Yearbook 2009

Estonian Foreign Policy

Yearbook 2009

editor Andres Kasekamp

Cover design: Kalle Müller (Momo)

ISSN 1736–4175
Tallinn, 2009
www.evi.ee

Trükikoda OÜ Greif

Table of Contents

The small states of Europe and large whirlpools: The implications of a multi-polar world

György Schöpflin

The whirlpool

The world has begun to change very radically and very rapidly. The kind of change that is most destabilising for the international system is one that involves unexpected random events that have as their consequence major shifts in power. Taleb may primarily have had economic events in mind in his Black Swan theory (Taleb 2005), but it is just as applicable to politics and international affairs. And it is a part of the character of Black Swan events that they are not foreseen, or when foreseen, that perception is ignored, and that they impact in unpredictable ways on the existing order.

Thus many, if not all, of the assessments of the 2008 world economic crisis appear to have started from the assumption that the status quo ante can be more or less restored. The resumption of enormous bonuses once again being paid to bankers is a good illustration. In the field of international relations, on the other hand, the key outcome of the crisis is the end of the United States's 20 year reign as hyperpower, as the world hegemon. (Haass 2008)

During this period, the US oversaw and sought to enforce a particular vision of the world order, based on stability, steady economic growth and the imperceptible adaptation to American modes by the rest of the world. Indirectly, or sometimes distinctly more directly, there was the threat or reality of military power.

This kind of thinking, conscious and unconscious, underlay the Washington consensus. It was a hitherto unknown form of imperial power, where the imperial centre pursued the capacity to tell imperial subjects what to do, how to do it, but without direct control of territory. It has been dubbed "empire lite" (Ignatieff 2003).

What the empire lite concept ignored, however, was that an empire – lite or otherwise – must give its subjects something in return. Historically, this was stability, the possibility of some upward social mobility within the imperial institutional order and a certain sense of cultural attractiveness. Empire lite lacked these attributes and, indeed, as the model began more and more to rely on brute force (military bases, coercion, torture), its cultural attractiveness plummeted. Furthermore, by 1989-2009, the purported imperial subjects had power political and cultural aspirations of their own, something that the protagonists of the Washington consensus never understood very well. When they encountered these different cultural norms, they read them as deviant by their criteria, which is what they were. Multi-culturalism has its limits.

Two decades of hegemony

This hegemony lasted about two decades and was far from complete. Indeed, it produced a devastating and certainly unintended consequence. The assumption underlying the enormous expansion of economic activity – a key area of globalisation – was that prosperity made people peaceful, by giving them something to lose presumably, and that this would eventually lead them to move towards democracy. In many ways, the equation was too simple and too culture bound, building too much on a rather reductionist assessment of the US and European experience. It crucially ignored the need for the political will to move towards a liberal view of the world and was functionalist in supposing a more or less linear, automatic process from well-being to stability.

The unexpected development was that the newly prosperous states began to spend their money on amassing military and thereby political power. China is the most obvious case, but

there are many others, like, say, Venezuela and Azerbaijan. Hence the great irony of the two decades of US hegemony was that it ended up generating more instability than before. An important dimension of this instability was that during the two decades of US hegemony, there were no serious alternatives to democracy, authoritarianism was an inconceivable model to adopt, which helps to explain Belarus's isolation, but with the end of the exemplary quality of the US's message, authoritarians – often buoyed up by resource windfalls – have been giving each other comfort and safety. Chavez's Venezuela is only the most visible instance. Neither China nor Russia has any commitment to Western-style democracy, but is content with its own conceptions of power.

Some further factors contributed to this. The end of bipolarity with the collapse of communism and the disintegration of the Soviet Union were to some extent misread. It was too easily interpreted as the arrival of a long-term unipolarity ("the end of history" argument), and overvalued the role of the West in bringing about the collapse – the domestic factors that were a part of the necessary conditionality were ignored. From this (mis)interpretation an ideologically driven belief system arose, to the effect that converting states to democracy was relatively straightforward and would be easier, given hegemony (Gray 2007). This gravely underestimated the problems involved, but that did not stop the US, most obviously under the eight years of the Bush presidency, from ignoring the evidence. But then, of course, that is what ideological thinking is all about, disregarding evidence that is in conflict with the imperatives of the ideology – see the USSR, passim (Arendt 1958).

Perhaps nothing did as much damage to the argument that democracy generates stability, predictability and prosperity – all particularly attractive to small states – than the attempt to establish democracy by force, illegality, torture, military action and the general perceived and real abuses of power by the US. From the theoretical standpoint, the idea that democracy can be imposed on another society by coercive means is a wholesale absurdity anyway, quite apart from the self-deceptions of a universalism that assumes that all countries are like us (or like the US), which massively underrates the significance of cultural difference.

The behaviour of the US as hegemon, therefore, was directly

counterproductive to the objective of establishing democracy and stability. Playing ducks and drakes with the structural foundations of democracy and the rule of law (Guantánamo, Abu Ghraib, renditions, creating facts on the ground) had the further unintended consequence of eroding the democratic credentials of the US and by extension of the West, by the application of the consistency principle. There is nothing like inconsistency to erode the prestige and normative power of a strong state in the eyes of the weaker actors. Inconsistency gives rise to fear, because if coercive power can be deployed opportunistically in one situation, it can be used in others, against the weaker actors included.

Furthermore, there is the setting of a bad example to be considered. While the hegemon has dominance, it can ignore the demonstration effect of its own behaviour, but as soon as it starts to weaken, others will cite its bad behaviour as a precedent and will integrate it into their own model of permitted international action. This has clearly happened with Russia and China, both of which can readily rely on US precedents to legitimate their own activities – invading Georgia, at the periphery of US power and thus correctly interpreted as a weak link, was seen as legitimate by Russia in the light of US action in Afghanistan and Iraq. China for its part has taken a softer, but equally effective line in constructing trading bases in Sri Lanka and Pakistan, as well its presence in Africa, to extend its power globally. In the latter case, what is fascinating is that traditionally China followed a strategy of non-interference beyond its own relatively narrowly defined sphere of influence, not extending beyond east Asia, but this is now changed.

