



Konrad  
-Adenauer-  
Stiftung



LATVIJAS ĀRPOLITIKAS INSTITŪTS  
Latvian Institute of International Affairs

# **THE NORTHERN DIMENSION: AN ASSESSMENT AND FUTURE DEVELOPMENT**



**THE NORTHERN DIMENSION:  
AN ASSESSMENT AND  
FUTURE DEVELOPMENT**



INTERNATIONAL CONFERENCE ORGANIZED BY  
THE KONRAD ADENAUER FOUNDATION AND  
THE LATVIAN INSTITUTE OF INTERNATIONAL AFFAIRS



December 6, 1999, Conference hall "Citadele", Riga

CONFERENCE PROCEEDINGS  
RIGA, 2000

UDK 327(474.3)(063)  
Zi 258

Editors: Atis Lejiņš, Jörg-Dietrich Nackmayr  
Cover design: Reinis Zabarovskis

Lejiņš A., Nackmayr J.D., eds. – The Northern Dimension: an Assessment  
and Future Development – Riga: Konrad Adenauer Stiftung, Latvian Institute  
of International Affairs, 2000 – 88 pages (Conference proceedings)

ISBN 9984-583-26-0

© Konrad Adenauer Stiftung  
Latvian Institute of International Affairs

## INTRODUCTION

**Atis Lejiņš**, ..... 5  
*Director,  
Latvian Institute of International Affairs*

## GREETINGS

**Atis Lejiņš**, ..... 8  
*Director,  
Latvian Institute of International Affairs*

## PRESENTATION

**H. E. Mr. Hans Magnusson**, ..... 12  
*Ambassador of Sweden to Latvia*

**Dr. Hanna Ojanen**, ..... 20  
*Researcher,  
Finnish Institute of International Affairs*

**Mrs. Iveta Šulca**, ..... 28  
*Director,  
EU Department, Latvian MFA*

**Mr. Igor Leshukov**, ..... 38  
*Research Director,  
Center for Integration Research and Programs (CIRP)  
St. Petersburg, Russia*

|   |           |
|---|-----------|
| <b>Dr. Hella Gerth</b> , .....  | <b>50</b> |
| <i>Principal Administrator,<br/>European Commission, Directorate General "External Relations", Brussels</i> |           |
| <b>Dr. Axel Krohn</b> , .....   | <b>55</b> |
| <i>Senior Advisor,<br/>Council of the Baltic Sea States</i>   |           |
| <b>Mr. Conrad Tribble</b> , .....   | <b>61</b> |
| <i>NEI Coordinator,<br/>U. S. Department of State</i>   |           |
| <b>Mr. Indulis Bērziņš</b> , .....  | <b>71</b> |
| <i>Foreign Minister of Latvia</i>   |           |
| <b>1999 Workshops</b> .....   | <b>81</b> |

## Introduction

In 1999 the Latvian Institute of International Affairs held a series of workshops culminating in an international conference devoted to the EU Northern Dimension initiative and the Northern European Initiative launched by the US and Canada. The purpose of this endeavor was to gather policy makers and think-tank specialists from countries around the Baltic Sea and beyond to try and gain an understanding of both the EU and North American initiatives.

The reason for this was that both initiatives are politically highly significant for the development of the Nordic-Baltic region and, in particular, for the future stability and growth of the restored fledgling Baltic states. If implemented on the "ground", the initiatives will gain a life of their own and contribute to the dramatically changing world in Northern Europe, including the fast growing Baltic Sea region.

The two initiatives known in short as the ND and NEI bring the North closer to Europe while, at the same time, demonstrating that the center of gravity in Europe is also shifting: the Baltic Sea will become an internal EU sea within a decade – only "two bits" will be left out, i.e. the St. Petersburg and Kaliningrad areas.

The new global "power centers" are clearly Brussels and Washington but the question that must be answered now is how future relations with Russia will look like, a Russia that has still to

find its identity after the collapse of the Soviet Union and with which the EU still has to find, develop and implement a strategy.

The ND initiative was made deliberately vague by Finland, the country that proposed it otherwise it may have run into difficulties from the very beginning. Subsequently, the adoption of the ND by the EU involved a process of "filling in" that has still not been formerly concluded.

The EU ND guidelines foresee that no new institutions and no new instruments should be created to implement the ND. This means that currently available financial resources will have to be redistributed or new resources will have to be found. There are already many projects proposed by the ND participant countries that vie for their place under the ND umbrella. Without close coordination and monitoring the overlap and duplication of these projects cannot be avoided but resources are limited and, therefore, should not be wasted. In addition, national interests and competition among regional players will prevail when the implementation of the ND starts.

One important conclusion of the workshop discussions is that the criteria for including projects within the framework of the ND have to be clearly defined and must conform to certain principles, such as regional competitiveness and economic viability, which should be confirmed by regional authorities. In order to receive the maximum benefit from regional cooperation and facilitate the implementation of the interests of the region within the framework of the ND, a com-

parative analysis of regional cooperation and current projects in all sectors mentioned in the ND should be carried out.

The NEI has more concrete ideas and more flexibility on how to implement cooperation projects in certain sectors. However, achieving added value from implementing the NEI requires close coordination and cooperation with the ND and all the partner countries involved.

Exactly how the ND would look like in real life proved to be an evasive question for the participants of the workshops and final conference, but this was only natural since nobody as yet has found a ready answer. The EU ND Action Plan adopted at the EU Feira summit in June 2000 provides more clarity on actions to be taken in the nearest future, but does not give an answer on how to implement the ND.

The modest collection of papers presented at the conference held on December 6, 1999 highlight aspects of two major initiatives that are in the process of being developed and implemented, and which hold great promise for a Europe that is overcoming the Cold War dividing line that ran through the middle of the Baltic Sea.

**Atis Lejiņš,**

*Director,*

*Latvian Institute of International Affairs*

**Atis Lejiņš,**  
*Director,*  
*Latvian Institute of International Affairs*

Excellencies,  
Ladies and gentlemen!

On behalf of the Latvian Institute of International Affairs and the Konrad Adenauer Foundation I welcome you to the 6<sup>th</sup> Riga conference!

This was a pioneering year for the LIIA and Konrad Adenauer Foundation: we decided to depart from our usual practice of informing the public about the various topical issues in European and Transatlantic affairs, and organizing our annual conferences on the big questions of Baltic security, namely, Baltic membership in the EU and NATO; instead, we decided to follow and critically examine two new initiatives launched by the EU and the USA that have direct bearing on the Baltic Sea region – the Northern Dimension and the Northern European Initiative.

We did this because the question of Baltic membership in the EU and NATO have in principle been settled – which, may I remind this distinguished audience – was not at all clear for a good number of years after the restoration of independence – and that we accordingly had to move ahead in the debate which reflected the changed circumstances of the Baltic States on the European and Transatlantic political and economic agenda.

Accordingly, this year we held a series of workshops devoted to the ND/NEI consisting of an international focus group representing each Baltic state, Finland, Sweden, Denmark, Russia and Germany.

I think the discussion we heard in the workshops and the questions we raised reflected the uncertainties that are always present whenever major policy initiatives are launched and developed.

Perhaps in our own modest way we helped to clarify the positions and views of the various ND partner states, both EU and non-EU members. The summaries of our workshops will be published as documentation in the forthcoming publication of this conference's proceedings.

Our undertaking was also an experiment in that we brought together policy makers and NGO experts – an experiment that worked quite well and a practice that we should definitely carry on in our future work.

We had three shortcomings:

1. The absence of any significant discussion on the NEI – a shortcoming that will be well compensated by Mr. Conrad Tribble from the State Department who crossed the Atlantic Ocean and most of Europe to speak on the NEI at this conference;
2. The absence of a representative from a very important institu-

tion, to say the least, the EU commission. Today we are honoured with the presence of Ms Hella Gerth who will give us an insight into what Brussels thinks; and

3. We never quite managed until now to get somebody from the Council of Baltic Sea States to come even though Stockholm is only 50 minutes by air from Riga – I am delighted that Dr. Axel Krohn will give us some ideas on the ND and the institution he represents.

The other distinguished speakers are members of our team in the focus group: Dr. Hanna Ojanen from the Finnish Institute of International Affairs, Mrs. Iveta Šulca from the Latvian MFA, Dr. Igor Leshukov from the Center for Integration and Research programs in St.Petersburg.

In addition we have the Swedish ambassador to Latvia H.E. Hans Magnusson who has carefully followed the unfolding of the ND initiative, keeping a close eye on Latvia's activities in this regard.

Before we begin, allow me to first thank the Konrad Adenauer Foundation for their steady support to the institute and introduce you to the new representative in the Baltic States Mr. Jorg-Dietrich Nackmayr, who replaces Mr. Paulis Apinis, now stationed in the great city of Berlin.

I would also like to thank two new friends of the institute, Freedom House which gave us valuable support for our workshop pro-

gramme; and the Aleksanteri Institute in Helsinki with which we cooperate in a programme called Baltic Information Unit.

**H. E. Mr. Hans Magnusson,**  
*Ambassador of Sweden to Latvia*

**The Northern Dimension: an Assessment and Future Development. Political Aspects**

What I have to say does to a large extent reflect the official Swedish position on the Northern dimension. But as this is also an academic conference I will allow myself some personal reflections, which I hope will not be held against Sweden.

The Finnish Prime Minister's Northern Dimension initiative which was launched last year was timely and important. First of all, I think it was important in the context of the strivings of the two new EU members in the north, Sweden and Finland, to focus more interest of the EU on Northern Europe. As you may recall, a few years ago there was an attempt to develop a Baltic Sea programme within the EU and the European Commission, proceeding from the fact that the European Commission was already represented on the Council of the Baltic Sea States. The European Commission was also represented on the Barents Sea Council. It is difficult to say how successful this Baltic sea initiative was, but certainly there is within the EU an increased awareness of the Baltic Sea region.

But the most important factor in the Northern dimension as well as in the Baltic Sea and the Barents cooperation is to involve Russia in

constructive cooperation in areas that are vital to the development of the region as a whole as well as to Russia and which therefore may be seen as a key to security and stability not only of this region but of Europe as a whole.

The uncertainty about the outcome of the processes going on in Russia obliges us to engage in cooperation to strengthen democracy, rule of law and market economy, as well as economic development per se. Still, the achievement of these objectives, based on common values, are far from guaranteed and secured. Of course the contribution that comes from outside may only be of marginal importance, compared to what has to be done by Russia itself, but absence of any action from the EU would be inexcusable. Also, if we have in mind the growth potential this region does have, all efforts should be made to tap that potential. Nonetheless, the Northern Dimension initiative is as much (or perhaps even more) of a political as it is of an economic nature.

The Northern Dimension is important to Sweden as it concerns what could be termed, in a somewhat dubious way, our "Near Abroad". ND should be seen as a political process designed to develop the work forms within the EU for effective horizontal regional cooperation between Member States, Candidate countries and other states. The CBSS and the Barents Council will in a way come closer to the EU and the European Commission will get better possibilities to participate in the cooperation.

As a result the EU profile in Northern Europe will be strengthened



and the practical cooperation in a number of fields will also be promoted and strengthened.

The Northern Dimension could also be described as a horizontal umbrella concept - containing geographical, political and economic aspects. As a concept it will contribute to create a collective awareness within the EU about conditions in Northern Europe and its development potential. It will deepen EU cooperation with Russia both politically and on a practical level. One of the main aims should be to avoid increasing and even to reduce the gap that has developed along Russia's western border.

