal scrutiny of national policies and legislation on the basis of reports from Governments. In the political field, the Parliamentary Assembly has set up procedures for public reporting and debate, followed by recommendations, on compliance with commitments by member States. The Committee of Ministers moved in a similar direction, creating a mechanism of confidential reporting and debate, followed by cooperative measures in case of need.

The Council of Europe's statutory mandate for high standards and strict control now faces new challenges due to the rapid and important increase of membership. Many of the new members, and not the least ones, are still under way with their democratic reforms, and may still have a long journey to go. The Council of Europe should not, for that reason, be tempted or induced to lower its standards nor to take its monitoring less seriously. But this raises a crucial credibility question for the Council of Europe.

The response in Strasbourg contains several elements. First, accession to the Council of Europe is never automatic but characterised by a very high political conditionality. Applicant countries have to go through a long and complicated procedure and in-depth scrutiny by the Council of Europe's political bodies. In particular the Parliamentary Assembly, aimed mainly at assessing the irreversibility and the sufficient level of democratic reform, for instance concerning efficiently functioning democratic institutions.

Secondly, accession is granted on the basis of acceptance by the applicant Government not only of the general obligations under the Council's Statute but also of specific commitments relating to still prevailing deficiencies which have to be overcome within a fixed period and which will be subject to close monitoring.

Thirdly, the Council of Europe provides, before and after accession, cooperation and assistance programmes specifically tailored to the applicant countries' needs concerning their constitution, institutions, legislation, administration and civil society. These programmes rely heavily on the wide network of Council of Europe experts from many administrations of member States as well as on cooperation with non-governmental organisations, foundations and as-

sociations working in favour of democratic reforms in Central and Eastern Europe.

The most important aspect of these programmes is to prepare for the ratification of the European Convention on Human Rights with its control mechanisms, by assuring compatibility of national legislation and administration with the Convention's requirements as they have been specified by the case-law of the European Commission and Court of Human Rights.

Finally, legal and political monitoring of commitments of member States will occupy as from now a much more prominent position in the Council of Europe's action than ever before.

It is the understanding within the Council of Europe that membership on a pan-European scale with all its practical implications is a real contribution to the shaping of a new scheme of security in Europe as it is pursued in cooperation with the relevant organisations working in Europe, the OSCE, the European Union, NATO, etc. The commitment by all States in Europe to the principles of democracy, human rights and the rule of law and their participation in the collective guarantee of compliance with these principles amounts to what the Summit Meeting of Heads of State and Government of Council of Europe member States held in Vienna in October 1993 called "democratic security".

"Democratic security" is not a factual statement: indeed many people fear that democracy does not go without new risks of insecurity. But both for the international and the domestic level, it is proposed as a normative statement in the form of a "conditional imperative": if you want peace, you have to implement and to check democracy, human rights and the rule of law.

With this meaning, "democratic security" is part of a comprehensive concept of European security, forming, together with political, military, economic and environmental security, a scheme of mutually supportive elements intended to guarantee security for all.

"Democratic security" also participates in an inclusive concept of European security, open to all States in Europe, with the welcome participation of like-minded non-European States. The question has been raised whether a country with such dimensions, history and problems as the Russian Federation can be expected to cope with the strict political conditionality of Council of Europe membership. In reply,

the Council of Europe is of the opinion that European security should no longer rely on mutual deterrence, but should be granted through the observance of common rules of behaviour and cooperation, requiring the participation of every State in Europe. The goal could not be reached if one or more of them, and particularly such an important element as Russia, were to be left out - "hedged out" - with the risk of becoming enemies again in the future.

Such a comprehensive and inclusive system of security requires the support of not just one European institution. All existing European institutions, with their different historical background, mandates, membership, fields of action and working methods, must contribute to the sustained implementation of the concept. This is the theme of what many call the shaping of a new "European Architecture".

Here the main practical feature is increasing cooperation between these organisations, mutual reinforcement, coordination and interlocking, bringing to bear their comparative advantages and areas of excellence in skills, experience and resources. Between the Council of Europe and the OSCE, for instance, much has been done already in that direction through concrete and pragmatic cooperation, on an almost daily basis, at every level, at headquarters and in the field. Cooperative partnership is also developing between the Council of Europe and the European Union through joint programmes for assistance to democratic reforms in Central and Eastern Europe.

Among the existing European institutions there are those like the OSCE and the Council of Europe who are already now set for pan-European membership. This (and more) is already achieved in the case of the OSCE. It is on the point of being completed by the Council of Europe. The exceptions here are significant: they concern, besides Belarus, three of the States that belonged to former Yugoslavia, where the delay has much to do with past and present failures to honour common European values. The common feature which underlies both the OSCE and Council of Europe pan-European membership is precisely the objective to bring about the implementation throughout Europe of the common European values, adherence to which is the fundamental and indispensable condition for participation in the new Europe at any level.

Other institutions in Europe, mainly the European Union and NATO, do not have, at least at present, this ambition for pan-European

membership. They are engaged in very important programmes and structures of cooperation open to all European States, for the sake of promoting European security, but membership enlargement, which has yet to start, will be limited under the best possible conditions foreseeable at present.

Under these circumstances, in the interest of giving the necessary prominence to the common basic value commitments as the foundation of European security for the future, two conclusions may be proposed:

First, care should be taken in the discussions on the future of those geographically limited institutions, that wider external cooperation programmes will be managed and developed significantly and that enlargement of membership does not appear to be directed in any way against any of those countries which will be left out from membership.

Second, the pan-European organisations, the OSCE and the Council of Europe in particular, should be made as strong as possible, so as to allow them to cope to the best of their ability with their two-fold mandate: to secure institutionally the basic value commitments in Europe, and to develop frameworks of equal participation for all European countries, without privileges (on the contrary: with mutual learning for normal behaviour by every State) in cooperation on all questions that matter in relation to these value commitments.

Discussion:

State Secretary Golob introduced the discussion following Mr. Furrer's presentation by noting that Slovenia had made substantial progress in its democratic transition: two rounds of democratic elections had been held, a major privatization programme had been instituted and, with the recent resolution of some bilateral problems, good relations had been established with all of Slovenia's neighbours. State Secretary Golob pointed out that Slovenia wanted to join the European Union and NATO not only for economic and security reasons, but also because it wanted to preserve and enhance democracy and create a safe environment for human rights in the country. He argued that European security depended on the real practice of democracy on the continent and that the EU and NATO therefore had a strong interest in strengthening democracy in Central and Eastern Europe. In this con-

text, the Council of Europe played an important role, and its enlargement was an especially significant step. State Secretary Golob suggested that NATO's Partnership for Peace (PfP) was a particularly important development and provided a positive model of cooperation appropriate to Europe's current and future security needs, from which both the EU and the Council of Europe could learn. He suggested that the EU, the Council of Europe and the Western European Union could develop similar structures for cooperation. PfP was a major contribution to European security, characterised by full transparency. There was, however, a need to overcome the "waiting room" syndrome by developing still stronger relations between the countries of Central and Eastern Europe and the EU and NATO. He also suggested that there was a need to establish new democratic traditions in the countries facing post-communist transitions. In this context, he concluded, the Council of Europe had a vital, on-going role to play.

There followed a discussion of the democratic standards required of states joining the Council of Europe. One participant argued that a "double standard" had been applied to the Baltic states and Russia in terms of the requirements they had had to satisfy before joining the Council of Europe, particularly in the light of Russian military intervention in Chechnya. Responding to this argument, Mr. Furrer pointed out that the Council of Europe's Committee of Ministers and Parliamentary Assembly had strongly criticized Russia's military actions in Chechnya as violations of its Council of Europe commitments.

On a different note, another participant noted that the EU, like the Council of Europe, had pan-European ambitions, but its enlargement would necessarily involve a longer timescale than that of the Council of Europe. The discussion was concluded by an American participant who noted that the Council of Europe's democratic values were not "European" values only, since they were shared by the countries of North America and many other states as well.

PREPARING FOR ECONOMIC INTEGRATION: A VIEW FROM CEFTA

Prof Wojciech Lamentowicz
Advisor to the President, Poland

Professor Lamentowicz spoke on the Central European Free Trade Area (CEFTA). He noted that the CEFTA countries had never been able freely to unite before, but that they did have certain experiences in common - for example, of domination by neighbouring imperial powers, of the two World Wars, and of domination by the Soviet Union after 1945 - which provided a broad cultural basis for regional cooperation. In this context, CEFTA had been a product of 'soft' pressure from the European Union. Initially, Poland and the other Central European states had been reluctant to establish CEFTA, and the grouping might not have emerged at all without pressure from the EU. Now, however, it was developing into a significant grouping, covering 65 million people; it was beginning to be institutionalized and was expanding to include countries such as Slovenia and, in future, Romania and Bulgaria. Even countries such as Egypt and Israel were interested in developing ties with CEFTA. Clear criteria had been established for membership in CEFTA: namely, states must be members of the World Trade Organization, have Association or Partnership Agreements with the EU and have bilateral free trade agreements with all existing CEFTA members. An important benefit of membership in CEFTA was that it provided important 'training' for the Central European states in the cooperative economic competition which characterized the EU.