Finally in this part of the analysis, there are the effects of the US's strategy towards Europe to be considered. From 1945 onwards, the US gave unstinting support to European integration; this was probably a necessary condition, though not sufficient, to explain the success of Europe's model function of peace and democratic stability. All this changed utterly under Bush. The significance of what the US did deserves major emphasis, precisely because it constituted enantiodromia, a 180 degree turn – instead of support for European unity, the US recognised that Europe of the European Union was fragile in political terms, though less so economically (e.g. the action against Microsoft). Building on this, US policy successfully divided Europe over the invasion of Iraq

("old Europe" v. "new Europe"). In many ways, in its political dimension Europe has not recovered from this gambit. Let it be added that Europe's divisibility had its internal factors as well, it would not have arisen had there not been internal processes of disunity which could be used in this way.

Europe's disunity

The serious, and certainly unintended consequence of this US move was that it made Europe's political disunity visible to others, first and foremost to Russia, which had its own reasons for detesting the EU. Russia regarded the EU as responsible for the collapse of the Soviet Union (another example of bad analysis, by the way, with evident ideological qualities) and, therefore, opted to build on these divisions. Here again, internal factors helped, like the rise of the national element in member state identity. It was noteworthy that it was more or less at this time, the early years of the 21st century, that the word "nation" came to supplant "state', as if they were one and the same thing. They are not.

Broadly, then, the end of the role of the US as hegemon left behind a mess in which stability and democracy were not only weaker than before, but – in the light of the collapse of market fundamentalism and the corresponding erosion of US power – came increasingly to be seen not as a universal model to be emulated, but as something specifically Western and inappropriate for the non-West. For the first time in centuries, the West was no longer pre-eminent in the world and it would have to face constant challenges to its political power, its economic interests and, perhaps most difficult, its deeply ingrained belief that it could dictate the moral agenda to the rest of the world (democracy, human rights, feminism etc.)

The position of small states, the smaller states of Europe, in this whirlpool, therefore, was beset with new challenges many of which could barely be identified and which would impact on them disproportionately given the weakening of stabilising structures that Europe had constructed after 1945 and by the rise of non-European actors that had precious little regard for small states anyway (Russia above all).

If we are prepared to recognise the end of unipolarity as a major caesura not only for the US, but even more so for the smaller, and thus weaker, European state actors, then the disproportionality in their load-bearing capacity becomes evident. The larger states of the West were and are better able to absorb the shocks of the diverse crises that have impacted and will go on impacting on them. Latvia and Iceland illustrate this process well. They are both victims partly of their own profligacy, but equally they were caught up in the snare of the Washington consensus, that the market would sort itself out by returning to equilibrium state (Ormerod, 2005). The outcome for both has been nothing short of disastrous and the larger states cannot wholly save them; in the case of Iceland, the UK and the Netherlands are placing their own interests, and those of their citizens, above any solidarity with Iceland. The future for these two states remains bleak.

Not that there is much difference when it comes to politics. If we accept that the stability of the world system was based on an implied equilibrium composed of the belief that states were rational actors (rationality as defined by the US), that their aims were largely similar and that the US as world hegemon could play the stabilising role when and where this was needed, then it becomes clear that the entire system has begun to unravel.

Fragile systems

Looked at from the perspective of systems theory (Urry, 2003), we can see that every institution is looking to create systems that will withstand shocks and to make provision for the unexpected event. What we now have currently is a situation in which systems – states functioning as systems of power – are exposed to rapid economic change and technological shifts, as well as to random events, which may suddenly and unpredictably give a new and potentially inexperienced state actor the power to affect the rest of the system. Complexity theory tells us two things – one is that under globalisation, actions in one part of the world can have major effects on another without the line of causation being in any way evident and that small causes can have disproportionate outcomes. The well-established, indeed deeply internalised

European preference for linear thinking (Fokasz, 2003) makes the diagnostics of these processes that much more difficult.

Thus reflecting on the destruction of the World Trade Center and trying to do so in a long term historical perspective, it is hard to avoid the conclusion that a relatively restricted – though very spectacular – event had a far from predictable set of outcomes. Thus neither the invasion of Afghanistan, nor the War on Terror, nor the invasion of Iraq were necessary and pre-determined outcomes of the event, other outcomes could easily be postulated. So, for example, instead of identifying an abstract and impersonal entity named "Terror", on which war could be declared, the US could have responded by seeing the attack as a criminal act and pursuing the perpetrators by judicial means. The medium term outcome would certainly have been different and, with the obvious benefit of hindsight, might well have served the goals of democratic stabilisation more effectively.

If the world hegemon could be so radically thrown off course by an event like the destruction of the Twin Towers, then how much more vulnerable have smaller state actors become? The prospect is less than enthralling, as smaller states are significantly more vulnerable to the unexpected shocks that are very likely to arise in a random fashion and from unpredictable directions. The linearity that held much of the world in a kind of stability – originally guaranteed by Europe, latterly by the US – is under pressure and it is hard to see how a small state actor can prepare itself, especially when the instinct to repair the defences of the nation state eroded by globalisation is making headway.

Basically, the answer is about adaptation, about constructing one's systems in a relatively loose fashion so that it can absorb shocks more readily, about higher levels of preparedness by the political elite and optimal levels of openness towards society. The lesson is in many respects a harsh one. The kind of stability that existed in the past or is at any rate thought to have existed, will not return. If states wish to retain their capacity for dealing with change, elites will have to adapt and ensure that societies are ready to respond.

Small state perspectives

Crucially, and this is something that larger state actors find extremely difficult to understand, small states have much less leeway for getting things wrong. Their margin of error is smaller precisely because they necessarily have less power, therefore have a lower capacity for correcting errors, even when they construct their institutional order in a fairly loose way, relying on transparency, accountability and responsiveness towards society.