Of course, the EU also has adopted a Russia strategy, containing a number of objectives and cooperation proposals. Experience shows however, that such strategies on their own may not be enough to achieve the momentum which we would like to see in cooperation with Russia. What is needed are several mutually reinforcing concepts and programmes. Unnecessary duplication of efforts must naturally at the same time be avoided.

More specifically, the EU guidelines for the Northern Dimension are important for Sweden for the following reasons:

1/ Sweden and our neighboring countries are included in the geographical area covered by the guidelines. The Northern Dimension is about us and our near abroad, as I have already pointed out. It has as an objective more involvement and more attention from the EU in areas that are important to us. It is also an instrument that can be

used in order to draw more attention from the EU to issues we think should be a priority of the Union.

2/ The guidelines open the way for delegating or working out northern aspects of a number of questions on the agenda of the EU - in intergovernmental regional institutions in which the Commission participates. I particularly have in mind the Council of the Baltic Sea States and the Barents Council.

3/ The Northern Dimension also gives a green light for closer cooperation between regions within the EU, in Norway, Iceland, Russia and the Candidate countries. Against the background of the stronger role of regions in planning and development of society and the importance of the decentralised cross-border cooperation it is essential that regions that are formally not part of the EU can be involved actively in the preparations for political decisions later to be taken within the Union.

4/ EU started as a Central European idea (Central Europe then being a part of Western Europe). Sweden and Finland are new members of a Union where cultures and structures of Central and Southern Europe still dominate. A great deal of information is needed before other member states fully can realize and appreciate conditions and values in northern Europe (similarly, the north European EU members must be actively involved in matters concerning southern Europe and the Mediterranean). The enlargement of the Union and the development in Russia makes it important to succeed in these ambitions. The guidelines adopted in Cologne are an indication that

EU member states do recognize and are ready to take into account special factors and impulses from the northern regions. There are a considerable number of key words in the text that may be used in the further work on the concept.

I would personally like to stress the potential benefits of decentralized cross-border cooperation. Sweden has a very good experience of such cooperation with all the countries across the Baltic Sea. Decentralized cooperation, involving twinning and joint projects between regions, municipalities and NGO's, brings ordinary people closer to each other and creates a network of contacts that promotes in the long run security and stability. This cooperation is also down-to-earth, pragmatic and cost-effective, as it involves local people who can easily see what is necessary to do. By involving for example the western regions of Russia, where there is probably more openness to cooperation across the border, good models promoting democracy and economic development can be set up that will later spread to other regions. In no way should this be seen as something being directed against central authorities. On the contrary, decentralized cooperation and cooperation involving central authorities should, where necessary, go hand in hand.

A region which should be given particular attention because of its geographical location is Kaliningrad. The risks to the whole region of an isolated enclave here where the economic and social situation would continue to deteriorate are obvious, also for stability and security in general. Kaliningrad must be part of the general picture of progress noted all around it, or at least see the prospects of bene-

fitting from such progress. Kaliningrad therefore has been and continues to be a priority area for Swedish development cooperation with Russia and is also integrated in the broad decentralised cooperation. At least one Swedish region, several municipalities, organizations, schools are already involved.

On the whole, the Northern Dimension concept now seems to have the right geographical balance. In the beginning, the emphasis was perhaps a bit too far to the north.

In terms of themes for the Northern Dimension, apart from decentralized cooperation, Sweden is particularly interested in achieving a sustainable environmental situation, economic and social development and all cooperation dealing with challenges to soft security, such as nuclear reactors, organized crime and weak border control.

How are we going to ensure that the Northern Dimension does not become yet one more of ambitious programmes or concepts launched with a lot of energy, comprehensive documents and nice speeches that after some time slowly peters out, loses energy and is more and more becoming an inward-looking exercise for bureaucrats? It must also be kept in mind that, in principle no new resources are being created for the Northern Dimension, at least not within the European Union. It will have to do with the financial instruments already available.

First of all, I think it is necessary, and this is also the intention, to achieve a better coordination of those instruments. The purpose, the

objectives the countries concerned would like to achieve should guide the use of financial instruments, not the other way around. Increased flexibility is essential.

Secondly, success will also be dependent on the capacity to mobilize new financial and other resources from outside the EU framework. I am thinking of international, European and Nordic investment banks for example. I also think that we should not forget about the transatlantic dimension. The Northern European Initiative of the United States, under which concrete programmes have already been set up, should somehow be linked also to the Northern Dimension. Canada can also participate.

Third, there would have to be a better coordination between and synergy created from the Baltic Sea and Barents cooperation, the EU Russia Strategy and various schemes for the candidate countries and for cross-border cooperation.

Fourth, it is important that the political development in Russia does not create new obstacles, obstacles that would be contrary to the objective interests of Russia and the Russian people.

The Foreign Minister meeting in Helsinki in November may have appeared to be as something less than a full public relations success, due to the low number of foreign ministers participating. But if we look at the conclusions and the tasks given to the European Commission we can definitely say that the meeting was successful.

The EC will after the summit in Helsinki work out an action plan, and it is essential that countries of the region make an effort to contribute with further good ideas for this purpose. Also, the conclusions would have to be taken into account at upcoming meetings within the Council of Baltic Sea States and the Barents Council. The EU summit in Lisbon and in Paris will present comments and conclusions.

The Swedish commitment to this process is demonstrated by our undertaking to arrange in April 2001, during the Swedish presidency, a Foreign Minister conference "Northern Dimension: relations with Russia in the light of the EU enlargement". This will be a conference for a follow-up of the process, for evaluating various action plans in the light of the political and economic development in northern Europe, in particular EU relations with Russia and the negotiations for EU membership of candidate countries. Hopefully at the EU summit in Gothenburg in June 2001, the consolidation of the Northern Dimension could be welcomed and underlined.

**Dr. Hanna Ojanen,**

*Researcher,*

*Finnish Institute of International Affairs*

### **Political Aspects**

I would like to start the assessment of the ND (Northern Dimension) by examining the situation in which we find ourselves now after the ministerial meeting organised in Helsinki in November, and before the Helsinki Summit later this week. How should we evaluate the situation and the prospects for the near future?

The November ministerial conference did not come up to all expectations. It was to be the first real meeting gathering the foreign ministers of the EU countries and of the non-EU partner countries together with the representatives of regional organisations, financial institutions and the EU Commission. In addition to the external affairs commissioner Chris Patten, the EU High Representative Javier Solana also participated. The aim was to bring the partner countries' views into play and move towards concrete plans we have been waiting for the past two years.

What happened? Position papers were produced, and, according to the conclusions, the conference "benefited from" them (1). Still, one was left with the impression that the partner countries were involved in a slightly more passive way than what could have been expected. Instead of the EU countries listening to them - and producing, for instance, conclusions summarizing the main points of

their positions - the conference was an opportunity for the partner countries to express their views on the position of the member countries that was presented in the form of the draft conclusions. As to the concrete contents of the Northern Dimension, not much appeared. The conclusions were based on the Council guidelines that were accepted in May and included some "important principles of the Northern Dimension" (as a newspaper reported(2)). These, however, were not particularly concrete, but rather general statements on the profitability of cooperation, affirming that the Northern Dimension is a "useful concept" in enhancing security and stability (3) — something that is not a principle, but rather a nice consensual phrase.

Moreover, the meeting was not even a foreign ministers' meeting, strictly speaking. Only the Finnish foreign minister was there from the EU side: those of the partner countries participated, with the exception of Poland and Lithuania. This absenteeism was later explained by both lack of interest towards the issue and as a protest against Russia's actions in Chechnya.

In Finland, however, the meeting was evaluated rather positively. Ambassador Peter Stenlund remarked in a speech shortly afterwards that "the meeting delivered what it was expected to produce and a little more". In his view, it created "a common platform for cooperation". (4)

In Finland, one emphasizes now more than before that the Northern Dimension is a long-term project: no immediate results should be



expected from it. One should not let the initiative be hampered by external events, such as the crises in Russia, either; “freezing assistance now is to shoot oneself in the foot”, as Ambassador Stenlund also noted.

In all, official Finland seems to be happy with the way in which the initiative is proceeding. Its continuation is secured: the Helsinki Summit will give the Commission the task to prepare an action plan which could be ready by the end of next year, when the Swedish EU presidency starts, and Sweden has promised to organise a high-level follow-up meeting on the Northern Dimension during its EU presidency during the first half of 2001.

Is it, then, really so that initiatives mature slowly in the EU machinery and that nothing more could actually be done for the moment? Are we to conclude that we already have a Northern Dimension, that its most important elements have now been identified? If this is the case, what can we actually expect the Northern Dimension to produce? What difference does the Northern Dimension make or not make? Would, e.g., environmental cooperation between the authorities of the countries in the region be somehow different if we did not have the concept of the Northern Dimension? Hardly. It might be difficult to see the difference in practice. The Northern Dimension seems more a label attached to various issues than anything else.

What the Northern Dimension in the end is is a question that we have asked ourselves from the beginning. First, there was good rea-

son for asking this question. The very idea behind the initiative was not to define its contents too closely to start with, but to give room for interpretation, for adding items that were important, so that all would be able to find something for themselves in it. This strategy obviously resulted in a long list of all kinds of forms and areas of cooperation that could be envisaged, which gave the initiative a very vague appearance.

Now, two years after the presentation of the initiative, its contents are still wide and its ultimate role unclear. There is a long list of priorities and premises, but on a closer look there does not seem to be anything that would be new: all the elements are known from other contexts, too. As a matter of fact, the original list of areas of cooperation envisaged was gradually modified according to what was seen as acceptable and feasible and this largely coincided with what already was going on or that already existed. As a result, the Northern Dimension has in a way disappeared, or been diluted in other activities of the EU.

Some examples might illustrate this point. When the idea developed, one obviously came to think about similar initiatives and forms of cooperation that already existed, and the main question that was asked was a clarification as to the relation between the Northern Dimension initiative and these other activities, notably, the PHARE and TACIS programmes, the Partnership and Cooperation Agreement (PCA) between the EU and Russia, the enlargement process, and, later, the EU's Common Strategy on Russia. The reason for posing this question was clear. There were worries that the new initiative might be a mere duplication or that it

might even hamper the other activities, diverting attention and energy away from them, or render the overall picture less clear.

The answer to these worries, provided by the Finnish officials, was always the same, reassuring one. All these activities and initiatives went well together, it was said, and the Northern Dimension strengthened, complemented and made these other activities more concrete. Nevertheless, as long as the ways in which the Northern Dimension actually purports to do this are unclear, we cannot avoid the impression that the initiative has disappeared in the other forms of cooperation in the region: enlargement process, PCA, and so on.

Evidently, it is for the moment not easy what the Northern Dimension would add to these in concrete terms more than just being a common label for all these, thus perhaps making the potential and existing links between them clearer. As has been understood from the beginning, the Northern Dimension does not bring any new financial resources to these (if not, at some stage, private money); nor is the intention to establish new institutions.

But what should the Northern Dimension then add? The answer obviously depends on what we see as the basic goal of the initiative. Several rather ambitious goals have been assigned to it, partly perhaps as a way of attracting attention and increasing the importance of the initiative even for countries geographically distant from the region. In addition to the somewhat mysterious idea of adding a Northern Dimension to the policies of the EU (whatever that would mean in practice), the initiative would make the EU policies more efficient, strengthen the EU as an actor, reduce all dividing lines in

the region, bring economic benefits and help combat common problems.

At least two different kinds of objectives can thus be discerned: first, that of solving concrete problems (nuclear safety, transport, etc.), and second, that of directing more attention by the EU to the region, and strengthening the EU's presence in some form. The two do not necessarily coincide in practice, but one could imagine that the idea would be to strengthen the EU's presence in the region through its involvement in solving practical problems.