Professor Lamentowicz highlighted the fact that trade in Central Europe had largely been restructured away from the Soviet Union and towards the EU after 1989. In this context, reciprocal trade levels between the Central European states had been very low - only five per cent of their total trade for the 'Visegrad' states. CEFTA had led only to a small increase in trade within Central Europe - an increase to seven per cent in the case of the 'Visegrad' states. Membership in CEFTA

could not, therefore, be considered a viable alternative to integration with the EU. Further, it had a relatively weak institutional structure, and the prevailing mood in the region was not to further institutionalize the grouping. CEFTA's loose institutional framework, however, was actually a positive advantage, since it facilitated flexibility of co-operation.

Professor Lamentowicz then turned to the question of EU and NATO enlargement. He argued that the two did not have to go 'hand in hand' in terms of timing, since NATO enlargement was largely a political decision, whereas EU enlargement depended primarily on economic issues. He also pointed out that political and economic reforms should continue after EU membership and that countries could take very different paths after they had joined. He noted, for example, the differing developments in Portugal and Greece since these two countries had joined the Union. Professor Lamentowicz also argued that the question of when countries joined NATO was more important than that of when they joined the EU. The Central European states' ultimate goal, however, was not membership of the EU and NATO per se, but rather greater security, democracy and prosperity.

Professor Lamentowicz also discussed the role of Central European public opinion in the process of integration with the West. He pointed out that only in Poland was public support for joining NATO greater than that for joining the EU. In the Czech Republic, Slovakia and Hungary, public support for NATO membership was less strong. In this context, there was a need to build and maintain public support for integration with the West, particularly as the economic costs and benefits of joining the EU became clearer. Indeed, there was a need for more serious and detailed study of the costs and benefits of EU membership for the Central European countries, particularly in the economic sphere.

Professor Lamentowicz emphasized that the issue of how to maintain the momentum of reform in those countries that did not join in the 'first wave' of NATO and EU enlargement was key. There was a need for deeper cooperation than occurred in the current PFP and EU Association arrangements, and such cooperation should be offered at the same time as first decisions on enlargement were announced. Good neighbourly relations, further, should be a central element of the enlargement process. In particular, new members of NATO and the EU

¹This text is a summary, based on informal notes taken by an IEWS staff member.

needed to make strong efforts to maintain cooperative relations with those states which did not join the EU or NATO in the first wave, or which remained outside NATO and the EU altogether. Anglo-French-German cooperation was stressed by Professor Lamentowicz as vital to the successful enlargement of the EU in Central Europe. Without cooperation among the Union's main powers, its enlargement would be difficult to achieve. Professor Lamentowicz also foresaw a number of potential threats to the enlargement of the EU. Rising unemployment was already a major problem across the Union and the EU did not have sufficient funds to address this problem. EU economic growth rates were slowing, while the Union faced a growing competitive challenge from Asia. These factors could make EU members reluctant to extend the Union eastwards. However, failure to extend NATO and EU membership could have serious repercussions for Central Europe: foreign investment remained very low in the region, and so long as the Central European countries remained outside NATO and the EU, their credibility as destinations for foreign investment would be further undermined. But continued low foreign investment would make it hard to close the economic gap between Central and Western Europe, thereby undermining political and economic stability in the region.

Professor Lamentowicz concluded by highlighting the continued importance of the United States to European security and stability, given the problems of EU enlargement. In this context, it was notable that it was US power and diplomacy - not European institutions - which had ended the war in the former Yugoslavia and had led to the successful deployment of NATO's Peace Implementation Force (IFOR).

THE BALTIC AREA AS A TRADING REGION

Mr Viktors Kulbergs

*President of the Latvian Chamber of Trade and Industry,
Director of "Auto Riga"*

Recently, on April 25th of this year in Stockholm, a unique Baltic Sea Business Summit (BSBS) was held on the initiative of Dr. Peter Wallenberg . The Declaration issued by the BSBS was aimed at politicians and Baltic Sea Region governments, urging them to consider the interests of the Baltic Sea Region business community and to make use of the historic opportunity presented by the collapse of the Soviet Empire The challenge we face is to make the Region one of the most prosperous regions in the world within the next 10 to 15 years.

The three Baltic countries, having once more in this century been given the opportunity to become independent states , play a crucial role in the development of the Region. In the Europe of today, we must respect the philosophy of integration embodied in Maastricht and draw the consequence that the only alternative to joining the EU is the further integration of the Baltic countries themselves. However, it is a real absurdity that, having made a bid to join the EU, Latvia, Lithuania and Estonia are nevertheless so slow in pursuing integration among themselves; indeed, they are actually in conflict with this goal if we take into account the absence of common border facilities around the Baltic and the presence of borders between themselves, borders financed by our tax revenues! At the same time, only 40 to 50 per cent of the potential annual tax revenue is being collected by the responsible state authorities. Our trade statistics record less the 50 per cent of the actual volume of imports and exports, the remainder being smuggled.

We have to understand that the territory chosen by our ancestors is very attractive and is coveted by our bigger neighbours. The Trans-Siberia Trade Highway begins and ends here; this is, at one and the same time, both a blessing and a curse for us. Most of our harbours are ice-free year round. They have been commercial gateways for centuries, having been connected in the network of the Hanseatic League - in practice an ancestor of Maastricht.

(Mr. Kulbergs then presented a series of transparencies, highlighting some of the common economic and social characteristics shared by the Baltic countries.)

UNITED BALTICS ON THEIR WAY TO A UNITED EUROPE (EU)

- JOINED MARKET OF ~8,0 MIL. PEOPLE
 - AN EFFECTIVE BORDER CONTROL AROUND 3 STATES, INSTEAD IN BETWEEN
 - ADJUSTED LEGISLATION AND INTEGRATED STATE SERVICES - LIKE MILITARY FORCES, POLICE, CUSTOMS WITH COMPATIBLE DATABASES
 - ATTRACTIVE FOR FOREIGN INVESTMENTS
 - GROWING ECONOMIES AND WELFARE
 - ECONOMICAL INTEGRATION AND COOPERATION
- NB! THE PROCESS MUST BE INITIATED, SUPPORTED AND DEMANDED BY THE BALTIC SEA REGION + EU COUNTRIES, AS A PRECONDITION OF THE REGION'S STABILITY!

UNITED BALTICS - THE ONLY ALTERNATIVE

COMMON HISTORICAL ASPECTS:

- HISTORICAL EXPERIENCE FOR ESTONIA, LATVIA, LITHUANIA: AN ANCIENT HANSA UNION - PREDECESSOR OF EU
- THE TRAGICAL HISTORIC DESTINY (TSARIST RUSSIA, NAZI GERMANY, SOVIET UNION.)
- MENTALITY, HABITS AND TEMPER
- FRIENDLY NEIGHBOURLY RELATIONSHIPS SINCE ADAM
- SAME VISION: ALL THREE COUNTRIES ARE GOING TO JOIN EU AND RELATED ORGANISATIONS

UNITED BALTICS

COMMON PRESENT-DAY ASPECTS:

- DEMOCRACY AND MARKET ECONOMY IS AGAIN THE WAY OF LIFE
- RICH IN RELATIVELY HIGH SKILLED & EDUCATED HUMAN RESOURCES
- RECOVERING & GROWING ECONOMIES
- RELATIVELY LOW AND DECLINING INFLATION (STILL MIXED WITH A PRICE STABILISING FACTOR)
- STABLE LOCAL MONETARY POLICY
- AN ACTIVE PRIVATISATION PROCESS IN PROGRESS
- SOCIETY IS EAGER TO RECOVER ECONOMICALLY IN A PEACEFUL, DEMOCRATIC WAY, HARD WORKING
- STRONG POOL OF BUSINESS ORGANISATIONS (CHAMBERS OF COMMERCE & INDUSTRY, BRANCH ASSOCIATIONS, etc.)
- ALREADY GOOD AND IMPROVING TELECOMMUNICATIONS - THE MAIN TECHNICAL PRECONDITION TO GET ON THE INFORMATION HIGHWAY
- POPULATION SPEAKS RUSSIAN AS FIRST FOREIGN LANGUAGE AND UNDERSTANDS MENTALITY OF THE RUSSIA MARKET

UNITED BALTICS

COMMON ENVIRONMENTAL PROBLEMS:

NATURE

- HEAT POLLUTION

50% of the generated heat is lost and melts the Arctic & Polar ice, because of lack of the legal background and financial resources for reconstruction

- WASTE POLLUTION

Industrial & urban technologies of yesterday

SOCIETY:

- DRUG POLLUTION

Cause crime

- ALCOHOLIC POLLUTION

Most of population is too poor of enjoy life

- IDEOLOGICAL POLLUTION

Left-over communistic ideas

- POLITICS IS OFTEN TERRORISING THE ECONOMY IN RUSSIA

We have to understand, that there are TWO RUSSIAS - one being an aggressive political empire, causing global problems and another - commercial Russia, being an attractive and friendly business partner.