The classic recent illustration of how a small state can badly misread both its own capacity and equally what the European environment will tolerate is that of Serbia under Milošević. In sum, Milošević pursued a two-track strategy, that of seceding from Jugoslavia and of taking all Serbian lands with him in order to create a new-old Greater Serbia. The first of these objectives won reluctant acquiescence from the wider world, not least because it was clear that by 1991 Jugoslavia was a state that only a minority of its citizens wanted, but the time when the construction of an ethnic Serbian state would be countenanced had gone, although no one had ever actually made this clear beforehand. Besides, the Serbs had the argument of German reunification as a precedent that they could cite, except that it was de facto and de jure declared not to be a precedent. The medium term outcome was a disaster for Serbia. It was reduced to its 1910 borders plus Vojvodina, it became an international pariah, it was and remains suspect over the war crimes that were committed in its name and its population remains traumatised by the fall-out from the wars of Jugoslav succession.

Furthermore, small states are necessarily somewhat marginal in Europe – politically and economically certainly so, but sometimes geographically also. Thus they are qualitatively different from larger states, because they cannot by definition condense their cultural norms to the same extent and intensity as larger states, given that their starting position is weaker, with fewer resources. On the other hand, their perception of the entirety of Europe is potentially superior to that of the larger states – the outsider's view is the most effective, but a marginal insider is almost as good in this respect. This capacity to see what Europe is and could be should give the small states a stronger voice in defining the European interest.

These two factors – the reduced margin of error and the better capacity to identify the wider all-European interest should be regarded as the key contribution that small states can offer Europe. At the same time, this also places a certain responsibility on small states, if this contribution is to be taken seriously. They should recognise that clarity in respect of a European interest is equally a part of their state interest and that when advocating policies, they should integrate the two. Above all, this will require a reformulation of the concept of national interest and avoiding the nation-centred role models that the larger EU states appear to be pursuing. New thinking should also focus on the global challenges to which they are more exposed and vulnerable, meaning that they should be agile in identifying the impact of new processes and be ready to act as interpreters of the new. Whether they are prepared for this role also depends on the effectiveness of their democratic and intellectual capital.

Relaunching EU integration

For all practical purposes the state of affairs sketched in this analysis should impel the small states of the EU to push for a relaunching of an integrative strategy, one appropriate to the early years of the 21st Century. Necessarily this means understanding that the EU is already a site of autonomous power, with its own inherent norms, discourses and processes, but a power that is not only inadequately legitimated, but is not at all well understood. The smaller states, both on their own and in regional or Europe-wide association, should push for this wider agenda.

Within the EU, small states should insist not only on parity of esteem, but also on the equality of interests within the EU, indeed that as an aspect of EU solidarity, large states should protect the interests of the small states, as a part of the EU interest; hence the importance of recognising the EU as a site of autonomous power. Thus small state security is essential to European stability, not just because it might have a nuisance value, but because it can become a source of major conflict (e.g. Sarajevo 1914); recognition of this means accepting that the European interest, while obviously reflecting the perspective of the large

states, must also integrate those of the small, lest they become a source of instability.

Hence there is a need to return to the goals of the early years of the integration process. The motor that originally drove this process was the imperative of peace, stability and democracy, but there were two other, less readily recognised factors. One of these, more implicit than explicit, was the notion that interwar instability was in part generated by the constant interference in the internal affairs of smaller states by the Great Powers of the time – Munich was only the most obvious instance. In the post-war dispensation, the founding fathers intuitively noted this and introduced the proposition that all member states should enjoy parity of esteem in the Union. This meant that intervention in the affairs of small states should take place, if at all, only through formally recognised instruments and in areas sanctioned by the consensus that the EU had brought into being. True, this proposition was seriously breached by the 2000 Austrian boycott, but on the whole the proposition has been respected.

The other innovation, again more implicit than explicit, was that the transformation of the entire population of Europe from pre-modern or semi-modern status to citizenship was an all-European interest, in that it secured democracy and stability throughout the area. The transfers to the agricultural sector and the opening of the frontiers to migrant labour were the concrete expressions of this strategy. France and Italy were both significant beneficiaries of this strategy and this ensured that in both countries the surplus rural population was transformed into modern status relatively painlessly, with the trauma of the shift being minimised, quite unlike the travails undergone by the communist states at more or less the same time (1950-1970).

The need today is to find the means to create the link that would allow the great bulk of Europeans to accept that their political identity is that of the member state in which they live, but is simultaneously tied to Europe. This will be no easy task, but without this shift, the EU will continue to suffer a legitimacy deficit, in that its autonomous power will never be fully acceptable to the citizens and the identification by the population with the EU's institutional order will be weak. Thus the consolidation of

the EU in this direction appears to be a vital step in the changed global context, that of the whirlpool.

The various EU exchange programmes like Erasmus and Socrates are a step in the right direction, but affect only a relatively small number of persons and, for that matter, are difficult and time-consuming to use, above all for small projects. What is needed is a much wider strategy of cultural transfers, including targeting the electronic media at the popular level. Still, the argument for intensifying intra-European knowledge has to have political and cultural leadership from the elites of the member states. If one thing is clear from the history of European integration it is that the political will to achieve an objective is a necessary condition of success and that political will has to reside in the member states, not in Brussels.

Here again, the small states are better placed to move in this direction, precisely because of their vulnerability and their size. Smaller institutions, states included, generally find it easier to close the gap between power and the individual – if nothing else fewer institutional levels are needed and the institutional norms can more readily avoid the fossilisation that are the hallmarks of large bodies. But note that there is nothing automatic about this, the political will to ensure that bureaucratisation is avoided is as important as in large states – it is just that the obstacles are potentially easier to overcome.

European cultural intimacy

What follows from the foregoing is that parity of esteem must be more than a formula, it must be given content at the European level. This implies something significantly more far-reaching than the legal and procedural dimension, it means that the member states of the EU, their societies included, must engage with one another. To an extent this is already happening politically, but crucially it must be extended to culture. In other words, intercultural dialogue should not be restricted to European exchanges with non-Europe or to the complex of relations between majorities and immigrant cultures, but above all it should be extended to embrace engagement between majorities.

The scope is vast and too little has been done in this regard in the last few decades, unlike the early years when Franco-German connections were actively cultivated in both directions. This produced a mutual familiarity, which is the necessary foundation for wider stability and further integration. This dimension of European integration has been largely lost. It has certainly not been extended to the 2004 member states, whether amongst themselves or with the older member states. Indeed, if anything the gap is dangerously wide. Had there existed a stronger cultural intimacy, the attempts of the anti-integrationists in France to threaten French society with the demonic figure of the Polish plumber during the referendum campaign on the Constitutional Treaty would not have resonated.