In any case, we still need to find out in which ways exactly the Northern Dimension proposes to attain these goals. To be able to carry the Northern Dimension further, one perhaps needs to be more vigorous in stating that the Northern Dimension adds something new to the picture, that there is something that makes a difference and therefore speaks for it.

In my view, the difference the Northern Dimension could make does not lie in the field of activities it comprises, nor in the areas of cooperation envisaged and the lists of priorities and problems to be addressed, not even in its general goal of aiming at making the EU's action in the region more efficient. It rather lies in the working methods typical for the Northern Dimension or that could be proposed within this framework.

On this side, in fact, there are some potentially important novelties the initiative can offer. In essence, the ways in which the initiative could make the EU's action more efficient are not the typical "new resources, new institutions and new programmes", but, first, coop-

eration with other regional institutions, second, internal coordination in the EU between the three pillars as well as between the different programmes that it has set up; and third, participation of non-EU partner countries in the work, already at the preparatory level.

These might not seem too radical at first sight. Yet, they open up rather deep questions about, notably, how exactly to relate the different organisations to each other (thus leading to questions on decision-making, membership rights, burden sharing), and how and to which extent to give voice to the “outsiders” in the EU decision-making (or, decision-shaping). This kind of discussion about the conditions on which the EU participates in other organisations’ work and lets others participate in its own work cannot, it seems, be postponed for ever.

One possibility could, in fact, be to set clear demands on considering these three aspects or working methods as one part of the action plan, instead of repeating the list of priorities and problems to be addressed. For instance, one could require that in each area of priority, one should take concrete measures to further these elements, being thus more precise on requiring a continued participation of partner countries and on the ways in which coordination is to be achieved within the Union. This could be what the Northern Dimension could really give to the Union – and to the region, comprising its countries and its institutions – and, thus, the difference it could make.

**Notes:**

1. Conclusions of the Foreign Ministers’ Conference on the Northern Dimension, 12 Nov. 1999. Conclusions of the Chair. [Http://www.presidency.finland.fi](http://www.presidency.finland.fi).
2. *Hufvudstadsbladet* 13 Dec. 1999.
3. See the conclusions of the Chair.
4. Ambassador Peter Stenlund on EU’s Northern Dimension: Future Perspectives, at the European Finance Convention Foundation, 22 Nov. 1999.

**Mrs. Iveta Šulca,**  
Director,  
EU Department, Latvian MFA

### Latvia's view of the ND

1. Latvia is a small country and its relatively biggest advantage is its geographical location. In the past few years the most intensive growth dynamics can be observed in the service sector that makes up 70% of the GDP of Latvia, of which 28% is in the transportation sector. In the first quarter of 1999 compared to the same period of the previous year FDI grew by 14.8%. The transportation (26.5%), financial (22%) and manufacturing (17,5%) sectors were the major recipients of FDI. In comparison transit transport has only a marginal role in the Finnish economy. The share of transit cargo is only 7% of the total cargo while 90% of the cargo handled by Latvian ports is transit cargo.

Therefore it is no wonder that it is the transit business that in the past few years has been able to successfully implement the three commandments of the Privatisation Agency: new capital, management and know-how. It was also the first to react to the Northern Dimension (ND) initiative, seeing in it both development opportunities and competition.

Such prominent energy companies as Preussen Electra, Wattenfall were also taking part in the development of the Baltic Ring electricity initiative in the framework of the CBSS.

However, the companies cannot define the economic policy of the country; this is the task of the government, but they can serve as the lighthouses showing the right direction.

Today it is popular to talk about globalisation and regionalisation. Globalisation manifests itself in the liberalisation of the world trade (75% of Latvia's trade also takes place within the framework of free trade agreements with the EU as the main trading partner (65%)), and in global co-operation helping to solve *cross - border* problems such as environmental pollution and crime prevention. The transatlantic link to the Baltic Sea area promotes a vision of our region as a global gateway of trade.

2. The two main issues on the agenda of the EU is enlargement and regionalisation.

Latvia sees EU enlargement and the Baltic Sea co-operation as a mutually reinforcing process. The EU and the applicant countries are actively working in developing links between the infrastructures of member states and applicant countries in the alignment of environmental protection standards, integrated transport corridors, especially those on the East-West axes: Via Baltica, Via Hanseatica and the Helsinki - St. Petersburg - Moscow links. New corridor proposals have been subject to discussion at TINA (Common Transport Infrastructure Needs Assessment in the associated states). Latvia is actively participating in the international projects of the Baltic Sea States in the electric energy field, including the Baltic regional power industry development project, elaboration of a high-capacity direct current bridge East - West Europe, expansion of the simultaneous



operation zone of electricity networks of East European countries, in the research project "Baltic Ring" and others.

As regards the EU enlargement process, countries belonging to at least three different regions of Europe – Northern, Southern and Central - can be identified. During the decades these regions have developed an institutionalised co-operation.

Quite often regional co-operation ignores the formal boundaries of the EU. Being a part of the EU sometimes turns out to be less important than being a part of the region when the economic benefit and potential, solving cross-border problems, solution of common future problems as well as the energy supplies are involved. By the way, growth in the region is expected to show an average of 3.2% per year, despite the fact that the Russian economy is showing negative growth. The economic growth in the countries of the region (it is really impressive one) in this context is not related so much to the EU as it is related to the growing role of the region and its competitiveness. Does it confirm the deep and obvious roots of the interior politics in our thinking?

3. The borders of the region are also expanding. However, it does not mean belonging to the same institutional club. The enterprises of the Nordic countries consider the market of the Baltic States as their local market. Countries in the region play an important role in inter-regional trade. For example, Finland is the most important trade partner for Estonia. The Finnish company Elcoteq in the past 6 years has become Estonia's largest exporter. Inter-Baltic trade accounts for

12% of the whole trade turnover in our countries. Estonia's and Latvia's gas industry is partly owned by Russia's Gazprom and Germany's Ruhrgas.

The Scandinavian companies, Telia and Sonora, Pripp -Ringnes, Hartwall, and the banks, SEB and Merita-Nordbanken, have made considerable investments after a careful analysis of the market.

The number of employees devoted to Baltic Sea business is increasing. For example, the employee levels of Swedish companies in Central and Eastern Europe have increased from 700 to 46 800 between 1990-1998 according to Mr. Leif Pagrotsky, Sweden's Minister of Trade. On the other hand, most Baltic Sea projects have been small scale up to this point, and not many have been successful.

The last 10 years have seen a fundamental change with the EU enlarging to the East and Russia opening to co-operation with the West. The Northern European region is at present the Union's only geographical direct link with the Russian Federation.

Russia is the biggest country in the region that does not want to join the EU, but rather to consolidate its position as the only strategic partner of the EU, and also by representing the CIS countries. Russia is an important resource of raw material for the EU industries. Northwest Russia has vast national resources such as natural gas, oil, minerals and forest resources. The long term potential for oil and gas exploitation is there, but the lack of infrastructure (energy and transport networks) in Russia is a major bottleneck in developing the utilisation of these resources. The Union is becoming increasingly

dependent on imported energy. This trend will be reinforced with the EU enlargement.

Is there an alternative in developing other relations than the co-operation with Russia? Co-operation determines also the effective resolution of cross-border problem. The exploitation of natural resources of Northwest Russia often leads to increased environmental problems not only for Russia but also for the neighbouring countries. Pollution in the Baltic Sea affects wide areas within the Union. Nuclear safety in three nuclear power plants in the region gives special cause for concern.

The ND supports the necessity to bring two groups of countries with different foreign economic interests closer to common goals and interests.

4. At the same time the ND came into being not only because the EU would like to attain closer involvement of Russia in the ND and its development. Very important instruments already exist: the EU-Russia Partnership and Cooperation Agreement, the EU strategy concerning Russia, as well as the Russia's EU strategy. The keyword is region – the Northeastern and Northern European region and the consensus of the countries of the region on common interests.

The common interests are rooted in the desire to ensure the stability, development and competitiveness of the region. Each individual country of the region cannot effectively combat cross - border pollution, crime etc. Nor can it build expensive energy and transport

infrastructures. Co-operation ensures also the optimal usage of the relative advantages of the countries of the region.

Today this is understood as the development of positive interdependence. Interdependence was not a word heard very frequently two years ago. Now it is a part of the staple diet for diplomats and European leaders.

This word was popularised by the Finns to describe the nature of the Baltic Sea trade. The knowledge of interdependence is the proper background for flexibility on issues affecting national security and sovereignty.

The understanding of the importance of regional policy facilitates the positive growth of interdependence. Why should each separate country of the region implement extremely expensive projects or build new ports, if the use of regional infrastructure is much more optimal? Over 40% of Russian maritime trade utilises Baltic sea routes. The main portion of Russia's total trade is handled by ports in Estonia, Lithuania and Latvia.

The development of the regional infrastructure, stable legal environment, optimal use and development of the relative advantages of the region and economic potential are the factors that can enhance the competitiveness and attractiveness of the whole region and its countries. Thereafter the consequent growth of trade and productivity and the inflow of the foreign investments is a part of a natural process.

Latvia considers the ND guidelines to be mechanisms that ought to facilitate the creation of a long-term strategy covering the entire region. Without integrated planning, projecting expected growth, changes in energy, the environment, eventually tourism etc., coherent development as envisaged by the ND guidelines cannot be possible. Needless to say I believe that we should reaffirm our commitment to action. Russia is considering construction of an oil terminal in Primorsk. The Estonian port Muuga handles oil transported from Russia by train. The capacity of the new terminal in Butinge is 10 million tonnes. Latvian ports are handling 48% of the total Russian oil exports. Latvia is very interested in developing new oil transmission facilities from Belarus to Latvia. A possible construction of a new oil pipeline from Kirishi to Porvoo in Finland is studied by a group of Finnish corporations.

Can they be considered to be commercial projects or projects that are significant for the future development of the region? This is why in the November ND conference in Helsinki the Latvian delegation proposed a list of criteria that have to serve as the basis for choosing the projects. Latvia has been reflecting upon possible criteria for projects to be included in the Northern Dimension initiative. Objective criteria must be used in evaluating the merit of the proposal projects. We are pleased in this respect that our ideas have received the support of a number of EU member states and Northern Dimension partner countries. Latvia believes an Action Plan put forward by the European Commission is essential to enhancing the effectiveness of our common efforts.

We believe that specification of project evolution criteria could be one of the tasks included in the Action Plan for future implementation of the Northern Dimension initiative.

The choice of criteria for Northern Dimension projects must be clearly defined in conformity with the:

- development in accordance with economic principles, fair and open competition and without discrimination;
- regional competitiveness;
- principles of commercial viability;
- long term development plans; physical potential for growth (minimisation of spatial constraints);
- the environmental impact assessment;
- the potential added value, and
- its significance on a regional basis as well as to the whole of Europe;
- improvement of the productivity of existing facilities.

When we talk about Russian gas reserves as a future energy source we tend to forget that there is no unified infrastructure created for that. The aim should be to establish a Baltic Sea gas network in order to increase the security of supplies and to create a competitive market. Finland and the Baltic States have obvious national interests in being connected to Union wide gas networks. The Nordic Gas Grid is offering one alternative in this respect as a gas pipeline between Finland and Estonia would connect also Latvia to the same grid, thus making it potentially possible to utilise Latvia's huge natural storage capacities. Meanwhile, states on the Baltic rim maintain differing energy policies and unconnected infrastructures. On the basis

of this example we recognise at a glance that a common regional framework would improve readiness of energy supplies and that a framework is needed as a basis for sound development.