RUSSIAN POLITICAL EMPIRE -

NB! MODERN TANKS ARE NOT OF STEEL, BUT OF MONEY, REMOTE CONTROLLED!

COMMERCIAL RUSSIA +

- BUSINESS ORIENTED EXTREMELY BIG AND PERSPECTIVE MARKET
- STRIVING FOR DEMOCRACY AND DEVELOPMENT
- RICH IN HUMAN AND NATURAL RESOURCES

UNITED BALTICS

ECONOMICAL STRATEGY

THINK BIG - THINK GLOBAL! TRADE/ TRANSIT AGREEMENTS TO DEVELOP THE:

MULTIMODAL CORRIDOR (#10) (EAST - WEST - EAST)

BETWEEN BALTIC STATES:

EIST+LV+LT+

+ OTHER BALTIC REGION COUNTRIES (minimum 3+5)+

+RUSSIA

JOINING THE MOST IMPORTANT INTERNATIONAL ECONOMICAL CONVENTIONS, PARTICULARLY - WTO !

- GUARANTEE FOR POLITICAL STABILITY AND SECURITY IN REGION

– SUPPORT FOR *COMMERCIAL-DEMOCRATIC RUSSIA* TO REPLACE THE *RUSSIAN POLITICAL EMPIRE*

MUTUAL TRADE/TRANSIT AGREEMENTS TO DEVELOP:
VIA BALTICA
(NORTH - SOUTH - NORTH)
THE BALTIC REGION COUNTRIES
THE BALTIC STATES AS UNITED BALTIC STATES IN UNITED EUROPE
BALTIC FUTURE
– SAFE, STABLE, FRIENDLY, EFFECTIVE AND A DEVELOPING TRADE AREA:
– GATEWAY OF THE EAST - WEST - EAST AND
– NORTH - SOUTH - NORTH CORRIDORS

Discussion:

An IEWS participant raised a question about the future of CEFTA in view of the possible accession of most (if not all) of its current members to the EU in the first stage of EU eastward enlargement. Would CEFTA then disappear as an entity, or continue to function on a minor scale? The second option would be feasible especially if CEFTA itself was enlarged in the near future (before EU enlargement): Bulgaria, Romania and Latvia had all officially expressed interest in joining. CEFTA could then become a free trade area among the “left-outs”, but also a bridge for closer economic cooperation between those Central and East Europeans already in the EU and those outside it. It could play an even more significant role in this respect if it developed into more than just a free trade area and covered other areas of economic cooperation, eg in the financial and banking sector. In response, Wojciech Lamentowicz expressed his belief that CEFTA will continue to grow. He argued that it was important not to look at the European integration process in a narrow way, limiting it only to the EU integration, but to give due value also to the other dimensions of that process.

A Nordic EU member warned against too much freedom in border crossing between the soon-to-become-EU-members countries of central and Eastern Europe and other countries further to the East. This was incompatible with the EC’s provisions on a strong external frontier and common tariff, and could either obstruct the CEs’ hopes of joining or force them into a large policy reversal. Wojciech Lamentowicz stressed the economic importance of the unofficial cross-border trade and its contribution to the balance of payments in CE

countries (it is estimated that this trade may contribute up to \$6 bn to the Polish foreign currency earnings in 1996).

In discussion, the question was raised whether the Baltics and other CE countries could learn from the example of South Korea in economic growth. Other participants pointed out that Korea was hardly a good model for States striving to reach EU standards: it had capitalised on labour laws which fell short of international norms and which, indeed, had proved an obstacle to Korea’s becoming a partner of the OECD. Questions could also be raised about Korean performance in regard to political rights.

NATO's ENLARGEMENT STRATEGY

*Ambassador Sergio Balanzino
NATO Deputy Secretary General*

Excellencies,
Ladies and Gentlemen,

I would like to thank the Institute for EastWest Studies for their invitation to speak at this timely seminar. I also enjoyed participating in last night's dinner.

Before addressing the subject of NATO's enlargement strategy, let me first make a general remark about the European integration process: actual membership in institutions such as NATO or the EU is neither the starting nor the end point of integration, and it is not the only forum of cooperation these institutions are offering. The process of integration begins before formal membership in any of these institutions, and continues after it.

In the case of the three Baltic States, the integration process is already well underway. Association agreements with the European Union, active participation in the North Atlantic Cooperation Council and in NATO's Partnership for Peace, associate partnership with the Western European Union, membership of the Council of Europe - all these are signs of the Baltic states becoming visibly part of a successfully cooperative Euro-Atlantic space. And no one would today doubt that the Baltic area is inextricably linked to the dynamics of European integration.

This is a major advance in just a few years. Before the final disintegration of the Soviet Union, the Baltic States were the first countries successfully to reassert their identity and independence. By now they have largely re-established political, cultural and economic ties with all European countries, reflecting their historic European heritage and linkages. This must endure and continue to grow.

Let me now turn to NATO's strategy for enlargement, a process which the Alliance is executing in a deliberate, steady and transparent way. Strategy, simply defined, is about tailoring means to ends. In the case of adding new members to NATO, this means tailoring our politi-

cal approach to an ambitious goal: a secure, cooperative, undivided Europe.

A wider NATO is an integral part of such a new Europe. A Europe in which the ideological and military dividing lines have been removed will naturally grow together. We see the admission of new members to NATO as part of this process. It will be a further step towards the Alliance's basic goal of enhancing security and stability throughout the Euro-Atlantic area.

Clearly, the path towards prosperous and stable democratic development cannot be pinned exclusively to accession to NATO - far from it. Other institutions have to play their role as well. Nor can membership in international organisations relieve a nation of the need to pursue creative and enlightened policies. The "coalition for peace" in Bosnia is a perfect example of states of diverse backgrounds cooperating successfully to achieve a common objective.

All that is why we speak of a NATO enlargement "strategy," which goes far beyond the simple fact of the accession of new members.

Of what does this strategy consist? It rests on three key elements: First, a policy of fostering broad cooperative relationships across the wider Europe, including countries like Russia and Ukraine;

Second, far-reaching internal Alliance adaptation, which reflects today's climate of cooperation and integration in Europe, while preparing us to accept new members and improving our ability to respond to new security challenges; and

Thirdly, the management of opening the Alliance to new members so that we meet our overall objective of contributing to greater stability and security in Europe.

Let me elaborate on each of these three elements.

First, a policy of broader cooperation. The end of the Cold War has provided us with a unique opportunity to overcome forever Europe's long-standing division. As the countries of Central and Eastern Europe were breaking loose from the straitjacket of Communism and embarked on their transition to democracy and market economy, there was no question that NATO would support this process. We were there at the outset of this long and difficult journey of reconstruction. In 1991, we established the North Atlantic Cooperation Council, a forum where we could consult on key security issues as they emerged - for

example, Russian troop withdrawals from the Baltic States or the emerging conflict in the former Yugoslavia. We also gave concrete expression to our cooperation by developing a wide range of practical, joint defence- and military-related activities.

This process of cooperation was intensified and broadened by the Partnership for Peace, launched in early 1994. Today 27 countries have joined the Partnership, in addition to the 16 NATO Allies. In PfP we have set up specific programmes to help individual Partners on a wide range of issues, according to their specific interests, preferences and resources.

But perhaps the most visible demonstration of PfP's security benefits are to be found in Bosnia-Herzegovina. There, all 16 NATO Allies, 14 Partner countries - including all three Baltic States - and even 4 non-European countries have joined together in what has become the most complex military operation in Europe since the Second World War. They form a true coalition for peace. And they bring home the fact that, for many future contingencies, it will not solely be specific alliances that will be called upon, but broader international coalitions made up of Allies and Partners.

From the very beginning of PfP, the Baltic States have been among the most active Partners. The formation of the Baltic Peace-keeping Battalion (BALTBAT) and the Nordic Brigade are important signs that regional and international cooperation has become an integral part of security policy for Latvia and its Baltic neighbours.

Any strategy of fostering broad Euro-Atlantic cooperation would remain incomplete if it did not also encompass a stable relationship with Europe's largest power - Russia. Russia is seeking security, as do its neighbours in Central and Eastern Europe, and that search is legitimate. This must entail respect for and good relations with its neighbours, in accordance with established international norms.

The Alliance regards Russia as having an important contribution to make to European stability and security, commensurate with its weight and responsibility as a major European, international and nuclear power. As NATO Ministers have emphasised on numerous occasions: we want cooperative and far-reaching relations with Russia.

Over the last years we have been trying hard to develop solid NATO-Russia relations through Partnership for Peace and a special effort beyond Partnership for Peace. Since the beginning of this year

we have gained very practical experience in working effectively together in the peace agreement implementation in Bosnia. We want to build on this experience.

I hope there is now reason to be cautiously optimistic about potential progress in the NATO-Russia relationship. In June NATO Foreign Ministers had a 16+1 meeting with Foreign Minister Primakov and later Alliance Defence Ministers met with the then Russian Defence Minister, General Grachev. Both meetings took place in a constructive spirit and on the basis of a joint positive assessment of the IFOR experience. In this context, not only do our troops work together in Bosnia, but also since October a Russian team of 10 officers has been stationed at SHAPE to provide for the necessary liaison.