Intra-European labour migration, primarily affecting the UK and Ireland, has produced contradictory shifts in attitudes both within the majority populations and the migrants themselves. The experience of the bulk of the migrants is that they are accepted with indifference, which is not at all the same thing as tolerance, and this acceptance does not extend to interest in the migrants' cultures. Thus acceptance has its limits. As long as the migrants make it clear that their presence is temporary, they are accepted, but if there is any hint that their stay in the UK is long term, this acceptance tends to evaporate; there are certainly reports of occasional friction at the street level. By and large, it is hard to see this wave of economy-induced labour mobilisation bringing either side closer to an active interest in the other's culture, though the migrants acquire more knowledge of the host perforce. The conclusion to be drawn from this is that the construction of cultural intimacy has to have stronger elite commitment than exists at the moment and an understanding of why it is important for all concerned.

Indeed, to anyone with any sense of the integration process in Europe, what is deeply worrying is the rise of intra-European xenophobia, which reaches far higher levels than with respect to non-European immigrants (the current de facto cold war between Slovakia and Hungary is an extreme instance of this). And that may well be a significant part of the explanation. The large states of Europe have spent the last three or four decades developing skills in integrating Third World migrants and, coping with a full agenda, have paid next to no attention to the intra-European di-

mension of cultural intimacy. Basically, for this proposition to take off, there must be a preparedness to pay closer attention to other European cultures than to those imported from non-Europe. This is not to be read, by the way, as a call for a complete import stop, which is in any case impossible under globalisation, but for a reordering of priorities. The current is flowing in the opposite direction at the moment and the time to look at the consequences of intra-European ignorance and disengagement is definitely here.

In sum, Europe must recognise that cultural security is as much as necessary part of integration, an integration made all the more urgent by the whirlpool, as the economic activities that constituted the base-line for integration. Currently, in the context of globalisation, every European cultural collectivity is exposed to shock effects that can potentially destabilise them or at any rate induce them to strengthen their boundary mechanisms against arrivals from the outer world. Protecting one's own culture is an understandable consequence of these processes, but in the European context it can come up against a complex paradox.

The deeply entrenched assumption of a European universalism, one that screens out its own contingency, asserts that Europe must remain open to the world, but – this is the paradox – it excludes Europe itself from this demand for openness. While imports from non-Europe are halfway to having been sacralised, for it is certainly difficult to get a hearing for the contrary case, which is dismissed as "reactionary" if not actually "xenophobic", this decidedly excludes the other cultures of Europe, notably the smaller ones, although the beneficial effects of cultural imports from Europe cannot be less than those from non-Europe. All this puts the smaller cultural collectivities of Europe in contradictory position, in that their cultures do not receive the same parity of esteem that they should, given the notional equality of all within the EU. It is this phenomenon that explains the cultural insecurity that haunts the smaller cultures, an insecurity that finds articulation in indeterminacy, self-pity, a sense that the real world is elsewhere and, ultimately, of being marginal to Europe. As argued in the foregoing, this is not helpful to European integration.

Finally, there is an argument to be enlarged here about inconsistency. Perfect consistency is, of course, unattainable and is probably dystopic as resulting in a form of eternal return and

complete statis (Kundera 1984). Nevertheless, there are tolerable and less than tolerable degrees of inconsistency. Within the latter category comes the kind of activity and justification thereof which starts out from, say, pursuing a large state interest, while denying the same to a small state. Or when the EU declares a particular principle as being binding, but then ignores it (cf. Serbia above). Equally, not fulfilling obligations can fall into the same category, especially if this is then legitimated by reference to pragmatism. It is impossible to define where pragmatism ends and unprincipled opportunism begins, but there should certainly be no place for it in a community that respects both the collective European interest and that of all its component parts. Ignoring this value of consistency leads precisely to that cultural insecurity that European integration was launched to prevent. And in the new context of the whirlpool in which the smaller states of Europe now find themselves, that insecurity can only end up damaging the interests of all the states of Europe, large as well as small.

References

Arendt, Hannah (1958), *The Origins of Totalitarianism* (London: Allen and Unwin).

Fokasz, Nikosz (2003), *Káosz és nemlineáris dinamika a társadalomtudmányokban*, (Budapest: Typotek kiadó).

Gray, John (2007), *Black Mass: Apocalyptic Religion and the Death of Utopia* (London: Penguin).

Haass, Richard N. (2008), "The Age of Nonpolarity**:** What Will Follow U.S. Dominance", *Foreign Affairs*, May/June 2008.

Ignatieff, Michael (2003), *Empire Lite: Nation Building in Bosnia, Kosovo, Afghanistan* (London: Penguin).

Kundera, Milan (1984), *The Unbearable Lightness of Being* (London: Faber).

Ormerod, Paul (2005), *Why most things fail: Evolution, Extinction, Economics* (London: Faber).

Taleb, Nassim Nicholas (2007), *The Black Swan: the Impact of the Highly Improbable* (London, Penguin).

Urry, John (2003), *Global Complexity* (Cambridge: Polity).

Transatlantic relations and the wider Europe anno 2009

Fabrizio Tassinari

For the best part of the present decade, European and American foreign-policy makers have not been seeing eye to eye on many of the major strategic challenges arising from the wider European continent. Turkey's bid to membership in the European Union (EU) has been all but frozen, but Washington's longstanding support for it continues to represent a source of irritation in European capitals. The United States and the EU quietly diverge on the place that former-Soviet republics such as Ukraine are to occupy in the Euro-Atlantic institutional setting. As the brief Georgia-Russian war of August 2008 painfully demonstrated, the two sides have yet to come to grips with Moscow's increasingly assertive posture. Even the basic transatlantic consensus on the Balkans has produced only mixed results with respect to the enduring hurdles confronting the region—from Kosovo to Bosnia.