When we talk about the growth of the region's significance we also tend to forget efficiency. We forget to co-ordinate the initiatives, to ensure follow up and to avoid overlapping.

The Baltic Sea region is a leader in the number of current institutions - up 70 different forms of co-operation. The Baltic Sea region is rich in associations, groups, and organisations that are supposed to support regional co-operation. The biggest and supposedly most important is the Council of the Baltic Sea States (CBSS). But the CBSS potential is still mostly un-tapped. One Finnish official recently described the CBSS as "a nonsense organisation with hidden benefits". There are too many initiatives for such a small region. Consolidation is necessary.

Again, when we talk about the future of the Northern European region, we forget that there is no direct link between the Barents Euro - Arctic Council and CBSS initiatives.

The Northern Dimension is not an initiative for commercial projects and political lobbying, but rather an initiative that is aimed at optimal and sustainable development of the region by attracting the foreign capital and effectively solving common problems.

Latvia supports the promotion of sectoral co-operation in the regional proposed in the framework of the ND. It would be imperative to

complete a comparative analysis of the sectoral initiatives and projects already going on.

And finally, characterising the Baltic Sea area, foreign journalists like to point out that the business and informal ties across the region are thriving while politics are plagued by suspicion and clashing interests.

The Northern Dimension has an opportunity to prove the opposite.

**Mr. Igor Leshukov,**

*Research Director,*

*Center for Integration Research and Programs (CIRP)*

*St. Petersburg, Russia*

### **Northern Dimension: Interests and Perceptions**

The Northern Dimension is a fashionable subject in the contemporary political discourse in Russia. The politicians both on the regional and federal level refer positively to this project. This could be explained by at least two factors. First, the Northern Dimension as an idea comes from Finland, the old Soviet era partner and close neighbor of Russia. The relations between the two sides have been well developed and deep-rooted and, as a result, a certain degree of trust has been built between them. Second, the Northern Dimension is part of EU policies, which, in contrast to NATO activity, are normally well received by both the Russian public opinion and the elites. Since Europe is in Russian eyes divided into a bad one (NATO) and a good one (the EU), whatever comes from the good part is welcome and the Northern Dimension is not an exemption.

On the other hand, Russian politics has a very limited understanding of the EU, which results in simplistic and sometimes misleading perceptions of the European Union and its policies. The EU is looked at as a trade block of wealthy states that could provide Russia with the necessary support for its economic reforms and counterbalance the excessive US dominance in world affairs. The immediate Russian reaction to any EU initiative is to assess it in the light of these two

overriding priorities. In this regard the Northern Dimension has split the Russian mind. The reaction was generally positive, yet the benefits seemed unclear to the Russian side. The declared purpose of the new concept was to provide an added value through better coordination and complementarity between the EU and Member States activities in the North of Europe. This was widely perceived in Russia as having possibly benign intentions, but lacking necessary means for implementation. Thus, being positive, the Russian side remains at the same time rather reluctant and even skeptical towards the Northern Dimension. When the European Union invited all partner countries to submit their positions on the concept, the Russian MFA produced, in contrast to other papers, a primarily political document with no details of practical or operational character. The Russian policy could be read as follows: first, the EU should work out its internal business, and then Russia could decide what would it like to get from the new concept.

There are two magic words in the Northern Dimension concept that the Russian official and expert minds cannot grasp. These words are well known – “positive interdependence” and ‘added value’. On the “added value” side the European Commission postulates that there will be no further funds provided and all the financial instruments will remain the same. Russia is keen in getting any type of financial support for its economy and it was expected that the Northern Dimension could be helpful in this regard. If the new EU concept will not bring further money, what is the Russian benefit from it? In other words, for the Russian side it is not clear how the declared added value could be achieved, if no further funds are allocated?



The EU's official answer to this is that the better performance and bigger output will be ensured through better coordination among the existing instruments and programs. The point as such is well taken, yet its realizability is questioned. Since no new institutional arrangements are provided, for the Russian side it is not clear how the required coordination would work. This skepticism reflects certain realities. There are too many institutional layers in the region – the CBSS, BEAC, Arctic Council and many smaller constellations. They have divergent institutional agendas, functional rational and driving forces. It is not easy to imagine how all these desynchronized networks could work coherently under the EU umbrella.

The Russian confusion is further heightened by the launch of the Northern European Initiative, a new policy instrument of the United States with a similar geographical focus. The Russians wonder, what is the relationship between two approaches and does this mean competition between the EU and USA in the area? Furthermore, the Russian elites still tend to see the foreign politics exclusively in Realist terms.

In this connection, the Russian government could well understand the Finish interest in lobbying for the Northern Dimension. At the same time, it views the Portuguese (who follow the Finns as the EU Presidency) with certain suspicion and is skeptical to expect the same degree of enthusiasm on the Portuguese side towards further implementation of the Northern Dimension. The Portuguese interests, according to the Russian view, should be linked to the

Mediterranean and not the Baltic Sea region (1). So, the skeptics say, the Northern Dimension will be rather dead until the Swedes chair the EU Council Presidency. But even then many question marks remain since the Swedish position on the Northern Dimension is quite controversial and Sweden promotes its own Russian policy. Due to all these considerations, the Russian approach to the project is positive, but slow in action. In my view, the Russian policy should be much more active, since there are vested Russian interests in this affair.

Indeed, the Northern Dimension is undoubtedly an internal EU project. It is directly linked to the last 1995 accession when three new countries entered the European Union. Two of them are located in Northern Europe. The Finns who have initiated the whole idea observably wanted to bring more EU attention to the European North. An increased EU awareness was expected to bring more funds and better chances for the new members of the Union. As any other EU policy, the Northern Dimension is designed for the benefit of the Union and its Member States. The focus on the enlargement process and the Baltic States as applicant countries does not change this nature of the Northern Dimension concept. So, first and foremost, the Northern Dimension is about the EU and its interests.

But the project is also about Russia, about the EU-Russia relations and, in broader terms, about Russia in Europe. This makes the Northern Dimension so important for Russia, both for the decision-makers and for the public opinion. In formal terms, the level of relationship between Russia and the EU remains the same, no new

instruments are created and the Partnership and Cooperation Agreement (PCA) is still the legal basis for EU-Russia relations. The EU Common strategy on Russia provides for additional political blessing and broader framework to bring together EU and Members States approaches to Russia. Yet, there is one point which makes the Northern Dimension a unique policy. The Northern Dimension provides Russia a real chance to be part of EU machinery, to be closer engaged and even somewhat integrated. This goes beyond the formal contractual relationship between Russia and the Union.

Arguably, the Northern Dimension could be regarded as one of the most promising directions in the EU's Russian policy. The fact is that Russia cannot and will not enter the European Union in any foreseeable future, (2) but it has real chances to eventually become part of one integrated entity – the European North. This opportunity is surely limited to the regions of North-West Russia, but it might be a good beginning that the rest of country could follow, most likely in other forms and arrangements. This could mark a practical beginning of Russia's integration into Common Economic and Social Space as it is laid down in the EU Common Strategy on Russia adopted by the June 1999 Cologne summit. It could be logical to suggest that the Northern Dimension could be perceived and labeled as a pilot project for Russian-EU and EU-Russian cooperation, however this is not the case. For this purpose the Northern Dimension should be much more ambitious.

What are the EU objectives towards Russia? The EU Common Strategy states them as follows:

*“A stable, democratic and prosperous Russia, firmly anchored in a united Europe free of new dividing lines, is essential to lasting peace on the continent... The European Union has clear strategic goals:*

- *a stable, open and pluralistic democracy in Russia, governed by the rule of law and underpinning a prosperous market economy benefiting alike all the people of Russia and of the European Union;*
- *maintaining European stability, promoting global security and responding to the common challenges of the continent through intensified cooperation with Russia” (3)*

In light of this the Northern Dimension could be arguable perceived as a peace project by other means. This brings us the specific focus on basically three things: energy supply, nuclear safety and cross-border infrastructure. My view is that this methodology can only partially bring about the required output.

### **1. Energy**

Energy is the key sector and the main driving force for the Northern Dimension. The emphasis on energy reflects the main asymmetry of Russia-EU relations. Whereas the EU provides about 35 percent of Russia's external trade-turnover, Russia gives only a few percent of EU foreign trade. This data could leave an impression of Russia as an insignificant trading partner of the EU. It is true only to some extent. Energy is the most visible exemption. Russia provides 36 percent of EU gas consumption and about 10 percent of its oil imports. In this context the Russian Northwest is vitally important for the EU as a source of gas and as a transit region of oil. The huge gas

resources in Northwest Russia are expected to meet the growing demand of gas and there is actually no alternative to them (Caspian gas is only under consideration). In a similar way, Europe is the only natural market for the Russian gas exports from the area. This implies a different reading of the nature of Russian-EU relations and makes energy so special about EU–Russian relations. The enlarging EU relies on imported energy, notably gas, and needs to have secure and reliable deliveries. To have an unpredictable energy supplier is not an attractive option for the European Union. In light of this, the interdependence under the Northern Dimension concept reads as follows: Russia is an strategic energy supplier of the EU (mainly of gas) and the EU is a strategic trade partner of Russia. Both sides are equally dependent and this results in predictability and sustainable relationship.

There is tangible progress already achieved. There is a number of studies completed, the Baltic Energy Task Force has been created and a specific paper has been presented by the Commission. (4) However, the situation around oil transit and electricity is much more complex than the issue of natural gas. For instance, the recent deterioration of Russian-Latvian relations, government crisis in Lithuania, the Baltic pipeline project are all in one way or another connected to LUKOIL, one of the leading Russian oil operators. At this point, we approach the issue of access and presence of Russian private business in the region, especially in the Baltic States which is not directly tackled by the Northern Dimension. However, considering the oligarchic character of the Russian state, unsettled private business interests might have adverse effects on political and economic predictability in the region which is arguably a major concern behind the Northern Dimension concept.

## 2. Cross-Border Infrastructure

However, stable interdependence cannot be built on dependency on energy alone. The existing asymmetry in economic relationships obviously does not please the Russians, neither the government, nor the population. The country's role as an exporter of raw materials to the developed countries is not acceptable considering the past glories and highly urbanized character of Russia and its stagnating industries. It also gives food for pseudo-patriotic claims about an anti-Russian West trying to enslave Russia and turn it into a raw materials producing appendix to the West. Actually, the initial offer of the Northern Dimension has reactivated Russian fears that the only interest of the EU is Russian natural gas. A number of other issues incorporated into the concept made it more attractive to the Russian side. Yet, the Russian side would like to go much further. The government suggests, to quote Igor Ivanov, the Russian Minister of Foreign Affairs:

*“Apart from huge resources of raw materials, wood, oil and gas, we have many other things to offer ranging from industrial and scientific potential to skilled labor force and advanced technologies. Here, we hope for reciprocity. We would like to get down to modernization of our industry, agriculture and social and cultural spheres, to conversion of our defense industries and facilities”*(5)

In other words, Russia needs to have a structural policy for its Northwest where, on the one hand, there is an enormous potential for development, and, on the other, there are dramatic social and economic problems. For obvious reasons, the Northern Dimension



unfortunately falls short to meet this objective demand on the Russian side. What is offered, are necessary, but inadequate measures to facilitate the cross-border activities and to avoid a few unhealthy developments of a transboundary character. The real risk which we face cannot be solved by these types of measures. The socio-economic gap on the EU-Russian border is 70:1. The EU enlargement creates, using Rene Nyberg's term, an unavoidable *normative divide* that, in case of improper actions, could establish the new dividing line. The socio-economic asymmetry would provide further dangerous emotional and political nourishment to resentment in Russia. It would feed the humiliated Russian identity and will have prolonged adverse effects on the Russian-Western relationship. The cross-border activities under the Northern Dimension concept are badly equipped to meet this challenge.