At his meeting with NATO Defence Ministers, General Grachev put forward a proposal to establish permanent liaison offices of Russian officers at SHAPE HQ and at subordinate NATO commands. We are studying this idea, which, of course, would have to be based on reciprocity - that is, sending NATO officers to the Russian General Staff in Moscow. I hope we can turn these proposals into reality. They would institutionalise the very good liaison arrangements already created on an ad hoc basis between NATO and Russia for the IFOR operation.

So, there are good prospects, but it will take hard work by all of us to develop the mutual confidence and understanding which will allow the prospect of a broader Alliance to be seen in its true light - a positive contribution to security and stability throughout the Euro-Atlantic area. Today's NATO bears hardly any resemblance to the NATO of the Cold War: it is being thoroughly updated and reformed. And like today's NATO, an enlarged NATO would threaten no one. It will not create new dividing lines: we have a common task to ensure that this message is clearly understood.

This brings me to the second ingredient of NATO's enlargement strategy: its internal adaptation. We cannot prepare others for membership without having first prepared ourselves. Our objective is a more flexible, more effective Alliance that has the capabilities it needs both for its traditional mission - collective defence - and its new missions - crisis management and peacekeeping. We need a lighter, less centralised command structure in which all Allies participate. We need flexibility to facilitate the participation of non-NATO countries as we see

it happening so impressively in IFOR. And we need to develop a European Security and Defence Identity within NATO.

The reforms agreed at our June Ministerial in Berlin will bring us a major step closer to these goals. We have agreed to a concept for Combined Joint Task Forces (CJTFs). CJTFs will allow NATO to use its forces in a more mobile, flexible way, for a variety of tasks. The CJTF concept will facilitate the participation of non-NATO nations in operations such as IFOR. And for the first time, NATO's structure will have a visible European arrangement within it, allowing Europe to lead, if necessary, in future crises, thus sharing Alliance burdens more equitably.

The prime purpose of these changes is to enable NATO to perform the full range of its tasks more effectively and rapidly. With a new command structure and with Task Force Headquarters in place in peacetime, we will be able to react speedily to developing crises. The new structure will reflect the lessons of Bosnia, and will provide Alliance decision-takers with a ready array of military instruments to support diplomacy.

The enhanced flexibility provided by these changes should also lead to a more equitable sharing of the burdens of our common defence between the European and North American Allies. It thus serves to strengthen the transatlantic link, which remains the bedrock for security and stability in the Euro-Atlantic area. In Berlin, therefore, we launched the most significant adaptation the Alliance has undergone since it embarked on its new strategic role in 1990.

This brings me to the third item of our strategy, its implementation.

From the outset, it has been clear that NATO's opening to new members is not an isolated process: other institutions such as the EU are also opening their doors. In admitting new members, we will not be acting without reference to other developments in Europe. We see enlargement as an evolutionary process, complementary to the enlargement of the EU.

As NATO's Enlargement Study underlined last year, NATO and the EU share common strategic interests and therefore need to take account of each other's policies. The Study also noted that the Alliance should at an appropriate time give particular consideration to countries with a perspective of EU membership, and which have shown an

interest in joining NATO, in order to consider how they can contribute to transatlantic security and to determine whether to invite them to join NATO. It has also been clear from the outset that the inclusion of new members into NATO is a gradual process, not a singular event. I wish to stress this point in particular, for in recent weeks the view has increasingly been expressed that those who will not join soon will have somehow "failed" or missed out for good. Such an "all-or-nothing" approach overlooks both the nature of the process as well as NATO's wider political aims. We want to integrate other countries into our community of democracies and thereby add stability to our European continent. Therefore, as President Clinton has underlined, the first new members of NATO will not be the last. At present, we are involved in an intensified individual dialogue, in which the Baltic countries participate. Of the 15 participating countries, 11 have expressed a desire to join the Alliance. In December, Ministers will decide on the way ahead, which may lead to first decisions some time next year.

This intensified individual dialogue is not per se a negotiation. Yet the dialogue sessions have been very informative and mutually profitable. Partners are putting across their case for membership directly and in depth.

NATO is attentive to each case. Each country's eligibility for membership will be decided on its own merits, irrespective of whether it is part of a regional grouping. There will be no secret deals and no behind-the-scenes "trade-offs". The need for maintaining a broader context for NATO's enlargement will remain - even once the first candidates have been named. That includes, in particular, an enhanced Partnership for Peace programme - one that could be even more responsive to the needs of our Partners, and that involves our Partners even closer in NATO's defence planning aspects. By developing further as a framework for common action, Partnership for Peace can generate a sense of reassurance that the security of NATO and its Partners are linked and that NATO would not be indifferent to threats to their territorial integrity and political independence.

Excellencies, Ladies and Gentlemen, our aim is a security environment in Europe which provides reassurance and confidence to all countries. Our vision of the Europe of the 21st century is a Europe that is outward-looking, unified, and stable. I believe that NATO's enlargement strategy is a key in turning this vision into reality.

THE BALTIC STATES IN EUROPEAN SECURITY: A WIDER VIEW

*Ambassador Wilhelm Hoyneck
Lately Secretary-General of the OSCE*

The presentations and discussions of yesterday and of today have shown the enormous complexity of the ongoing process of European integration. As we have seen security can no longer be defined in the first place by a certain number of military-related parameters. Today and for the foreseeable future stability and security are comprehensive combinations of a great variety of substantive and structural elements.

Individually and by joint actions the Baltic states have accepted the challenges of this new complexity. They have used it to enhance their comprehensive security.

There are two outstanding examples: The Organization for Security and Cooperation in Europe and the Council of Europe. I shall deal in the first place with the OSCE aspects; but I shall look at the OSCE also as an element of the developing European Security Network.

The re-establishment of the independence of the Baltic States was a key element of the dramatic changes that took place in Europe between 1989 and 1991. Many politicians, many governments and a number of European and transatlantic institutions contributed to these changes. And there can be no doubt that the CSCE process made a major contribution to prepare the ground for these changes.

I think it is equally true that the CSCE, and now the OSCE, has played and is playing a major role in the management of change or as we have come to call it, the management of transition including the interlocking processes of European Integration.

There are few cases for which this role of the OSCE can be more clearly and more concretely established than for the Baltic States. This, by the way, is true for the possibilities as well as for the limits of the OSCE role.

The OSCE is a co-operative organization. Therefore a crucial factor for the OSCE contributions to new stability in Europe has been

the sense of direction with which the Baltic States grasped the chances and possibilities of the CSCE right after joining the CSCE in September 91.

The CSCE Summit in Helsinki in 1992 was the first major multilateral conference in which the re-established Baltic States participated. It was a real challenge for their Foreign Ministries which were still in a build-up process. At the Helsinki Summit the key issue for the Baltic States was the withdrawal of the considerable contingents of Russian Forces still present on their respective territories. Two main factors led to concrete results: the demand of the Baltic States was based on the CSCE principle of national sovereignty; this implies that foreign forces can be stationed in an OSCE country only with this country's consent. Furthermore discussions in Helsinki made it clear to the Russian Federation that the legitimate demand of the Baltic States was supported by practically all other CSCE States. The result achieved after very difficult negotiations involving a number of CSCE States was a general re-affirmation of the no-foreign-forces-without-stationing-agreement-principle and a call from all Heads of State and Government for "the early, orderly, and complete withdrawal of such foreign troops from the territories of the Baltic States".

This was not an easy decision for the leadership of the Russian Federation. Of course there were also doubts and concerns whether the withdrawal would actually take place. But finally the withdrawal was achieved by the end of August 1994, more or less as agreed bilaterally on the basis of the Helsinki Commitments.

Let me also mention in this context how Latvia and the Russian Federation have made use of the OSCE to find and implement a solution for the Skrunda Radar Station. As you know, after difficult negotiations Riga and Moscow agreed on a "Temporary Operation and a Dismantling" of this Radar Station. An OSCE representative chairs the Latvian-Russian Joint Committee set up under the Skrunda Agreement; equally the OSCE provided an inspection regime for both periodic and challenge inspections of the Radar Station. Both measures have served their confidence building purposes. They contribute to a smooth implementation of the agreement on a security problem which is rather sensitive for both parties.

The withdrawal of Russian Forces was only the most urgent

amongst the great many problems which were and are part of the legacy of Soviet occupation of the Baltic States.