The fallout of the Iraq invasion, the Bush administration's "war on terror" and the EU's perennially inward-looking mood have all been routinely listed as the culprits of this poor transatlantic agenda.[1] Less controversially, one could cite the growing number of items crowding the foreign policy agenda of the United States—from Iran's nuclear ambitions and climate change, to Afghanistan and China's rise—vis-a-vis Europe's overall stability

[1] Jürgen Habermas and Jacques Derrida have arguably provided the most illustrious European view on this point. See their: "February 15, or, What Binds Europeans Together: A Plea for a Common Foreign Policy Beginning in the Core of Europe," in *Old Europe, New Europe, Core Europe: Transatlantic Relations after the Iraq War,* ed. Daniel Levy, Max Pensky, John Torpey (London: Verso, 2005).

and the EU's stated ambition to gradually take upon itself foreign policy responsibilities.

Either way, the present state of affairs reflects a drastic departure from the West's historic mission of extending peace, freedom and prosperity to the European continent. In the 1990s, the strategic outlooks of the United States and of its European counterparts on European security were largely complementary. Washington's foreign policy mantra was that of a Europe 'whole and free'[2] where the dividing lines inherited from the Cold War were to dissolve through the gradual inclusion of Central Europe in the Euro-Atlantic family of nations. Meanwhile, Europeans focused on the EU enlargement strategy, which ensured that progress of the former Communist countries would be monitored and benchmarked, in order to attain the ultimate goal of their full integration into the EU. The 2004 expansion of the EU and NATO were mutually reinforcing in guiding the tranformation of Central Europe and the reunification of Europe.

In most European quarters, the election of Barack Obama has raised hopes that Europeans and Americans can at long last pick it up from there. European leaders fell over each other to congratulate the new President on his election and have expressed confidence in their ability to rejoin forces to tackle the great challenges of our time. The European peoples seem to agree with them—as the 200,000 Berliners that gathered in Tietgarten in July 2008 to meet then-Presidential candidate Obama powerfully demonstrated. What is more, challenges arising from the wider European periphery arguably occupy the lion's share of the Obama administration's European schedule. As one observer has put it: "in rough order of priority, the US's Europe agenda goes like this: 1. Russia [...] 2. Turkey – bind it to the western alliance; try to sort our relations with Armenia, Azerbaijan etc. 3. The Balkans – stop them imploding again."[3]

The Bush era hiatus had conveniently overshadowed a number of fundamental strategic differences, actual policy inconsisten-

[2] This phrase has been used by senior members of all U.S. administrations since the end of the Cold War. The strongest statement arguably remains that of President George H. Bush "A Europe Whole and Free" in Mainz (West Germany) on 31 May 1989, retrievable at http://usa.usembassy.de/etexts/ga6-890531.htm

[3] Gideon Rachman, "Obama's Agenda", *Financial Times,* 9 June 2009.

cies, and serious implementation deficits across the Atlantic. The more Europeans and Americans place their bitter divisions behind them, the more they will realize the scale of the challenge awaiting them. At the same time, goodwill will no doubt help the two sides to address the substance of their respective approaches more candidly. Notwithstanding the disagreements that have characterized the recent years, there are ample margins of transatlantic rapprochement in the wider Europe under the presidency of Barack Obama.

A tale of two Europes

For a time during Bush's first term, the transatlantic debate was a dialogue between the deaf. The overwhelming military might displayed in the aftermath of 9/11 left European governments powerless in the face of Washington's choices. For their part, Europeans floundered in their endless quarrels about the merits of multilateralism. Hard power and soft power, Mars and Venus, power and paradise became the bestselling vocabulary depicting this division.[4] As the drama of post-war Iraq later unfolded, and Europe's *Schadenfreude* punctually surfaced, the worldviews of Europeans and Americans appeared to be drifting apart irreparably.

In retrospect, it seems particularly unfortunate that the bleakest phase of the 'war on terror' happened to coincide with the peak of self-congratulatory arrogance that some Europeans displayed in conjunction with the EU's Eastern enlargement. For one, foreign policy orientations within Europe and the US have never been as monolithic as the post-Iraq divisions would suggest. Not all Europeans are incorrigible pacifists, and worldviews across the political spectrum in the United States can be just as diverse.

Moreover, says the hard-core Atlanticist, the West is joined by a bond that is more resilient than a particular American administration or a touchy European government would have it. That already in the 1950s, the North-Atlantic area was envisaged

[4] These positions have been put forward most explicitly Robert Kagan's seminal, *Of Paradise and Power: America and Europe in the New World Order* (London: Atlantic Books, 2003).

as a space united by integration, sense of community, and joint expectations of peaceful change[5] is not merely be a sign of token Kantian idealism. It testifies to the strength of the societal, political, economic, and even moral ties across the Atlantic.

One of the most powerful symbols of this bond is what historian Timothy Garton Ash calls the *other* "9/11—European style, with the day before the month"—the fall of the Berlin Wall on November 9, 1989.[6] A democratic and integrated Europe constituted a paramount strategic guideline of the United States throughout the 1990s. This ambition was nurtured by massive political and diplomatic support to Central and Eastern Europe. Economic aid and technical expertise accompanied the transformation of post-Communist economies. It all made a perfect match with the EU enlargement process, which turned out to be mutually reinforcing to the NATO expansion in accompanying the transiton of the former-Soviet satellites.

This momentous development, however, has partly overshadowed a less perceptible and just as important shift in the strategic outlooks within Europe and in Washington concerning the wider European constellation. The Atlantic discord in this sphere has rarely made the headlines. The subject is too nebulous to even make it to the bilateral agenda of American and European leaders. But it is much more deep-rooted and bipartisan than any of the Iraq-related squabbles.

The European vision has become one in which security and integration in Europe are dealt with in an increasingly differentiated and graduated way. The successful policy of the EU enlargement, which has engaged by promising them membership into the Union, is giving way to an approach where partner countries are dealt with on a case-by-case basis and, in most cases, without the offer of a membership perspective.

To be sure, the EU's enlargement policy still applies in the Western Balkans countries and Turkey. But for a growing number of Western European policy-makers and observers, the enlarge-

[5] This is what political scientist Karl W. Deutsch called "security community" in his seminal *Political Community and the North Atlantic Area* (Princeton, NJ: Princeton University Press, 1957).