### 3. Nuclear Safety

This is another crucial issue under the Northern Dimension framework. Russia's Northwest has about 20% of world nuclear reactors, some of them are old and not reliable. Additional to this there are enormous deposits of nuclear waste. Fortunately or unfortunately, the complete picture of that tremendous risk is not known to the public. The issue should be tackled immediately and there is a broad consensus on the intergovernmental and expert level of the urgency of the matter. The Russian side is politically committed to a strict observation of the principles of environmental security, yet it faces economic and financial constraints. There is lack of reprocessing facilities and safe storage capacities. The process might be facilitated

through the "Multilateral Nuclear Environmental Program in the Russian Federation" which is currently under consideration. The EU is one of the main Western donors and the European Commission is actively involved in the Contact Expert Group for an "Overall Strategy for Radioactive Waste and Spent Fuel Management".

Yet, nuclear safety is the most tricky part of Russian-Western cooperation in the European North of the country. The protracted case of Nikitin and Belluna clearly demonstrates that more visibility in these affairs is subject to many other considerations and could be easily exploited for political and commercial purposes. Nuclear safety is a big and not transparent business, both in Russia and the West, and it is extremely difficult to provide for efficient public control and good management.

### 4. Kaliningrad

Kaliningrad will predictably become a special case under the Northern Dimension umbrella. Since June 1999, when the Russian side agreed to discuss this issue with the EU, certain progress has been achieved, but many question marks remain and, perhaps, even more of them emerge as the sides start to consider the problem in more detail. Kaliningrad is soon to become a Russian enclave within the EU territory. A comprehensive approach is badly needed and it is difficult to imagine a successful EU enlargement without resolving Kaliningrad's dilemmas. To improve cross-border infrastructure for Kaliningrad is obviously much more crucial than for many other Russian regions eligible for the Northern Dimension. The energy

supply could pose uneasy choices for Kaliningrad with regard to social and economic problems. Again, the Northern Dimension is ill equipped to provide Kaliningrad with what it needs - a concept and implementation of sustainable development and structural reform. For the moment, the mood is positive and there is promising Russian - Lithuanian cooperation in this regard. (6) The expected Danish EU conference on Kaliningrad might bring a further breakthrough on the matter. The risk is also well known. Kaliningrad might turn into a politically driven issue at the heart of relations between Russia and the West but this depends solely on the overall political climate and internal developments in Russia.

To summarize, I would allow myself only a short remark. Observably, the Northern Dimension is a necessary and timely attempt based on relevant considerations. Arguably, this project should be far more ambitious to meet the challenges of the current situation. As an initial step it could be regarded as satisfactory, but far more deeper and courageous moves on the Russian as well as on the EU side are needed to ensure a prosperous and sustainable Northern Europe which is our common objective.

#### Notes:

1. The political commitment of the 1999 Helsinki summit provided for a clear deadline for the Northern Dimension Action Plan and good progress achieved so far in the preparation of this document undercuts what the skeptics say.
2. The Russian government's Mid-term Strategy on the EU adopted in the Fall 1999 made it clear that Russia would not seek association or apply for the EU membership. It says, "as a world power situated on two continents, Russia should retain its freedom to determine and implement its domestic and foreign

policies, its status and advantages as an Euro-Asian state and the largest country of the CIS, and independence of its position and activities at international organisations".

3. Common Strategy of the European Union on Russia (Cologne 3/4 June 1999), Part 1.
4. For instance a Gas Study undertaken by Neste, Communication of the Commission "Strengthening the Northern Dimension of Energy Policy in Europe" (COM 1999/548)
5. Address by Igor Ivanov at the EU ministerial conference on the Northern Dimension, Helsinki, 12 Nov. 1999
6. For instance, the joint Lithuanian-Russian proposal on Kaliningrad for the Northern Dimension Action Plan.

**Dr. Hella Gerth,**

*Principal Administrator,*

*European Commission, Directorate General "External Relations", Brussels*

**A Northern Dimension for the Policies of the European Union:  
deepening of cooperation**

The Northern Dimension is still very new on the EU agenda. Nonetheless it is obvious that the Northern Dimension will play an increasingly important role in the external relations of the European Union.

The Commission understands the Northern Dimension as a political concept designed to derive maximum added value from Community and Member States programmes through reinforced coordination and enhanced cooperation between the countries in the European North. Deepening cooperation, and in particular enhancing cross-border cooperation, clearly is in the focus of the Northern Dimension concept.

The Northern Dimension completes the geographical jigsaw in the Union's external relation. The Union's external relations already have a Southern Dimension, our commitment to co-operation with the Mediterranean Countries. There is an Eastern Dimension if we only think about the process of enlarging the EU, the Central European Initiative and the Black Sea Economic Cooperation. And there is a Western Dimension with the transatlantic relations in the framework of the Transatlantic Agenda (USA, Canada).

Geographically, the Northern Dimension concept covers a region from Iceland on the West across to North-West Russia, from the Norwegian, Barents and Kara Seas in the North to the Southern coast of the Baltic Sea. The geographic focus is understood to be the Baltic Sea region, including the north-western regions of the Russian Federation and Kaliningrad. The concept is driven by the idea of "positive interdependence", which means promoting security, political stability and sustainable development through enhanced cross-border co-operation. It is our strong belief that the Northern Dimension can contribute to the reinforcement of positive interdependence between the European Union and all countries in the region, in particular with the Russian Federation and the candidate countries for EU-membership Estonia, Latvia, Lithuania and Poland.

Deepening cooperation with Russia in the spirit of "good neighbourhood" is an aspect of particular importance. The on-going process of EU enlargement dramatically changes the political landscape in the region. Poland, Latvia, Lithuania and Estonia are candidates for accession to the Union. These countries will approximate their legislation to the EU acquis and continue to orientate their business activities towards the EU market. This process will completely renovate their societies.

No membership perspective however does exist for the Russian Federation, who will instead become the next door EU neighbour with the longest border. At present the EU and the Russian Federation already share a 1300 KM long border. With enlargement

becoming reality the common EU-Russia border will gain significance. It has to be avoided that enlargement brings about a deepening and destabilising socio-economic divide forming along this border of the enlarged Union. That's why the EU and the other partner countries of the Northern Dimension need a new quality of cooperation in the North of Europe .

The Commission considers a particular success of the Helsinki Ministerial Conference on the Northern Dimension that the EU enlargement process was perceived as giving stimulus to the entire Northern Dimension region with due respect of the interests of all partner countries concerned.

The idea of introducing a Northern Dimension for the policies of the European Union originates in a Finnish initiative at the European Council in Luxembourg 1997. Further to that initiative, the Commission prepared an interim report outlining challenges and opportunities of the Northern Dimension concept . Since then – through a process of “deepening cooperation” on EU level and finally with the non-EU partner countries - the Northern Dimension has been established on the EU Agenda and developed into a joint approach of all partner countries towards taking up the challenges of the region.

The Helsinki Ministerial Conference of November 1999 was the watershed between discussion and concrete action: first because all relevant actors in the Northern Dimension , including the International Financial Institutions, came together for the first time;

second because the partners agreed on common priorities and recognised the need to draw up a Northern Dimension Action Plan.

Sectors in which the partner countries consider added value to be greatest include energy, environment/nuclear safety, transport and telecommunication, crime prevention/cross-border crime, research and human capacity building , public health and social services as well as border management and cross-border cooperation .

The European Council of Helsinki in December 1999 invited the Commission to prepare, in cooperation with the EU Member States and in consultation with the partner countries, an Action Plan for the Northern Dimension. The Action Plan is due for presentation at the European Council in Portugal in June 2000.

Notwithstanding the close deadline, the Commission understands the preparation of the Action Plan an open and inclusive process, guided by the spirit of cooperation . The Commission is convinced that the success of the Northern Dimension will depend on the involvement of all relevant actors. We shall succeed if we manage to further deepen our cooperation , in particular with

– countries of the North, North Europe and outside Europe.

The concept of the Northern Dimension cannot be reduced to the interests of the European Union and the Northern European countries. All states in the Northern zone, including Canada and the United States have expressed their interest in this issue. It would be useful to discuss opportunities in developing common goals and

joint programmes.

- the International Financial Institutions, including the World Bank, EBRD, Nordic Investment Bank and EIB.
- the private sector, which also has a big potential contribution and a strong interest in the Northern Dimension.

**Dr. Axel Krohn,**

*Senior Advisor,*

*Council of the Baltic Sea States*

### **Deepening of co-operation forms**

If we talk about co-operation we can note, that already today there are many partners in the Baltic Sea Region which have created a complex network of cross-border, transnational and interregional co-operation converting Northern Europe into the most integrated region in Europe, going even beyond the boundaries of EU and NATO. A great variety of bi- and multilateral cooperation agreements as well as efforts of numerous bodies on various levels are stabilizing these structures.

To list just some of these bodies we could name the BEAC, the BSSC, and the UBC, the BCCA and last but not least the CBSS. As the chairman of the CBSS, Norwegian Foreign minister Knut Vollebaek stated at the Ministerial conference in Helsinki November 12, “the focus of the Northern Dimension is the focus of the CBSS”.

In this context the Helsinki final communique comes up with something new. The communique emphasizing the role of existent regional bodies such as the Council of Baltic Sea States and the Barents Euro-Arctic Council, stated that regional bodies have a specific role as instruments identifying and implementing joint Northern Dimension priorities. Further, closer contacts on the sub-national level is one of the most promising features of the entire Northern Dimension.



What is new here? First the term “identifying joint priorities”. However, this task of “identifying” is in contradiction to what is said earlier in the communique, where it states that “priorities are developed and identified by the EU Council of Ministers Conclusion from May 31, 1999”, which obviously means that the priorities were already identified by the EU Council in May. Therefore, of more interest is the mentioning of the sub-national level which might in fact add a new actor to the list of possible bodies implementing the Northern Dimension.

Assuming that the Northern Dimension does materialize however, (I have my doubts and will come back to them later), I will elaborate on the possible role the CBSS could take in a future co-operation network in the Baltic Sea Region.

### **The Role for the CBSS**

The Communique of the CBSS Eighth Ministerial Session in Palanga, Lithuania on June 14-15, 1999 stated: “The Council stressed the high political relevance for the Baltic Sea Region of three interrelated political processes of the European Union — EU enlargement, the Common Strategy towards Russia, and the Northern Dimension. The similarity of aims and close links between EU and CBSS countries offer a unique opportunity for the Council to bring added value in key sectors of economic and social life of the Region.”

Even though this emphasizes a stronger involvement of the CBSS, it does so far not assign any specific tasks to the CBSS. As stated in the

Cologne European Council – Presidency conclusion, possible tasks will rather be within the implementation of the “Northern Dimension”, obviously not within the development of the concept. But due to its geographical scope and the fact that the CBSS links EU with non-EU partners and tries to integrate Russia into European structures through increased co-operation, there seems to be obvious ground for a stronger involvement of the CBSS at least after the “Action Plan” is drawn up by the EU Commission. This raises however questions of what the CBSS and other cooperation bodies can offer in implementing an EU formulated policy.