For Estonia and Latvia the extremely high number of foreigners, mostly former citizens of the Soviet Union, is a very difficult problem internally and also in terms of their respective foreign policies. For Estonia and Latvia who had just regained their independence it was certainly not an easy decision to ask with regard to the delicate citizenship and status of foreigners issue for the advice and the presence of OSCE experts in their respective countries. Looking at it today, after the OSCE Missions have been present for almost three years, it appears to me that the involvement of the OSCE was a wise move by Latvia and Estonia. The OSCE Missions helped to prepare the ground for decisions of the parliaments on these issues. They contribute to demonstrate not only to the Russian Federation but to all OSCE States the efforts made in Estonia and Latvia to take decisions in line with international commitments and take into account the difficult positions of foreigners who settled in Estonia and Latvia under fundamentally different political and legal circumstances. This is all the more important as these solutions went a very long way to find fair compromises. This could hardly fully satisfy all the expectations of the great number of foreigners residing in Estonia and Latvia. The presence of OSCE experts and the continuing discussion in the Permanent Council of the OSCE of the developing situation makes it clear to everybody that both Tallinn and Riga are now implementing the decisions taken by their Parliaments.

This is of particular importance with regard to the sensitive cases of a great number of military pensioners. Here a direct involvement of OSCE representatives on the case-by-case decision-making helps to diffuse a problem which has a bearing on internal and external security.

The close cooperation with the OSCE Missions is a politically visible expression of the will of the Baltic States to actively promote their full integration into existing European structures.

The active co-operation of Estonia and Latvia with the OSCE over a broad spectrum of difficult issues is not only an element of their efforts to solve a number of problems stemming from the Soviet period; at the same time these are examples of visible, major contributions to the strength and credibility of the OSCE in its new, post-confrontation environment.

The OSCE's goal, as confirmed at the 1994 Budapest Summit, is "a community of nations with no divisions, old or new, in which the sovereign equality and the independence of all States are fully respected, without spheres of influence and where the human rights and fundamental freedoms of all individuals, ..., are rigorously protected".

I think these elements of a security order correspond fully to the aspirations and expectations of the Baltic States. This in turn inspires them to participate actively in its full implementation.

The OSCE can contribute in practical ways to enhanced security of the Baltic States by fostering dialogue, particularly on all issues promoting good neighbourliness; by developing norms of behavior based on partnership and equality; by offering possibilities for smaller States to contribute directly to security building.

It is well understood within the OSCE that, based on history and their geopolitical situation, the Baltic States have specific security concerns. Therefore it is of particular importance that their security interests and concerns be known, because this is the basis for assuring that these security interests are respected.

The OSCE, as declared in 1994 at Budapest, "will be a forum where concerns of participating States are discussed, their security interests are heard and acted upon." New forms of frank and unbureaucratic dialogue have been developed. The weekly meetings of the Permanent Council in Vienna allow States to raise particular concerns, express views on current issues and seek clarification. In political terms these discussions are a process of give and take. Looking at the Baltic States there can be no doubt that the discussions in the Permanent Council and other OSCE bodies and the respective results have contributed to strengthening the stability, the status and the overall standing of the Baltic States. Each State has the right to raise at any point any issue relating to the implementation of OSCE commitments. Active articulation of specific views and problems early on is the *conditio sine qua non* that these views will be taken into account when OSCE decisions are elaborated determining the substance of normative or operative decisions.

Beyond specific security-related issues the OSCE also provides a platform for discussion on strategic, long-term security developments. The ongoing work on a Security Model for the 21st Century has afforded an opportunity to the Baltic States to formulate security con-

cerns and share their perception of the security situation in the OSCE area.

A key question, however, remains: To what extent is the OSCE ready and able to “act upon the security interests” of its member States?

OSCE instruments for conflict prevention, crisis settlement and post-conflict rehabilitation are available and are being used. This is true in particular for initiatives of the Chairman-in-Office, the quiet diplomacy of the High Commissioner on National Minorities and the work of OSCE Missions, including the unprecedented challenges of the OSCE Mission to Bosnia and Herzegovina. But realism must prevail. The OSCE cannot provide the security guarantees of an alliance. OSCE action cannot be the answer to all the old and the many and different new security and stability problems of its member States. This is why we need a comprehensive system of security, in which different actors can bring to bear their different capabilities, weight and potentials - always based on the principles and commitments of the OSCE.

But it is also clear that the potential of multilateral co-operative action to strengthen co-operative security is far from exhausted. The Code of Conduct on Politico-Military aspects of Security adopted in 1994 is a case in point. In it, the OSCE States declared that “they are determined to act in solidarity if OSCE norms and commitments are violated and to facilitate concerted responses to security challenges that they may face as a result. They will consult promptly, in conformity with their OSCE responsibilities, with a participating State seeking assistance in realizing its individual or collective self-defence. They will consider jointly the nature of threat and actions that may be required in defence of their common values.”

The dialogue within the OSCE also provides the Baltic States with an important source of information and evaluation. They receive first-hand information on developments in real and potential conflict areas through the reports of the OSCE Missions and findings of the Chairman-in-Office representatives, and on other conflict prevention efforts such as the activities of the High Commissioner on National Minorities. In many instances, this information concerns countries and regions where many OSCE States either do not have permanent diplomatic representations or do not have other resources to undertake information-gathering on their own.

The dialogue in the Permanent Council and other OSCE structures allows States to get acquainted with the views and concerns of their partners. The discussions in the Council usually give clear indications whether such concerns are shared by other OSCE States. This can be taken into consideration when elaborating policies and thus contributes to avoiding problems and confrontation.

The OSCE contributes to the security of its member States also by its standards and norms of behavior which strengthen equality and partnership among all OSCE States. In the 1994 Code of Conduct, the OSCE States declared that they “will base their mutual security relations upon a co-operative approach”.

A central part of this co-operative security approach are the far reaching Confidence- and Security-Building-Measures agreed by all OSCE States. They provide a high degree of transparency not only of actual strength and deployment of conventional forces but also an insight into strategic planning. The Baltic States are actively using the several instruments of the CSBMs agreements and fulfil their respective commitments.

Also the CFE Treaty is part of the co-operative security structure. The Baltic States are not partners of the CFE agreements; but it is of course highly relevant for their military security. Therefore it was and is an important aspect of the comprehensive European security network that the CFE Treaty is regarded by all as a part of the OSCE framework.

Looking at the actual situation of the Baltic States and their interests in European integration a crucial question is the relationship of OSCE with other regional or sub-regional structures. The OSCE States have agreed that “each participating State, bearing in mind the legitimate security concerns of other States, is free to determine its security interests itself on the basis of sovereign equality, and has the right freely to choose its own security arrangements in accordance with international law and with OSCE principles and objectives”.

This freedom of choice concerning security arrangements on the one hand and the commitment of OSCE States not to enhance their security at the expense of other OSCE States indicates that the OSCE is not the security structure of its member States but part of a comprehensive security network. The Helsinki Document 92 speaks of a wider community and explicitly welcomes “the rapid adaptation of Euro-

pean and transatlantic institutions and organizations which are increasingly working together "to provide a solid foundation for peace and prosperity". In this connection the Heads of State and Government mention not only the European Union and the Council of Europe but also NATO, the North Atlantic Cooperation Council, the Western European Union and the Commonwealth of Independent States.

The OSCE is regarded as an element which keeps the developing European Security Network together. Not in terms of a hierarchy or command and control but as a set of principles and commitments accepted and respected by all. This would also mean that each element of such a network does not only enhance the security of its respective members but each element would also contribute to the stability of the network, and as such to the stability of all OSCE States.

The activities of the Baltic States within the OSCE, the Council of Europe but also, e.g., in the framework of the United Nations integrate them into the developing structures of European Security. These are, from my point of view, clearly mutually reinforcing aspects of a strategy for their full European integration.

In his famous Zurich speech on European integration Winston Churchill addressed this aspect in a more general way: "Small nations count as much as the large, and they win their respect through their contribution to the common cause". This contribution can have many forms. At times it consists of specific activities; at other times it might be particular, well-considered patience. In the last instance and in today's environment it is solidarity based on common values that provides a considerable degree of security to all OSCE Member States. And each member state is called upon to make its specific contributions.

SECURITY COOPERATION AND INTEGRATION IN THE BALTIC REGION. THE ROLE OF THE EUROPEAN UNION: SOFT SECURITY?

*Niels Helveg Petersen
Minister of Foreign Affairs
Denmark*

Thank you very much for the kind words of welcome. I certainly appreciate the opportunity to present Danish views on a subject of high priority to us - namely "soft" security and the Baltic region.

At the outset, let me share with you some considerations as to the meaning of the concept "soft security" as opposed to "hard security" and "civic security". "Soft security" in this context is understood as all aspects of security short of military combat operations including the defence of the national territory. That is: everything ranging from internal stability to the execution of Petersberg tasks. "Hard security" is mainly the territorial defence against an outside aggressor while "civic security" encompasses the non-military "civic" aspects of "soft security".

The concept of security thus has changed. During the Cold War security policy was mainly of a military nature and related to territorial defence - "hard" security. Today questions related to "soft" security have become increasingly important. It is evident that challenges of "soft" security could not be addressed by military means. They require political and economic cooperation - and commitment. We have a variety of instruments available.

We see a more open Europe. A Europe of greater opportunities and challenges, but also a Europe more sensitive to non-military threats - to political, economic and social insecurity. We are facing a paradox: attempts at improved cooperation and integration exist side by side with increased nationalism and ethnic identification in Europe. The British historian Eric Hobsbawm talks about "the old chickens of Versailles once again coming home to roost."