[6] Timothy Garton Ash, *Free World: Why a Crisis of the West Reveals the Opportunity of Our Time* (London: Penguin, 2004).

ment policy is becoming unsustainable, out of both contingent and structural reasons. The contingent reason is that the latest wave of EU enlargement towards Central Europe (which included Bulgaria and Romania in January 2007) has been coupled in the domestic discourse of several EU Member States with sluggish economic growth, high unemployment rates and repeated episodes of urban violence involving immigrants. Citizens in Western Europe have become warier about the prospect of closer ties with poorer, less developed and culturally different countries. Pro-enlargement leaders have found it harder to sell further EU expansion as a result, and the slow pace of the EU accession negotiations with Turkey provides compelling evidence of it. The structural reason is that the enlargement process has been based on the premise that the EU induces overarching political and economic reforms in its neighbouring countries by holding out the prospect of their eventual membership in the EU. But that cannot be the only effective approach Europe has towards its neighbourhood, quite simply because the EU cannot expand indefinitely. Hence the need for an alternative, which since 2005 the EU has called European Neighbourhood Policy (ENP).

Under the ENP, which covers the westernmost former Soviet countries and those in the Mediterranean basin, the EU aims to establish the closest possible institutional bond short of full EU membership. Neighbouring countries are encouraged to align their political and economic standards to those prescribed by Brussels in exchange for more substantial economic aid and deeper integration of their markets into the EU. As enticing as this deal may seem, the ENP has been criticised for its lack of sufficient incentives. That, coupled with the introspection hovering above the EU institutions, explains the ENP's perceived underperformance, and the recent inception of correctives in the form of the Eastern Partnership, covering the Westermost former-Soviet states and the Union for the Mediterranean, targeting North African and some Middle Eastern states.[7]

Further to this graduated logic of integration are relations between the EU and Russia. The EU has long wished to see Russia

[7] For a succinct overview of the flaws of the ENP see Karen Smith, "The Outsiders: the European Neighbourhood Policy" *International Affairs*, vol. 81 (July 2005).

develop its political norms and values towards European standards. This was the inspiration behind the 1997 Partnership and Cooperation Agreement that binds the EU and Russia and, for Brussels, would be the basis of the 'strategic partnership', that Europe and Russia have started to negotiate. However, emboldened by its energy riches and by Europe's dependence on them, Moscow has acquired an increasingly confrontational posture, which arguably crossed the Rubicon during the military response towards Georgia in August 2008. Europe's perennial divisions on Russia provide a textbook case to the EU's often impalpable foreign and security policy.

The United States, in contrast, holds on to a more definite, almost binary approach on European security. Washington has regarded the enlargement of NATO and the EU as the primary means to make the post-Cold war vision of a Europe whole and free a reality. At the same time, the story of the American approach on Europe has consistently been one where the EU and NATO are meant to play different roles. EU integration is seen as a grand economic project which has provided the tools to stabilize the Continent and to make it prosper, while NATO is entrusted with the task of ensuring security.

The U.S. foreign-policy establishment, in turn, has tended to underestimate the geo-political implications of EU integration.[8] It does recognise the soft power of 'Europeanisation' in the absorptive—almost inertial—sense of the word. But it has downplayed the strategic implications of the widening of the EU and has had reservations to look at the EU initiatives as a form of genuine foreign policy. As a result, where the prospect of further EU and NATO enlargement is in the cards—as in the cases of the Western Balkans and Turkey—the U.S. has regarded Euro-Atlantic integration as an effective instrument to further its strategic goals in the region. President Obama's visit to Ankara in April 2009 and Vice-President Joe Biden's tour of the Balkans in May 2009 have both reaffirmed Washington's trust in, and support for, the EU integration process.

In the absence of such perspective, U.S. policy tends to exit the sphere of Euro-Atlantic coordination and is more boldly de-

[8] Charles A. Kupchan, *The End of the American Era: U.S. Foreign Policy and the Geopolitics of the Twenty-first Century* (New York: Vintage Books, 2002), p. 132.

fined bilaterally with individual countries. President Bush's support for Ukraine and Georgia's prospective integration in NATO has been sensibly downplayed by the Obama administration; yet the positions of both administrations have steered clear from referring to, let alone coordinating with, the EU policy in the region. Similarly, the much publicized "reset button" presented by Secretary of State Hillary Clinton to her Russian counterpart in March 2009 is meant to signal a break with the acrimonies that characterised the later years of the Bush period. Also in this case, however, U.S. policy remains largely uncoordinated with the EU's convoluted Russia policy.

Stylized as it may be, this depiction elicits a number of considerations. A European observer could indeed retort that the United States can afford a clearer posture on the trouble spots in the wider Europe, because it is not faced in this region with excruciating challenges such as immigration or illegal smuggling. A more fitting comparison would be the relations between the US and some Latin American countries. As Chris Patten, a former EU Commissioner for External Relations succintly put it: "for America these countries comprise an immensely important relationship. For Europe, it is rather different. These are our next door neighbours."[9] A strategist could point out that U.S. policy in areas such as the Eastern Europe is driven by balance of power and spheres of influence-type of consideration, rather than the inclusiveness and gradualism that is supposed to inspire the European policy-maker. Not incidentally, Russia regards the United States and NATO—not the EU—as its principal competitor on the European continent. A political theorist could further note that the American skepticism concerning the European approach dates all the way back to the question of sovereignty. The underlying assumption of the EU enlargement is that in order for the policy to work, a partner country agrees to delegate some of its powers to Brussels. For someone regarding sovereignty as an inviolable prerogative of the state, the question is to what extent a country can accept to give up part of its independence; or worse, believe that delegating power provides a solution to the challenges it faces.

---

[9] Christopher Patten: *Not Quite the Diplomat: Home Truths About World Affairs*, (London: Allen Lane, 2005), p. 178.

These objections corroborate the argument that the 2004 enlargement has determined an unexpected impasse on Europe at the transatlantic level. Europeans and Americans agree about much more than they disagree in terms of values, priorities and the means employed to attain them in the wider Europe. This area should represent the next frontier in the quest for a Europe whole and free. In reality, however, it has turned into a symbolic frontline. Here, Americans and Europeans display competing approaches to power and project influence differently. They perceive security challenges differently, and confront somewhat incompatible understandings on the figure of Europe. Nowhere is this more apparent than in the case of democracy promotion, arguably the key and most contested objective pursued the United States and the EU in the wider European periphery.