Obviously, complementing the EU’s “Common strategy on Russia”, the “Northern Dimension” could become an important means for the development of co-operation between Russia and the EU. The CBSS would be a natural partner for such co-operation: Russia is an equal partner in the CBSS; the concept concerns the northwestern regions of Russia adjacent to the Baltic Sea. Therefore, the two EU concepts should be treated as two complementary fields for possible activity.

Important to mention in this context is the US Northern European Initiative which also states: “We value our many chances to share information and implement ideas in cooperation with regional organizations, including the BEAC, and the CBSS”.

Already today, the CBSS formulates and co-ordinates as an intergovernmental organization efforts in enhancing economic co-operation as well as nuclear safety, human rights and democratic institutions

and civil security. To a large extent also the Northern Dimension deals with these issues. Therefore, the CBSS could assist and give support in defined subjects of co-operation, i.e. promoting, coordinating and structuring the political and economic developments which are under way.

As the Northern Dimension will not create new structures, the CBSS can offer its developed organizational structure to avoid inefficient and costly competition and duplication. The CBSS could support the concept with its organizational framework, its general experience and contacts on various levels, i.e. BSSSC and UBC to mention just some. This would certainly strengthen the intergovernmental and sub-regional co-operation.

### **A Critical Summing-Up**

In practically all areas of relevance to the Northern Dimension, the CBSS has established structures for such co-operation.. But as the Northern Dimension is being developed in a rather lengthy time perspective, probably no concrete results should be expected in the short term. Additionally, the CBSS and other actors in the region should not underestimate a kind of “Catch 22”: To define their position on a concept that so far has a rather unspecific content and that does not assign the organizations a specific role – besides mentioning their importance.

A final remark on the overall “political landscape”: To my understanding, the political developments in Europe create further chal-

lenges that have to be taken into account: Among others, the EU will particularly have to focus within the next years on two challenges: First, the accession process, second, the recovery of the Balkan region after the Kosovo crisis. These two fields of EU activity will certainly also determine the pace and future substance of the Northern Dimension.

The Northern Dimension will have to compete for political awareness between the above two challenges and additionally with the two other concepts, the EU’s Common Strategy on Russia and the American Northern European Initiative.

Therefore the present regional organizations are placed within the triangle of the three concepts: Northern Dimension, the EU’s Common Strategy on Russia, and the US Northern Europe Initiative. Considering the major tasks of accession and reconstruction of the Balkans, it might not be an easy to receive strong political recognition on the part of the EU. Obviously it is a complex setting, which has to be considered when defining possible “fields of action”.

Additionally, it seems rather obvious that the European Commission so far did not want the CBSS or others to play a specific role in the development of the concept, for example, the outlining of an Action Plan. Our role seems to lay in the implementation after the Action Plan as formulated by the Commission. One could also state that so far the process has been rather slow, as the Commission was obviously reluctant to give major impulses. Some of the EU member countries probably had reservations, as they feared that the

Northern Dimension might drain money away from the Mediterranean region. It has been stated that no new financial funds will be made available for the region with respect to the Northern Dimension. It might even be difficult to maintain the present level of financial resources.

Still, the opportunities for co-operation are flourishing in the region. In order to support further integration and positive interdependence, we must continue to work together and improve our communication with each other.

As said before, the guidelines for the implementation of the Northern Dimension aim so far at strengthening the profile of the EU in the region and the relevant organizations without, however, assigning a specific role to these bodies and without supporting new structures, assigns new mandates, and giving new resources. As the regional actors in the Baltic Sea region are already today actively co-operating with each other, I would like to close with the provocative question: As we get what we already have, where is the added value of the Northern Dimension?

**Mr. Conrad Tribble,**  
*NEI Coordinator,*  
*U. S. Department of State*

### **NEI and the Northern Dimension**

Thank you ladies and gentlemen – I am delighted to be here and to participate in this important conference.

There are three main themes I want to discuss this morning. First, I want to outline the thinking behind our Northern Europe Initiative, the “Why NEI?” question. Second, I want to describe what NEI is and highlight some of the key projects we have established under the initiative. And finally, I will look at how NEI relates to the EU’s Northern Dimension strategy that we have been discussing here.

It’s interesting that I am often asked why the United States has a Northern Europe Initiative and why the United States is so interested in this region. The answer goes back to the fall of the Berlin Wall and the ensuing debate this event launched in the United States about the future of Europe and especially of our relationship to Europe. As you know, this is a debate that continues to run its course, but a number of points of clear consensus have emerged in the last several years:

First, the U.S. must remain in Europe and must continue to contribute to stability and security here – this is still a fundamental interest.



Second, we have to be more than just “present.” We need a broad partnership with the new Europe, one that does not concern itself only with traditional security questions but enables us all to address the new global challenges we face.

Third, it remains in our fundamental strategic interest to ensure that the peace, security, and prosperity we have enjoyed in western Europe is expanded to include all of Europe, including particularly Russia.

Fourth, we can’t achieve these goals alone; we need committed and capable partners in Europe.

Finally, meeting those new challenges requires a high degree of cooperation and integration in Europe. This will only be possible if the old zero-sum mentality is replaced with a new “win-win” approach.

All of these considerations underlie NEI. In northern Europe we see one of the best opportunities to work toward this vision of Europe and of a new U.S.-European partnership, for a number of reasons:

- The region boasts a longstanding tradition of local and regional cooperation upon which we can build. The Nordic countries and Germany, prosperous and outward-looking, share our commitment to cooperation and are excellent partners for us. The Baltic states are equally committed to integration into regional structures and key

western institutions, and they understand that that is only possible in cooperation with each other and with their neighbors. And Russia, too, increasingly sees the value of regional cooperation, despite or perhaps especially because of the social and economic problems it faces.

- Indeed, Northern Europe offers an excellent opportunity to integrate Russia into a cooperative and positive network with its western neighbors. Our Nordic and Scandinavian partners maintain good relations with Russia and play key roles in this effort. At a time when Russia’s policies in other areas of Europe raise concerns, cooperation here can have even greater significance, and not just for this region.

- In general, we see here a chance to demonstrate the benefits of a “win-win” cooperative approach over the old way of thinking. As my boss, Madeleine Albright, often says: no other part of Europe has suffered from the old zero-sum thinking as much as this one, but no other region stands to win as much by implementing a new approach. And if it works here, that can only help in other parts of Europe.

So what is NEI concretely? In a sentence, NEI is our strategy in the Baltic Sea region, providing the conceptual framework for our policy and programs in this region. Under NEI, we pursue three broad objectives:

- integrate the Baltic states into a regional network of cooperation that addresses key areas and supports their preparations for mem-

bership in the EU, NATO, WTO, and other western institutions;

- integrate northwest Russia into the same network, both as a means of promoting stability and prosperity in Russia and as a means of enhancing Russia's relations with its western neighbors, particularly the Baltic states;
- strengthen our relations with the Nordic states, Poland, Germany, and the EU and promote regional cooperation among them.

When we launched NEI in 1997, we identified six priority areas in which regional and cross-border cooperation seemed particularly useful and necessary. In each of these areas we have established a number of concrete projects and activities, all of which fulfill two basic criteria:

- They address concrete needs in the region;
- They do so in a way that promotes cross-border linkages and connections.

Let me go through the six priority areas and note some of the projects underway in each:

**Business Promotion:** Increasing trade and investment in the region is a key part of promoting prosperity here. Of course our focus is on American business, which sees many opportunities here. We have developed a regional economic-commercial program to support

American companies interested in investing in and trading with the Baltic and Nordic states and northwest Russia. We've organized, for example, a number of sector-specific trade fairs to bring together potential U.S., Baltic, and Nordic business partners, including one here recently focusing on environmental technology. The U.S.-Baltic Partnership Commission includes a private sector component that enables the business community to discuss its needs directly with U.S. and Baltic economic decision-makers. The Baltic-American Enterprise Fund (BAEF), established in 1994 with \$50 million in U.S. funds, provides capital in all three Baltic states for small- and medium-sized companies and for residential mortgages.

**Law Enforcement:** One of the themes we've emphasized is the importance to political stability and economic prosperity of establishing the rule of law in all aspects of public and private life. Under NEI, the U.S. has developed a number of programs to help complete the development of efficient legal systems in the Baltic states, combat corruption and money-laundering here and in northwest Russia, and establish the legal framework to encourage trade and investment. We provide direct legal assistance and training to all three Baltic states and Russia, including through legal advisors from the Department of Justice, and we have supported the Graduate School of Law here in Riga, which provides a modern legal education to students from all three Baltic republics. Finally, we cooperate very actively with the Council of Baltic Sea States (CBSS) Task Force on Organized Crime.

**Civil Society:** We strongly believe that throughout the NEI region,

increased public participation in the political system will contribute significantly to internal stability and economic prosperity. Our goal is to help develop an active and healthy political culture. Estonia and Latvia in particular face the challenge of integrating their Russian-speaking minorities in a way that strengthens social cohesion. Together with our Nordic partners, the U.S. has undertaken a number of activities to promote social integration in Estonia and Latvia, including native language training programs. The U.S. co-finances (with the Soros Foundation) the Baltic American Partnership Fund (BAPF), established in 1998 to develop a dynamic NGO community in the three Baltic states. On another front, we co-sponsored the Reykjavik Conference on Women and Democracy, held last October 8-10. A number of projects – some \$5 million worth – are now being developed in Russia and the Baltic states as a result of that conference, designed to promote the full participation of women in political and economic life and to build people-to-people contacts throughout the region.

**Energy:** Promoting the region's economic transformation and growth will require major reform in the energy sector, which will in turn produce some not insignificant short-term economic and social challenges. Under NEI, the U.S. Government has been supporting the development and implementation of a Baltic regional energy investment strategy and a common regional electricity market. Our efforts are directed at helping to restructure the power sector, develop an effective price and regulatory framework, and encourage the privatization of the energy sector in order to attract strategic investment, especially U.S. investment. We have also focused on nuclear

power plant safety and strongly support the Lithuanian government's decision to close down for safety reasons Unit #1 of the Ignalina Nuclear Power Plant prior to 2005.

**Environment:** Dealing with the many environmental challenges in the NEI region — both nuclear and non-nuclear — requires a regional approach. An NEI Task Force oversees a number of nuclear waste management projects in the Russian northwest and far east, projects that bring together funds and technical expertise from the U.S., the Nordic states, and the EU. Examples include the Murmansk 80-tonne Cask, which will provide transportation and temporary storage for special nuclear fuel from Russian nuclear submarines and icebreakers, and a low-level radioactive waste treatment facility in Murmansk. Other regional projects include the Great Lakes/Baltic Sea Partnership run by the U.S. Environmental Protection Agency and a U.S.-Swedish program to improve environmental management at military bases in Lithuania and at Adazi here in Latvia.

**Public Health:** Tuberculosis and HIV infection rates are exceptionally high in parts of northwest Russia and the Baltic states. Under NEI, disease experts from the U.S., international health organizations such as the World Health Organization (WHO), and the Nordic countries are engaged in numerous activities to combat these diseases. Together with Finland, UNAIDS, and the health experts in the region, the U.S. is developing an HIV/AIDS treatment strategy for the region. With Swedish, Latvian, and EU co-funding, the U.S. Centers for Disease Control and Prevention (CDC) are establishing a Center of Excellence for Multidrug-Resistant TB in Latvia, which

will serve as a magnet research, treatment, and training center for the entire region. I had the opportunity two days ago to visit the State Center for Tuberculosis and Lung Disease outside Riga, where the MDR-TB Center will be housed; we expect the Center to be up and running within a few months.