In Northern Europe - in the Baltic region - we see opportunities of creating a new security structure. The Baltic region is an excellent "test-case" for the new security architecture. In this region we have all the different security arrangements represented - we have NATO member states, we have a former Warsaw Pact country, we have former Soviet republics, we have Russia, and we have non-aligned countries. At the same time we have - fortunately - the absence of open armed conflict.

In sharp contrast - in the Balkans - we have unfortunately seen the outbreak of conflicts which remind us of what has happened all too often in Europe.

A global and comprehensive approach should be applied by way of multilateralizing the relations among the states in the region. This will help to create a convergence of the national interests. This will help create conditions for better handling the risks - be they political, economic, social or environmental. In Denmark, we chose this policy ourselves after World War II - the UN, the OECD, NATO, the Council of Europe, the Nordic Council, the EU and the OSCE - from which we have derived great benefit.

Together, these organizations provide a security network, not only in military terms, but also - and more important - in terms of a mutual commitment to parallel principles and policies: democracy, human rights, rule of law, respect for minorities, peaceful settlement of conflicts, free trade, market economy - to mention but a few.

This is exactly why Denmark remains strongly committed to what could be termed as "peace through enlargement".

These considerations were also behind the Danish/German initiative 4 years ago to propose the establishment of a new regional forum of cooperation: The Council of Baltic Sea States. This council has become an important vehicle for broad cooperation across the Baltic Sea, especially since the enlargement of EU with Sweden and Finland.

Through cooperation in a multitude of areas the eastern members - Russia, the Baltic States and Poland - are gradually seeking multilateral solutions to common problems. At the same time they are dealing with each other in ways which are very different from the pre-1989 period. Through this gradual integration a contribution towards stability in North-Eastern Europe is achieved.

In the security architecture of today there are two major organi-

zations - the EU and NATO. Together they are the major building blocks of stability and peace. Together they provide us with a Europe much different from that of 1919. They provide us with a viable European integration and a strong transatlantic link. They cannot substitute each other - they must complement each other's work as well as the work of the OSCE.

In the following I would like to address the question of the development of the EU.

Let us not forget that the European Union was originally created for security purposes. The strategy was - peace through integration, and the means were political and economic cooperation. This strategy has so far stood the test of history - and it should continue.

The main task today is to make this work - also for the Central and East European countries, including the Baltic region. The Union already encompasses large parts of the Baltic Sea area. The enlargement of the EU will improve the Union's important role in ensuring stability in Europe through political and economic cooperation and dialogue.

As was stated at the opening of the EU Inter-governmental Conference in Turin in March: Enlargement represents a historic mission and a great opportunity for Europe. It is indeed an opportunity that we must not miss. Already today you can see and feel a beam of stability and growth in this region emanating from the EU.

Closer cooperation will contribute to ensuring stability and security in Europe. It will offer both the applicant states and the current EU-members new prospects for economic growth and prosperity. At the same time, however, enlargement represents an unprecedented challenge for the European Union and the applicant countries alike.

At its meeting in Copenhagen in June 1993 the European Council laid down the political and economic criteria to be met by the applicant countries. Observance of fundamental democratic rights is a prerequisite for EU membership. Countries with internal political instability or serious conflicts with their neighbours will not be able to contribute satisfactorily to cooperation within the EU. Economically, the candidate countries must have a functioning market economy. They must be able to cope with the competition within the Union and to take on the obligations of membership.

In two consecutive meetings - in Madrid in December 1995 and

in Florence in June this year - The European Council has stressed the importance of pushing ahead with the preparations for negotiations to begin with the applicant countries of Eastern and Central Europe. They are to begin six months after the end of the Intergovernmental Conference.

The Danish Government has from the very beginning actively promoted the view that negotiations with all applicants should begin simultaneously. Pre-selection among the candidate countries - that is starting negotiations with only some of them - involves the risk of creating new dividing lines in Europe. Applicant countries left behind could feel discouraged from continuing their reform process. Stability could be diminished rather than enhanced. Security - for all of us - is at stake.

Beginning negotiations with all applicants at the same time will not prevent the most advanced countries from obtaining membership before those needing more time. The countries will join the EU in the order in which they are able to accept and live up to the "acquis communautaire" - the existing EU legislation.

For the EU, enlargement is a challenge that makes adaptation necessary. This is the agenda of the ongoing Intergovernmental Conference. The main purposes of the Conference is to enable the EU to carry through the enlargement.

It is in the interest of the applicant countries to join an EU capable of solving problems. The present members would not be prepared to put the development of EU-cooperation on hold while the enlargement is brought into effect. Adjustments will be necessary in order to ensure that the Union continues to be able to make decisions and resolve problems also after the enlargement - and to maintain the public support for enlargement. Consequently, it is essential that agreement is reached on institutional adjustments.

Over the past years the European Union has played a stronger political and stabilizing role in the region. A number of issues which used to be relatively separate and addressed in different fora are now covered by the EU. And the EU has a role to play in security policy - in "soft" security. First of all through preventive diplomacy and political dialogue, through economic cooperation and trade relations. Areas where the EU has strong comparative advantages and should strengthen and further develop its contribution.

There is another security area where the EU should play an important role - namely, environmental protection. Environmental degradation presents a potential threat to the stability of the region. A problem that cuts across borders. International cooperation channeled through the EU is required in order to ensure sustainable development and to prevent such environmental degradation. Do recall that we are not that far from Chernobyl - and power plants of the same type.

The EU should have sufficient strength to handle situations of political crisis within the European region and adjacent areas. It is a natural task for the European countries to solve problems within Europe and thus promote "soft security" to its members states. In this context, there is a clear need for a more effective Common Foreign and Security Policy of the EU.

Furthermore one should not underestimate the importance of economic growth. There are really being built bridges across the Baltic Sea these years. An area of significant economic growth.

But even more important - but certainly a long term effect - is the gradual change of the societies towards the EU. Just think of the importance of the internal market. It has a stabilizing effect on the societies themselves.

The continuous strengthening of the ties between the EU and associate countries is of immense importance. I have used the expression "Beam of Stability". I consider that to be appropriate. That in itself provides increased security and a stronger foundation to stand up to outside pressure.

I would like to emphasize that the development of the EU should not result in a duplication of the work of other organizations. The various organizations should complement not duplicate one another.

The enlargement of the EU is extremely important for the security of the Baltic states. However, it is not sufficient. For several reasons, and most importantly "soft security" instruments will be much more effective when they are underpinned by a "hard security" framework.

Which brings me to the issue of the Baltic States and the enlargement of NATO. Denmark has a keen interest in the enlargement of NATO.

Our neighbours around the Baltic Sea, Poland, Lithuania, Latvia and Estonia all aim at membership. Finland and Sweden follow devel-

opments carefully. Russia has a significant interest in view of the fact that she, too, is a Baltic littoral state and has her most immediate point of geographic interface with Central Europe in this very region.

It is my view that all new democracies in a Europe "whole and free" must be given an equal possibility to qualify for NATO membership. There can be no first and second league when it comes to security. The right to choose their own destiny is a basic principle not only for their security, but also for our own. Enlarging NATO will be a long process. Some are bound to become members before others. The easy task will be to name the countries in the first wave. More difficult will be what to do about countries not named. Let us acknowledge that we are dealing with an evolutionary process and state forthrightly that the first will not be the last.

We must use a multifaceted approach. The process is not only about enlargement of an organisation - a complex task in itself. The goal is the enhancement of security and stability in all of Europe. If we disregard that fact, we are bound to create more problems than we solve - especially in the Baltic region.

As Mr. Balanzino has outlined, the Alliance is in the process of adapting itself to the new security situation. Structure, roles and new missions are now being debated.

A new and different NATO is underway, facilitated by the IFOR-experience. It will take time, require energy and political will. The positive experience of the 16 + 1 meeting in Berlin in June sets a good precedent for a future constructive collaboration between NATO and Russia.

The OSCE is another very important element to which I personally will devote a lot of time next year, when Denmark in 1997 assumes the presidency of that organisation. We must promote the ideas and principles of this transatlantic and pan-European organisation. We must use the mechanisms of preventive diplomacy and actively engage in the OSCE discussion of a security model for the 21st century.

In the more regional setting, I mentioned the importance of the council of Baltic Sea States. Also here, Denmark has an upcoming presidency from June next year. We see possibilities of expanding The Council of the Baltic Sea States cooperation, for example in the field of civic security. In preparation, we want to stay in close contact with the present Latvian presidency of The Council of Baltic Sea States.

Finally, we have a variety of bilateral and other regional activities. So we have all the elements of a truly comprehensive policy for the Baltic region. But we reject any notion that those elements render it superfluous for a new NATO to deal with the issue of enlargement with the Baltic countries.