The democracy conundrum

Virtually the whole European neighbourhood is not characterised by mature, functioning liberal democracies. The Bertelsmann Transformation Index, evaluating the status of democracy, market economy and political management worldwide, cites 'deficiencies', 'unfavourable preconditions' or 'serious obstacles' to a market-based democracy in all the countries lying in Europe's backyard, except Croatia and Macedonia. According to the yearly assessments on political rights and civil liberties by Freedom House, none of the countries in the former Soviet Union and the Western Balkans—with the debatable exception of Ukraine—are categorised as 'fully free.'[10]

In principle, the stage seems set for a bold transatlantic consensus on democracy promotion and a healthy comparison of policies across the Atlantic. Both the EU and the U.S. regard democracy as the foundation of their polities and, in principle, make it a top priority of their policy outlooks in this region.[11] At

[10] These indexes can be retrieved at http://www.bertelsmann-transformation-index.de and http://www.freedomhouse.org.

[11] See, for instance, Ronald Asmus, Larry Diamond, Mark Leonard and Michael McFaul, "A Transatlantic Strategy to Promote Democracy in the Broader Middle East" *The Washington Quarterly* (Spring 2004).

the top of the list among the criteria to become a member of the EU is the "stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities." The latest U.S. National Security Strategy opens with the explicit statement that: "It is the policy of the United States to seek and support democratic movements and institutions in every nation and culture."[12] Democracy promotion, however, is illustrative of how and to what extent Europe and America differ in their respective approaches to Europe.

It was indeed in post-Cold War Central Europe where Europeans and Americans engaged in their most ambitious democracy promotion endeavour. Conventional wisdom in this respect pits the American "bottom-up" approach against the European "top-down" one.[13] US democracy promotion efforts are supposedly geared to support civic revolutions, leading to routinized practices of democratic governance. This was the case in 1989, as it was in the 'colored revolutions' in Georgia and Ukraine of 2003-2005. Conversely, the Europeans are more inclined to focus on the challenges facing the institutions of a given country; on how states cope with the democratic transition; and on how a democratic system will consolidate after that. This is the rationale of enlargement and, today, of the ENP.

Plainly, the reality on the ground has never quite split as neatly. American and European initiatives to support democracy have remarkable similarities in both their assets and liabilities. The U.S. governmental and quasi-governmental agencies in charge of democracy promotion, such as USAID or the National Endowment for Democracy, have a gradual, deep, and long-term-oriented approach. Their work is aimed at promoting "free and independent media, stronger civil society and greater citizen participation in government, and governance structures that are efficient, respon-

[12] The EU's criteria were spelled out in European Council, "Conclusions of the Presidency" (Copenhagen, 21-22 June, 1993), 13, retrievable at http://ue.eu.int/. For the US, see White House, *The National Security Strategy of the United States of America* (Washington DC, 2006). Although with less prominence, the promotion of democracy and human rights similarly featured among the three main priorities of the 2000 National Security Strategy of the Clinton administration.

[13] Here I follow Jeffrey Kopstein, "The Transatlantic Divide over Democracy Promotion", *The Washington Quarterly* (Spring 2006).

sive and accountable."[14] As democracy scholar Richard Youngs explained already back in 2004: "take Iraq out of the equation … and it would be more convincing to fault US strategy for its extreme caution than its undue heavy-handedness."[15]

The caricatural portrayal of the European approach can be similarly challenged. This is especially the case of the work carried out at the national level by some European countries, through government agencies and foundations (especially the German *Stiftungen*). The operations of these institutions have often proven remarkably proactive in reaching out to independent social and political actors in the target country. Admittedly, EU democracy assistance continues to be a bureacratic jumble, impenetrable to many democracy activists. Yet, Brussels has acknowledged the need to step up its support efforts: the so-called Governance Facility of its Neighborhood Policy, for example, rewards well-performing neighboring countries.

More worryingly, both European and American democracy promotion efforts suffer from similar deficiencies. For example, policies remain often sandwiched in the false dilemma that opposes democracy to stability. Security-based arguments have trumped democracy promotion in a number of important cases in the wider Europe, to the detriment of the credibility of both sides. This is the case throughout North Africa as well as in Eastern Europe, where Americans and Europeans have largely appeased semi-authoritarian rulers out of strategic and economic considerations. A different, but similarly illustrative example is that of Bosnia-Herzegovina, where the international community is forced to support the High Representative's gubernatorial powers, but has failed to determine the long-term conditions for 'ownership'[16] and for a gradual transfer of political authority to the country's institutions. The argument that stability and the resolution of conflicts should precede political reforms has too often been a fig leave with which to justify and maintain problematic status quos.

---

[14] Retrieved from the USAID website at: http://www.usaid.gov.

[15] Richard Youngs, *Trans-Atlantic Cooperation on Middle East Reform: a European Misjudgement?* (London: Foreign Policy Centre, December 2004), p. 11.

[16] On this point, see Edward P. Joseph, "Ownership is Over-rated" in *SAIS Review* 27 (Summer-Fall 2007).

Put another way: it is probably true that the EU approach has privileged low-key, technical assistance, primarily in the name of "good governance". But, all considered, that does not mean that Europe is affected by some sort of "Algerian syndrome" (named after the time, in 1992, when hasty elections in that country brought Islamists to power and subsequently civil war.) The emphasis of the Bush administration on spreading and "exporting" democracy has ended up proving toxic for the very goals it aimed to accomplish. But the negative conditioning that some Europeans have come to develop in response to many democracy promotion initiatives spawned by Washington has been just as unhelpful.

There is no denying here that the European and American approaches to democracy promotion present a number of significant differences. These are the product of different histories, experiences, narratives and interests. Nonetheless, the transatlantic divergence on this point has been affected by the actual policies being pursued as much as by misconceptions. This imposes a reflection on the deeper fabric of the respective policies and on the mechanisms that drive policy implementation on both sides of the Atlantic.