Those are our priority areas. I've noted a few projects by way of example, but naturally there are a number of other projects and activities that serve our NEI goals – technical assistance programs, training seminars, conferences, and so forth. This is the visible aspect of NEI, and each of these has a concrete practical value in and of itself. But the real gain here, the real purpose of all of this, comes from the culture of cooperation that develops out of these projects and activities. Cross-border contacts, the experience of working together, etc. – in the final analysis these are the elements that create positive changes in the Baltic Sea region.

This spirit of cooperation is also evident in the way we work closely with the existing institutions in the Baltic Sea region, particularly with the CBSS, the Barents Euro-Arctic Council, the Arctic Council, and the Nordic Council of Ministers. As I'll discuss in a minute, we have worked hard to coordinate our activities with those of the European Union's Northern Dimension strategy. This kind of cooperation multiplies the effectiveness of our efforts and avoids duplication. In a time of tight financial resources everywhere, this is absolutely essential.

Let me stress one thing here. In the grand project underway here to

create a new Baltic Sea region, we do not see ourselves as the main actor. We have neither the money nor the capacity to be this. Rather, we see our role as that of an actor whose activities can bring added political, symbolic, and financial value to the efforts of the countries in the region.

Now let me turn to the relationship between our Northern Europe Initiative and the EU's Northern Dimension. It's clear that there are a number of similarities between the two efforts and many possibilities for cooperation. Let me tick these off:

- NEI and the Northern Dimension share the same broad objective – promoting stability and prosperity in northern Europe through increased regional cooperation – and they share a similar assessment of the crucial importance of this region to Europe's future.
- They both place a premium on transatlantic cooperation in this endeavor. We have had an active dialogue with the EU over the past year as the Northern Dimension developed, including two days of very detailed experts' consultations in Washington last October. We intend to continue this U.S.-EU coordination as the Northern Dimension Action Plan is developed next year, with the aim of working together with the EU where feasible and ensuring that our separate programs are complementary.
- That coordination on the ground is important, because both NEI and the Northern Dimension are in the final analysis guiding principles for concrete actions.

- It should be clear, but let me stress this if it is not, that both initiatives start from the premise that EU enlargement to include the Baltic states is a positive and welcome development.
- But both NEI and the Northern Dimension equally emphasize the importance and opportunity of integrating Russia into the regional network of cooperation we are creating.
- Finally, both we and the EU must operate with limited resources and therefore realistic expectations about what we can attempt in the region.

All in all, the U.S. takes a very positive view of the Northern Dimension initiative, and we will continue to work closely with the EU as it is refined into a concrete Action Plan. The role of the Commission in this process will be key.

Ladies and Gentlemen, thank you very much for giving me this opportunity to discuss our Northern Europe Initiative, and I look forward very much to the ensuing discussion.

**Mr. Indulis Bērziņš,**  
*Foreign Minister of Latvia*

## **Latvian Foreign Policy and the Development of Northern Europe**

### **Introduction**

Since taking on the job of Foreign Minister last July, I have had the chance to express my views on foreign policy in Berlin, Stockholm, and other places. But this is the first conference in Riga. This is quite natural given the high regard we have for Mr. Lejiņš and the Institute as well as the Konrad Adenauer Foundation for its contributions in Latvia. Thanks to all who have put this event together !

Today, I will give some general outlines of Latvia's foreign policy and talk about my perspective of the current situation before the Helsinki Summit and the turn of the year.

### **Development of the North of Europe**

Let me start with the Northern Dimension.

We realised that – in their heart of hearts – the Finns had come up with an idea that would contribute to the strength of Europe as a whole. And we do not want to be part of a weak Europe.

America's NEI, the Northern European Initiative, has a similar intent; to promote cooperation and stability in the region, to reinforce the U.S.-Baltic Charter, and to encourage Russia toward engagement.



- It should be clear, but let me stress this if it is not, that both initiatives start from the premise that EU enlargement to include the Baltic states is a positive and welcome development.
- But both NEI and the Northern Dimension equally emphasize the importance and opportunity of integrating Russia into the regional network of cooperation we are creating.
- Finally, both we and the EU must operate with limited resources and therefore realistic expectations about what we can attempt in the region.

All in all, the U.S. takes a very positive view of the Northern Dimension initiative, and we will continue to work closely with the EU as it is refined into a concrete Action Plan. The role of the Commission in this process will be key.

Ladies and Gentlemen, thank you very much for giving me this opportunity to discuss our Northern Europe Initiative, and I look forward very much to the ensuing discussion.

**Mr. Indulis Bērziņš,**  
*Foreign Minister of Latvia*

## **Latvian Foreign Policy and the Development of Northern Europe**

### **Introduction**

Since taking on the job of Foreign Minister last July, I have had the chance to express my views on foreign policy in Berlin, Stockholm, and other places. But this is the first conference in Riga. This is quite natural given the high regard we have for Mr. Lejiņš and the Institute as well as the Konrad Adenauer Foundation for its contributions in Latvia. Thanks to all who have put this event together !

Today, I will give some general outlines of Latvia's foreign policy and talk about my perspective of the current situation before the Helsinki Summit and the turn of the year.

### **Development of the North of Europe**

Let me start with the Northern Dimension.

We realised that – in their heart of hearts – the Finns had come up with an idea that would contribute to the strength of Europe as a whole. And we do not want to be part of a weak Europe.

America's NEI, the Northern European Initiative, has a similar intent; to promote cooperation and stability in the region, to reinforce the U.S.-Baltic Charter, and to encourage Russia toward engagement.

It is now left for us all to try to correlate these two initiatives and make them work together.

The trans-Atlantic link, we believe, highlights the economic potential of the Baltic Sea area. Furthermore, it projects a vision of all three Baltic States in NATO thereby helping to convey a clear picture of our future for everyone to see.

When thinking of the Northern Dimension, Latvia has stuck to two principles - one, "the equal participation principle"; two, the principle of "mutually-reinforcing cooperation."

So far, Latvia has been pleased by the course of the dialogue in the Northern Dimension. It was our idea to use "common" criteria for project evaluation; this idea gained steam and is now widely supported. Now we are pushing to see that common criteria will be included in an Action Plan for the Northern Dimension.

Infrastructure is the big issue. Also energy supply. Solutions in this field will ensure long-term regional development and growth.

And when talking energy, ecology naturally becomes a prime concern. Latvia has been asking that environmental impact be assessed when implementing any project of regional importance. We are ready to pay a high price for progress, but not at the expense of our environment.

Several projects have our full support. These include:

THE BALTIC RING - creation of a common electrical system in the Baltic Sea area.

THE NORDIC GAS GRID - a common network for natural gas in Northern Europe. Latvia has a huge underground storage capacity. Experts say storage could be expanded. Latvia has the potential to store gas for the whole of Europe, not just for our region.

A third project is the new oil pipeline from Russia to the port of Ventspils, called the "Western Pipeline System."

Fourth: there is the transport infrastructure meaning roads, railroads, ports and ferries, shipping facilities, and air transport. Latvia wants Via Baltica to be fully integrated in the Trans-European System.

Last but not least, I want to mention telecommunications and information technology; these are essential if we wish to keep our region modern and competitive.

What provides cohesion for all the ideas about the North of Europe? The idea of profiting from interdependence.

### **The EU**

Now I would like to turn to the EU.

Launching of a single currency, creation of an area of security and

justice, the strengthening of the CFSP - these are all signs that political integration is closer than ever before.

And the most important single decision for Europe in the next millennium has already been made. It's the right decision – the decision to enlarge to the Baltic States. Yes, and to the rest of Central and Eastern Europe.

The decision is right, but it has created major challenges.

One, the EU is forced to reform its institutions; the euro must be kept strong; and the work on political integration has to proceed.

Deeper political integration as well as a wider Union are needed in order to confront globalisation and the advent of new global players.

As with Alice, from "Alice in Wonderland," not only Latvia but also Europe itself needs to be running faster just to stay in place.

But running faster, completing the process of institutional reforms and taking in new members, should not mean "rushing."

Quality and speed; both are very important.

### **Enlargement**

Enlargement will certainly pour a new flash of energy into the project of building a new Europe.

Latvia is welcoming the Commission's efforts to strike the right balance between the speed and the quality of the enlargement process.

Compliance with the Copenhagen criteria is the smartest way to guarantee political stability, economic growth and social cohesion in applicant states. It's what we in the candidate countries really need!

New members, well-prepared to join the EU, are the best guarantee of a viable and strong European Union. And that's what the Member States want.

It was our attention to quality as well as speed that helped ensure success in Latvia's internal reforms.

This year's Progress Report of the European Commission is the most objective catalogue of our achievements. There, it is said that we can meet competitive pressures within the European Union in the medium term and that we can be designated as a fully functional market economy.

Flying home from the presentation of that Progress Report in Brussels, I picked up the Financial Times. On the front page of the paper - that was October 14th - it said the Commission had singled Latvia out as an economic success story among EU candidates.

This was no accident.



Latvia was the first Baltic State to join the World Trade Organisation; this year, exports from Latvia to the EU are over 63% of our total exports; that figure was 54% in 1998; also, trade dependence on Russia is down; total trade with Russia is now under 8%.

The remarkable diversification of our export markets came about because of our links with Europe, and also, due to the crisis in Russia and artificial barriers to trade.

Extension of accession negotiations should still ensure the quality of new members and the quality of an enlarged EU.

In this way, Latvia fully shares Mr. Verheugen's opinion that "opening negotiations with six candidate countries that still differ in their state of preparations demands that the negotiation process be clearly differentiated from the very outset." (1)

A country's individual achievements should define the date of EU accession. Application of the merit system is a good way to enable all three Baltic States to join the EU in the first wave of enlargement.

### **Common Security for Europe**

Latvia sees the Baltic Sea area as inseparable from European and trans-Atlantic security, and we will continue to do so.

We will be enhancing the trans-Atlantic dimension and strengthening the link to the United States. Whichever way discussions go, Latvia maintains that an indivisible security in Europe can only be actualised with the membership of the Baltic States in NATO.

The hardened security of NATO combined with the EU's economic strength and the EU's strength in home and justice affairs is the right combination for Latvia.

The Washington Summit was a stimulus for further work, not a signal to relax till the year 2002. Latvia supports the individuality of the MAP process and, at the same time, we do not believe in a membership invitation to just one Baltic State alone.

The situation is changing and decisions on invitations should be up-to-date. Pre-judgements should be avoided. To be at our best, we will stick to our determination to spend at least 2% of our GDP on defense by 2003.

Even without being in the Alliance, we are participating in NATO's peace support operations. All three Baltic States provided humanitarian aid, medical teams. BALTBAT is ongoing in Bosnia. And Latvia will now be joining KFOR.

Events in Kosovo have shown that:

one, atrocities comparable to those committed by the Hitler and

Stalin regimes can still occur today;

two, NATO and the EU are able to ensure such atrocities do not take place within their member states, and to deal with them when they occur elsewhere in our continent; NATO acts as a moral force;

and three, the Baltic States acted in harmony with the Alliance during the Kosovo crisis.

A simple conclusion to be drawn from the crisis and from the new situation after Kosovo is that NATO and EU enlargement need to be accelerated.

### **Russia**

Security in the Baltic Sea region can hardly be discussed without mentioning Russia. We all want to prevent Russia from isolating itself.

Unfortunately, indiscriminate killing of civilians in the North Caucasus have put European and Russian value systems on collision course.

With its economy in the shape it is today, even with oil up at \$25 a barrel, it is hard to believe it could be in Russia's interest to act in a manner that disturbs foreign partners and investors.

How Russia acts with Latvia and Estonia and Lithuania is a measure of how well Russia is prepared to cooperate with Europe itself.