In building and adapting Europe's new security architecture, we should always keep our goals clear. The Baltic States, the entire Baltic region is a test case

The major task for my generation of politicians is to create a new era of stability in a new Europe. An era which will hopefully last for many years. The task is to make the new system serve the whole of Europe. History would not forgive us if we did not try in earnest to pursue that goal. In Northern Europe - in the Baltic region - I sincerely believe the way forward is peace through enlargement. Peace through a variety of instruments - "multi-layered" as appropriately termed by the Institute for East-West Studies. Here in the Baltic region, we have special opportunities - and a special obligation - to demonstrate that a new security system can be build with the participation of the most different nations. The opportunities are there. We have to seize them.

Thank you for your attention.

Discussion :

Mr. Kirsteins, Latvia's Minister for European Integration, opened the debate by recording his view that there were no differences between the Baltic States wide enough to justify handling them differently for purposes of NATO or EU entry. Any states left out would be exposed to geopolitical pressures which could undermine European security. Latvian forces were now constitutionally authorised to take part in peace enforcement. They had taken part in 8 NATO exercises and 90 study programmes in 1995-6. Baltic solidarity and cooperation was the best way ahead in the military and other fields. Dr. Per Carlsson, secretary-general of the Danish MOD, advised speaking of NATO's 'opening' in response to demand, rather than enlargement. PfP could be strengthened in many ways but it was also important to open up NATO's new structural planning and crisis management work to non-members. Problems were already arising over post-IFOR planning because some major contributors had no access to NATO's work at 16.

In answer to questions, Acting Secretary-General Balanzino de-

scribed some possible elements in 'PfP-plus': closer involvement of partners in PfP's own development, participation in exercises and planning for peace enforcement, exchange of military missions, NATO support for partners' bilateral links, renewed assurances on consultation in the event of threats, and exercises or other schemes to address non-Article V contingencies. He later agreed that the question of access to C3 and intelligence would need to be looked at. Work on 'PfP plus' was expected to start at NATO on 8 September following Council approval of a mandate for the Senior Political Committee.

On other policy questions, the Acting Secretary-General made clear he gave no credence to ideas of sufficient Nordic 'guarantees' for the Baltic States and did not see the question of Baltic 'indefensibility' as a necessary sticking-point given the absence of any present threat to them. He again underlined his hope of early progress in defining the Russia/NATO relationship, building inter alia on the experiences of IFOR - though Russia's own readiness to negotiate seriously would be crucial. Exercises under PfP and PfP plus should certainly be open to the widest range of participants and observers including Russia. Ambassador Balanzino agreed with the remark by a Ukrainian participant - who underlined Ukraine's support for Baltic aspirations towards NATO - that more could also be done to strengthen NATO/Ukraine relations. He said NATO had no collective position on Belarusian ideas of a nuclear weapon free zone in Central-Eastern Europe, but stressed that NATO had no tactical nuclear weapons on European ground nor plans to reintroduce them and specifically, there was no expectation or discussion of such deployments in the Baltic area. NATO was meanwhile considering how revision of the CFE Treaty might relate to the development of Russia/NATO relations. Speaking personally, Ambassador Balanzino did not expect US popular support for NATO to give way under the burden of new members' accession (his own preferred formula for 'enlargement'), since the US had so many interests of its own tied up with Europe.

Questioning on OSCE focused on the possible future of the Stability Pact concept in the Baltic region, and the way the issue of 'human rights' in the Baltic States had been raised in OSCE - one participant felt strongly that this term had been abused and only 'civic rights' were a legitimate target of investigation in these countries. Ambassador Höynck recalled that several OSCE states had spoken up in pre-

cisely that sense at the time. He reported that consultations at OSCE among states members of the Northern and Southern Stability Pact "tables" had shown no consensus for reconvening the "tables" at present. In answer to a German participant's question, he did not think any major change in OSCE's consensus rules was possible because of US, Russian, and many small states' opposition, though decisions by "consensus minus one" might be attainable. He was personally very committed to open borders throughout Europe and feared that closing the doors between "rich" and "poor" zones would be inimical to stability.

CONCLUDING PANEL DISCUSSION

Ambassador Ole Bierring, Ministry of Foreign Affairs, Denmark
Dr. Wolfgang Ischinger, Political Director, Germany
Ambassador Lawrence P. Taylor, American Ambassador, Riga
Dr. Rolf Moehler, former Deputy Director General, European Commission

The Chair invited each of the panelists in turn to present the impressions and conclusions he drew from discussions at the conference.

Ambassador Bierring noted that impressive progress had been made during the five years of Baltic independence. A new economic system had been put into place, new international relationships had been established, the Baltics had achieved associated status in the EU, had become members of the NACC, and were participants in the PfP. Now the aim must be to overcome the “waiting room” syndrome. Integration was on track. Membership in the EU and NATO was just an intermediate step in the process of integration. There was no actual security threat to the Baltics, so “hard” security guarantees were not an urgent requirement.

It had been said that there should be no new dividing lines in Europe. Since the enlargement process had begun in the EU and NATO, these bodies had an obligation to provide a perspective of membership to those who wished to join. The Danish position was that all who wished to join the EU should begin negotiations at the same time, though this did not mean that all would necessarily become members simultaneously. As for NATO, it had been well said that the first new members must not be the last. Realistically, one needed to be prepared to deal with a situation in which not everyone who wished to join would be able to join in the first wave. Here, the PfP was a most useful and flexible instrument. It was not a substitute for membership, but part of the preparation for membership. There were further possibilities as well, such as the establishment of Baltic liaison officers at NATO headquarters or regular consultations between the Baltics and NATO, either at sixteen plus one, or sixteen plus three.

There was a trend in the direction of regionalization. The CBSS had emerged but of course was not a replacement for the more universal European institutions. The CBSS had some limitations: for example, it was not in a position to deal with security problems on a regional basis. But what it usefully could do was to coordinate bilateral assistance programs.

As for relations with Russia, the Russians had developed their thinking on enlargement of European institutions beyond their initial positions. They had now indicated they had no problem with the enlargement of the EU. And they had modified their initial position on NATO enlargement by backing off the threat to exert a veto. However, there was a question as to what they meant when they said they did not want NATO infrastructure at their border. There was a need to come to grips with the Russian concerns. It was necessary to find a formula to allow the Russians to consult with NATO and make their views known. With regard to Estonian and Latvian bilateral relations with Russia, it was clear that the Russians sought to exploit the minority problem for political purposes. One could understand that this was a difficult issue, but ways of overcoming the problem must be found: e.g., a concerted effort of “positive discrimination” to win over the Russian populations in the Baltics.

Ambassador Ischinger commented that we could learn from the past processes of European and regional integration. Those lessons seemed to be present here. Germany’s firmly established policy was to be an advocate for the Baltic States. This week, five years ago, Germany had established diplomatic relations with the Baltic States and had managed to have ambassadors actually present and functioning in each capital within one week.

Institutions were not an end in themselves, but a means. They were good only if they did a good job. In 1991 a strategic decision was made not to change European institutions, but to stick to what already existed and adapt those institutions as necessary, and that had been a wise choice. The institutions were respected and they functioned. But difficult decisions now needed to be made in order to adapt these institutions to an enlarged membership.

The Baltics should not look only to Brussels. Building Europe was not done through institutions alone. From a German perspective, a decisive element was that Germany and France had managed to solve

their bilateral problems. Otherwise, Europe as we knew it today would not have been possible. Accordingly, the Baltics should not lose sight of the enormous importance of bilateral and regional cooperation. It would be a complete mistake to regard Baltic regional cooperation as an impediment to European integration. The very opposite was true.

The Baltics should also look eastward. "Ostpolitik" was an extremely important feature of a new European Union; the eastern countries needed to develop the perception that the European Union was also important to them. Cross-border cooperation was extremely important, and Germany was very interested in promoting and encouraging such cooperation.

Finally, Germany was very interested in abolishing visa requirements with the Baltics. But this would be possible only if Germany was convinced that there were adequate border controls. This was an essential point.

Ambassador Taylor remarked that, every once in a while, a country or a region had the opportunity to make a fresh start. By a historic miracle, the Baltic region now had such a chance. We must take full advantage of it.

Integration and security were processes, not events. Building and strengthening these processes contributed to the goals. We needed to use the scale, the timing and the psychology to our advantage. The small size of the Baltic countries meant that small programs and small investments could make a big difference. As to psychology, it was essential for the West to know how to manage the pressures on the region and the attempts at intimidation coming from the East. Finally, we needed to make timing work for us and not against us.

What about security? One answer was to find ways to build a region in which aggression was less possible. Regional cooperation, human rights, social programs, community development, etc., all contributed. We should think creatively about how differences among the Baltics (and there were differences) could be turned to positive use.

We could help shape the future by working here, as well as in Brussels or in Washington. The small things we did here must harmonize with the basic trends. Western Embassies must go beyond being messengers. We needed to work on the small local programs that we

could influence and use this medium as a message: to change the facts on the ground, in the region, with relatively modest effort.

There was no doubt that the three Baltic countries existed in the geopolitical shadow of Russia. But if we believed in the new Europe, then the geopolitical shadow could be cast in the other direction, to positively influence developments in Russia.

Dr. Moehler said he had a number of suggestions to offer. First of all, the daunting task of becoming a member of the EU should not be underestimated. There had been little mention during the present conference of European legislation, but it was this legislation which made up the European Community. If Latvia became a member of the European Union, many things now being decided by the authorities in Riga would in future be decided in Brussels (e.g., environmental standards). Joining the EU meant a very considerable transfer of sovereignty. Hardly a month went by in which the European Council of Ministers did not extend its authority. More and more decisions had to be taken in Brussels. As an example: the permissible size of apples, or the permissible size and color of tomatoes sold in Riga would be decided in future in Brussels, and not in Riga.

The worst thing prospective members in the EU could do would be to "wait and see." The "acquis" would not change very much. Nor should one wait for the outcome of the IGC, an outcome that would be largely irrelevant to the Baltic membership question.

What to do? First, the Baltics needed to get their priorities right. To meet the Copenhagen criteria, these criteria needed to be taken seriously. Meeting them would be good for the Baltics, because the criteria would have to be met in any case to strengthen the Baltic economies. Also, if they were not met, the failure to do so could be taken by the Commission as an excuse to delay the negotiations.

Privatization meant competition, not preservation of monopolies. The Baltic economies needed to be made more competitive. For this, a sound economic, fiscal and monetary policy was needed. The Baltics must prepare to implement the provisions of the White Paper even before becoming members of the European Union.

In addition, regional cooperation should be developed as quickly as possible; this would be a kind of "training camp" for EU member-

ship. As to a customs union, it might not be worth using the resources to achieve this instead of preparing for EU membership.

Should not Baltic visa requirements for citizens of the European Community be suspended unilaterally? Also, it would be useful to ease border controls among the three Baltic countries themselves. Further, special units for dealing with European legislation, rules and institutions needed to be established within each ministry, including translation capacity for European legislation.

Discussion:

A participant with diplomatic experience of Moscow remarked that Russians in general regarded Baltic affairs as “boring” and as having no “status.” Rather, it was NATO and US-Russian relations that had status in Moscow. Few people in Russia cared about the Baltics, nor was the issue of Kaliningrad being discussed. Even the EU members of the diplomatic corps in Moscow were poorly informed about the Baltics and cared little about them. However, the Russian Foreign Ministry did care. It wished to divide the Baltics from each other, with Estonia being the whipping boy. The potential problems with Latvia were also great, perhaps even greater than with Estonia. Lithuania, on the other hand, was not a problem in the Russian view. Most references to the Baltics in public discussion in Moscow had to do with the Russian minority populations. This meant that the Baltic countries had a public relations job to do.

Another speaker agreed with Dr. Moehler on the importance of highlighting the sovereignty issue for states intending to join the EU. However, he believed the Baltics did understand the need to give up some of their sovereignty. Due credit should be given for the fact that the Baltics, having only just regained their sovereignty, were ready to give up much of it for Europe.

Another speaker alluded to the view of a contemporary Swedish historian that there were two Russian traditions in dealing with neighbouring countries. One was the “Kazan” tradition of simply absorbing neighbours. The other was the “Manchu” tradition of dealing with those neighbours who were too big to absorb. The Russians had a psychological difficulty in dealing with small entities. So it was worthwhile trying to work with the Russian elites, as well as with the journalists,

some of whom had some influence and were well worth paying attention to.

In conclusion, the panelists were invited by the Chair to make a final round of comments.

Ambassador Ischinger spoke in support of the practical approach outlined by Dr. Moehler. One could be concerned about Russian apprehensions, but should not lose the focus on the real priority: namely, preparation of the membership file for the European Union. Even the Russians might in time come to realize that Baltic accession to the EU would benefit them in many ways.

Dr. Moehler stated that his point had been that the Baltics “should know what they were doing.” They should go about the business of preparing for the EU because they had no choice. The EU was too powerful. The only options were to join, or to have one’s destiny decided by the power of the EU and its rules from the outside, thus foregoing any chance of influence.

Appendix I

*Institute for EastWest Studies
Royal Danish Embassy, Riga
Latvian Institute of International Affairs*

THE BALTIC DIMENSION OF EUROPEAN INTEGRATION

SAS Radisson Daugava Hotel, Riga, 24-25 August

Friday 23 - Saturday 24 August

Arrival of Participants

Saturday 24 August

1100-1300 Registration at SAS Hotel Conference Desk, Daugava Room

1200 Welcoming Reception in Daugava Room Lobby

1230-1330 Lunch in Lielupe Room, Level II

First Session: National and Regional Approaches

Chair: John Edwin Mroz, President and Founder, IEWS

1330-1400 Opening Remarks by John Edwin Mroz, President and Founder IEWS,

including presentation of a Message of Greetings from HE The President of Latvia

Introduction of the conference co-sponsors:

Ambassador Michael Metz Mørch, Royal Danish Embassy, Riga

Atis Lejins, Latvian Institute of International Affairs, Riga

Opening Remarks by HE Mr Valdis Birkavs, Minister of Foreign Affairs, Latvia

1400-1515 "Integration Policies of the Three Baltic States"

Presentations by:

HE Mr Povilas Gylys, Minister of Foreign Affairs, Lithuania

- HE Mr. Indrek Tarand, Secretary-General, Ministry of Foreign Affairs, Estonia
- HE Mr. Valdis Birkavs, Minister of Foreign Affairs, Latvia
- 1515-1545 Open Discussion
- 1545-1615 "The Role of Nordic/Baltic Contacts and Sub- Regional Cooperation"
- HE Ambassador Rene Nyberg, Ministry of Foreign Affairs, Finland
- 1615-1645 Open Discussion
- 1645-1715 Tea and Coffee Break
- Second Session: Economic and Political Integration
- Chair: Atis Lejins, Director, Latvian Institute of International Affairs
- 1715-1745 "The EU's Enlargement Strategy"
- Heather Grabbe, RIIA European Programme
- 1745-1815 Discussion
- 1815-1900 Break
- 1900-2130 Dinner:
- Special address on "The Importance of Political Values and Institutions for the Integration of Europe"
- Hans Peter Furrer, Political Director, Council of Europe
- Introduced by Ambassador Michael Metz Mørch, Royal Danish Embassy Riga
- Discussion opened by HE State Secretary Ignac Golob, Ministry of Foreign Affairs, Slovenia

Sunday 25 August

0800-0900 Breakfast

0900-0930 "Preparing for Economic Integration: a view from CEFTA"

Chair: Atis Lejins

Professor Wojciech Lamentowicz, Advisor to the President, Poland

0930-1000 "The Baltic Area as a Trading Region"

Mr Viktors Kulbergs, President of the Latvian Chamber of Trade and Industry, Director of "Auto Riga"

1000-1045 Open Discussion

1045-1115 Coffee

Third Session: Security Integration

Chair: Stephen B Heintz, Executive Vice President, IEWS

1115-1145 “NATO’s Enlargement Strategy”
HE Ambassador Sergio Balanzino, Acting Secretary-General of NATO

1145-1215 “The Baltic States in European Security: A Wider View”
HE Ambassador Willem Höynck, lately Secretary-General of the OSCE

1215-1250 Open Discussion

1300-1400 Lunch in Daugava Room Lobby

1400-1430 “The Role of the European Union: “Soft” Security?”
Chair: Ambassador Michael Metz Mørch
HE Mr Niels Helveg Petersen, Minister of Foreign Affairs, Denmark

1430-1500 Open Discussion

1500-1630 Concluding Debate
Chair: Alyson JK Bailes, Vice President (European Security Programme), IEWS

With contributions by panel members:

HE Ambassador Ole Bierring, Ministry of Foreign Affairs, Denmark

Dr. Wolfgang Ischinger, Political Director, Germany
The Honourable Lawrence P. Taylor, US Ambassador at Tallinn

Dr. Rolf Moehler, former Deputy Director General, European Commission

Final Remarks by the Organisers and Farewell

Sunday 25 - Monday 26 August

Departure of participants

IEWS BALTIC INITIATIVE FUND MEMBERS OF THE STEERING COMMITTEE

External members (in alphabetical order):

Mr. Linas Kojelis
US/Baltic Foundation
Washington, D.C.
Tel No.: 202-986-0380
Fax No.: 202-234-8130

Mr. Daniel Rose
Rose Associates, Inc.
New York, N.Y.
Tel No.: 212-210-6620
Fax No.: 212-210-6766

Ambassador Walter E. Stadler
Stadler Associates
Washington, D.C.
Tel No.: 703-255-7152
Fax No.: 703-255-7168

IEWS Staff
Stephen B. Heintz
Executive Vice President
Prague
Tel No.: 011-422-296-759
Fax No.: 011-422-294-380

Alyson JK Bailes
Vice President, European Security Program
New York, N.Y.
Tel. No.: 212-824-4131
Fax No.: 212-824-4149

Mary vanBibber Harris
Vice President for Development
New York, N.Y.
Tel No.: 212-824-4121
Fax No.: 212-824-4149

Secretary of BIP Steering Committee
Olaf Grobel
Senior Program Advisor
New York, N.Y.
Tel No.: 212-824-4132
Fax No.: 212-824-4149