There are many ways to cooperate. The inter-Governmental Commission. The signing of the border agreement ready exactly two years ago; unfortunately, Russia is not ready to sign it. The Council of the Baltic Sea States. So many chances to cooperate, so many mechanisms. It is up to Russia itself to make the use of them.

But Russia can be engaged constructively only if its engagement is not compromising common European values.

We in Latvia remain optimists because our record of relations with Russia has some brighter points. Skrunda and its dismantling in accordance with the treaty showed Russia can honour its word.

One thing would be a great help in the relationship with Russia, i.e., a clear message.

The states of NATO and the EU must send a clear message on the full integration of the Baltic States once and for all. A clear message would help Russians themselves to understand what the future is bringing, and allow Russia to prepare for the next challenges.

### **Conclusion**

Latvia's foreign policy demonstrates the will to cooperate. By cooperating with all our partners, Latvia intends to make the Northern Dimension initiative a success.

Cooperation and integration are words which can be applied equally well to our internal development.

With NATO and the EU, we can meet the challenges ahead, working together with our partners and allies.

**Notes:**

1. Speech by G.Verheugen, Member of the European Commission, at the conference "The Second Decade Towards a New and Integrated Europe", Den Haag, 4 Nov. 1999.

**1999 Workshops**

**January 25**

Dr. Hanna Ojanen from the Finnish Institute of International Affairs, delivered a paper on the Finnish perspective of the Northern Dimension, which was commented by Dr. Z. Ozolina of the Latvian Institute of International Affairs.

Dr. Ojanen described the history, contents, and present status of the ND. According to her, the Finnish motive for initiating the ND in the EU was to further develop EU policies in the North with the view to enhancing stability in the Baltic sea region. As the initiative matured, Russia increasingly began to play a prominent role in the ND concept leading to the question of how Russia could be integrated in the region so that no new lines are drawn and economic disparities narrowed.

There are now three interpretations of the ND: 1, A scheme to attract investments and develop energy and transport resources in the region; 2. to bolster Finland's profile in the region and bring the EU and the Finnish people closer together; 3. to increase security in the region by engaging Russia, by, among other things, addressing the issue of nuclear waste.

The ND was well received by the EU, but each member state had its own national interests for doing so. Its virtues are that it is cost-effective, does not create new institutions, and relies on existing resources. On the other hand, the Vienna summit listed the issues and problems, but did not offer how and by whom they should be addressed.

Feasibility studies on energy, transportation, and investments now must be undertaken and an action plan presented at the EU summit in Helsinki in December 1999.

April 12

### The Northern Dimension

Many questions were raised about the definition and geographical limits of the ND. Is the key word in the ND Russia? Russia already has PAC, TACIS. Will the ND duplicate the EU's Russian strategy? Will the ND stretch across North Russia as far as the gas and oil resources reach? Does Russia see herself as a European state or a Euroasian state?

If the ND will involve all three regional organisations - CBSS, Barents Euro-Arctic Council, and Arctic Council - where will its center of gravity be? The ND appears to have no focus, and there is an overlap of strategies. Several sub-regions are involved, and the participating countries vary enormously in size, demography, exposure, strengths and weaknesses, military capabilities and interests. In Europe itself, will there be a conflict of interest between the North and South over the ND?

What will the administrative framework look like? At present cooperation in the EU on the ND is to take place within the framework of existing arrangements: the Partnership and Cooperation Agreement with Russia; the Association Agreements with Poland, Lithuania, Latvia and Estonia; and the European Economic Area Agreement with Norway. The question therefore is - which institution will be the overall coordinator? Does not the EU Commission need a special unit in Brussels for the ND? Who decides if one ND project is better than another? Will pre-accession funds be reduced to advance ND projects? If the ND will only be an umbrella concept, and money for projects only available from existing programmes, what is the utility of the concept? Where is the added value?

### The Northern European Initiative

The NEI arose after the finishing touches were being put to the USA-Baltic Charter (signed Jan.16. 98). It is a USA and Canadian initiative to bring together private, government and non-governmental institutions for strengthening common interests of countries bordering the Baltic sea.

Presently the NEI appears to be more focused than the ND. The stated aim of the NEI is to help the three Baltic states to join European and Atlantic institutions, integrate NW Russia with her Baltic neighbours in areas like energy, trade, transportation and investment and is centered on the Baltic sea region. The Barents and Arctic sea Councils are involved mostly in dealing with global issues such as nuclear waste and information exchange. It boosts the trans-Atlantic link as does the Baltic Charter. The USA clearly plays a role in regional cooperation in Northern Europe, it has observer status, for example, in the CBSS.

Both the ND and NEI concepts, however, are still in their development stages and many programmes and projects that would fall into both concepts are already in place, especially in sectoral industrial projects (BAL-TRING), law enforcement and crime prevention, environmental protection, and civil society development.

### Conclusions

An open approach to the ND should be adopted where the advantages for all the participating states are evident and their existing and economic resources are used rationally. Duplication of projects must be avoided. At issue is not the concept, but rather the projects! Effective networking within a common regional framework is essential to link the numerous organizations in Northern Europe and existing and planned projects together. The experience of the CBSS in bringing the Baltic sea states together must be utilized.

## Next Agenda

The NEI will be further presented by the USA in a coming meeting of the CBSS. The Vienna European Council requested that the next Council (unclear whether the Cologne or Helsinki councils) must identify the main ND guidelines that will lay the basis for an action plan. At the EU Cologne summit on June 3-5 an EU Russian strategy will be adopted where aspects of the ND may be incorporated. The final draft of ND guidelines is expected to be adopted at the Helsinki EU summit in December.

## June 11

This workshop tried to answer the questions raised at the previous workshop in April and accordingly grouped the discussion around three main issues;

1. The ND guidelines adopted at the Cologne summit;
2. The role of regional organizations;
3. The role of non-EU member participating states.

The EU Cologne summit on June 3-4 agreed on three main principles with regard to the ND, mainly, that the ND guidelines adopted at the summit form a "suitable basis for raising the EU's profile in the region;" that the ND is "conceived as a way of working with the countries of the region to increase prosperity, strengthen security and resolutely combat dangers such as environmental pollution, nuclear risks and cross-border organised crime;" and that "it is time to bring about closer involvement of the acceding countries concerned, the Russian Federation, Norway and Iceland in the process as it unfolds."

The workshop agreed that special attention should be attached to the status of EU Associated countries (Latvia, Lithuania, Estonia, Poland) providing opportunities for their equal participation in the ND. They are not con-

sumers but contributors to regional cooperation and regional EU interests. These states will become EU members and hence will participate in the shaping of future EU policy.

The Cologne summit also stated, that the "possibility of drawing up an action plan should be considered" for the ND and a decision was taken that a special inventory of existing regional projects should be established.

A clearer idea of the ND will materialise when Finland, holding the EU presidency, will convene a Ministerial Conference on the ND on 11-12 November. The workshop felt that this conference must determine the new added value of the ND initiative, otherwise otherwise it will be difficult to arrive at commonly acceptable decisions at the EU Helsinki summit in December.

The ND region has now been defined as limited to an area stretching from Iceland to Northwest Russia, including the Arctic region. However, two major regional bodies - the Council of Baltic Sea States and the Barents-Euro Council will form the two main "centers of gravity" in the ND. An inter-DG unit located in the Commission's DG1A secretariat provides the technical machinery necessary for handling matters pertaining to the ND and the EU's Russia strategy.

The concern voiced in the previous workshop that the ND would merely become an instrument for implementing the EU's Russia strategy has been allayed; the ND is briefly referred to in the strategy as one possible field of activity.

It also appears that no new institutions will be created and no new funds allocated. Existing arrangements between the EU and participating countries - the EU Associated countries, Norway, Iceland and Russia - will serve as the basis for any ND Action Plan.



Yet the question of managing the ND remains because no answer has been given as to who exactly will determine the eligibility of projects put forth under the ND label, which, as seen from the guidelines, can cover a very wide variety of activities. Should there not be a “super structure,” perhaps a rotating secretariat, or an outstanding personality as secretary general, a Mr. or Mrs. ND? Will the Commission be responsible for the ND under newly established arrangements for evaluating Phare, Tacis and Interreg applications? Can the two Baltic Sea and Barents Councils be responsible for judging ND projects and disbursing funds as proposed by some countries?

Perhaps it would be worthwhile in making an inventory of not just projects but also the very many organizations, institutions and activities occurring in the Baltic and Barents regions.

A particular challenge is Russia’s approach to regional cooperation. Russia prefers bilateral relations with third states which can be detrimental to the Baltic states and hence inhibits regional cooperation. The other challenge is Russia’s internal situation; Russia now has a virtual economy but the potential for growth is great if Russia is able to carry out the necessary reforms. The prospects for the Baltic Sea Region to compete on the global market depends to a large degree on stability in Russia and on her integration into regional cooperation. On-going regional development projects can be threatened by instability in Russia as the Nikitin affair and the decommissioning of nuclear submarines in Murmansk shows. Russian Federal Customs Service can arbitrarily halt any local cross border initiative compounding the fragility of trying to integrate Russia into regional cooperation. The rise of a civil society in Russia is a prerequisite for successful cooperation.

The ND overlaps with the North European Initiative (NEI) initiated by the USA: The latter has three main goals: Help the Baltic states become the best

candidates for participation in European and Atlantic institutions; promote cooperation and integration between Northwest Russia and its Baltic Sea neighbors; and work with the Nordic states, Russia, Poland, Germany, and the EU to achieve these goals. Moreover, the added value of the U.S. involvement in the ND could be twofold, i.e. the effective management of global issues and encouraging participation of international private and financial institutions. The question remains: How can the ND and NEI be conceptually and practically linked to achieve added value? Shouldn’t the ND become a part of the Transatlantic dialogue?

The workshop decided that the “Southern Dimension” of the EU (the Barcelona process, launched in 1994) must also be examined at the next workshop especially because an EU Mediterranean strategy will be discussed during the Portuguese presidency next spring where the role of the USA, which has already a Southern European Initiative, will be defined in the strategy.

#### October 15

This workshop summarized the development of the ND before the convening of the international conference on the ND in Helsinki on November 11-12. For the first time ND partner countries of the region, Estonia, Latvia, Lithuanian, Iceland, Norway, Poland and the Russia will participate together with EU member states in determining the future of the ND.

The three main topics at the Helsinki conference are:  
 Promoting stability through economic integration;  
 Addressing trans-border challenges of European significance;  
 Outlining perspectives for regional co-operation.

## *Summary*

However, the optimism of Finland that an Action Plan could be adopted already at the EU Helsinki summit on the December 10-11 was premature: EU policy making in major initiatives have a long maturing process of up to 7 to 8 years. It cannot be certain either that the Action Plan can be drawn up during the Portuguese presidency in the first half of 2000, or under France's presidency in the second half of next year. It can be fairly certain, however, that Sweden will reinvigorate the ND process when she assumes the EU presidency in the first half of 2001.

Much has been done since the EU Commission adopted an interim report on the ND in November 1998. What has not been done and needs to be addressed is the following:

1. Establishing an effective network between all institutions in the ND region;
2. Agreement on whether the existing regional framework is to be used for implementing the ND;
3. Designation of the Commission's role in exploring the potential of the ND;
4. Development of EU international policies to include the trans-Atlantic dialogue (NEI with regard to the ND);
5. Clarification whether the ND is a leading instrument for development or one of several possible instruments;
6. Resolution of issue of equal treatment and equal involvement of all partner states;
7. Understanding that the ND is an initiative that is important for many states, not just Finland.