The uses of conditionality

Based on the structuration of the EU and US policies in the countries and regions of the wider Europe sketched above, what appears to have been fluctuating is the core meaning and usage of conditionality. The EU carries a good part of the blame for this because it made its detailed set of incentives and penalties presented to partner countries into the crucial mechanism behind its neighborhood policies. Countries in the Western Balkans and Turkey now perceive the distinct possibility that their perspective of membership into the EU will at some point be severely limited (through for example 'safeguard' clauses that would limit their integration in sensitive sectors such as movement of people) or even turned down (for instance, as the result of a popular referendum in an EU country). This uncertainty undermines the credibility of the EU offer. Governments in the candidate countries

perceive the costs of compliance as too high or less defensible vis-à-vis their domestic constituencies. The reformist impetus in the candidate country slows down or, in the worst case, reverses.

In the European Neighbourhood Policy, the EU has chosen to talk up 'positive conditionality', by which incentives become ever more substantial the more a country demonstrates its progress. So far, this overall idea has been met with scepticism within and without Europe, because the EU offer is effectively not accompanied by any clear *finalité*. More tellingly still, the EU appears unable to circumvent Russia's refusal to deal with the EU on the basis of its rules and standards. The fact that Brussels and Moscow should define an *ad hoc* negotiating basis for their relations constitutes a subtle blow to the ability of the EU to act in foreign policy.

Washington's take on conditionality has been equally controversial, although for different reasons. The practice of what might be defined as 'negative conditionality'—ranging from the freezing of relations, to sanctions, to the threat of military action—has featured more prominently in cases such as Belarus or Syria than in the case of the EU. Meanwhile, America's traditionally close relations with autocratic regimes illustrates the double standards of the US policy in some parts of this region. As Tamara Cofman Wittes, an analyst, has argued: "there is as yet no clear answer to the question of how to make conditionality effective … or how to prevent conditionality on political reforms from exacting costs in terms of … strategic American goals in the region."[17] The reference here is specifically to the Arab regimes, but the argument may well be applicable to other countries in the European periphery, not least Russia.

Against this background, the case for a basic transatlantic consensus on the spectrum of possible incentives and penalties to be presented to one country looks uphill. But there is ample evidence in the European neighbourhood to suggest that transatlantic convergence or divergence can be the decisive factor to tip the scale towards compliance or inaction in a given country. In the case of 'negative conditionality', penalties have proven more ef-

[17] Tamara Cofman Wittes, "Promoting Democracy in the Arab World: The Challenge of Joint Action," *The International Spectator* 39/4 (2004).

fective when they are followed by a concerted transatlantic effort to engage in a dialogue with the penalised country. This is one of the lessons coming from Libya's abandonment of its weapons of mass destruction programme in 2003.[18] Conversely, U.S. isolation and EU engagement policy have effectively undermined each other. In this respect, one can debate the long-term implications of President Obama's willingness to talk to adversaries and former foes; but with a view to transatlantic coordination, it could imply a more cohesive front when dealing with radical Islamist groups or recluse regimes such as Belarus.

When it comes to 'positive conditionality,' it worked in Central Europe in the 1990s because it was an inherent component of a virtuous cycle in which the costly, overarching reforms imposed by Brussels were tied to the clear transatlantic commitment on EU and NATO membership. Since that enlargement, however, that mechanism has unravelled. For example, the ambivalence on the part of Europe and divergence with the US on the Euroatlantic future of Ukraine and Georgia have severely diminished the impact of the incentives that both sides are willing to put on the table.

What can be further argued, in this respect, is that a transatlantic consensus in this part of the world has been more likely in those cases where the EU conditionality mechanisms are sufficiently credible. Washington has proven to be supportive of the EU approach on Turkey and the Western Balkans because these countries are included in the rigorous and well-rehearsed conditionality machine provided by its enlargement policy. Conversely, the cases where the U.S. approach to conditionality is more controversial coincide with those where EU conditionality is less effective, e.g. Eastern Europe and Russia. In other words, Europe's ability or inability to persuade and attract through conditionality not only has an impact on the countries concerned. It also carries consequences in the transatlantic context.

---

[18] Bruce Jentleson and Christopher Whytock, "Who 'Won' Libya? The Force-Diplomacy Debate and Its Implications for Theory and Policy", *International Security* 30 (Winter 2005/06): 47-86.

Euro-Atlantic integration by other means

Conditionality, complemented and reinforced by dynamics of state socialization, have constituted the primary tools available to the EU and NATO in their processes of enlargement of towards Central and Eastern Europe. These processes are rightly regarded as part and parcel of the overall continental transition towards democracy, security and prosperity.

The Balkans represent the missing piece of the Euro-Atlantic puzzle. The enduring difficulties concerning statehood, sovereignty, and the rule of law in Kosovo and Bosnia have made it necessary for Europe and America to adjust the approach that was tested in Central Europe. But their integration into the EU and, to a lesser extent, NATO, represents a natural completion of the grand project of stability, security and prosperity for the Continent that started in 1989. The 2009 expansion of NATO to Croatia and Albania supports the viability of this argument.

Except for the Balkans, however, the reality facing Brussels and Washington is that the process of Euro-Atlantic integration as seen throughout the 1990s is over. The strategy of parallel enlargement of the EU and NATO is not going to be replicated in the same way in any other country of the European neighbourhood. NATO and EU membership are of course not in the cards for Russia. In cases such as Ukraine and Georgia, the prospect of NATO membership raises controversial domestic questions.

Just as importantly—and also because of the last enlargement round of the two institutions—the core strategic missions of NATO and the EU have come to drift apart more noticeably. NATO is aiming to transform itself into a security alliance with global aspirations, and is set to engage ever more often in out-of-area missions, for which Afghanistan is proving to be something of a litmus test. The EU, conversely, is seeking to deepen its institutional structure in order to define and strengthen its role as a political actor, including in the military field. It cannot be overlooked also that the present, dismal record of NATO-EU cooperation is, at least formally, motivated by one longstanding controversy in the European neighbourhood—the Cyprus-Turkey conflict.[19]

[19] Cyprus is not a NATO member and Turkey has blocked its participation to joint EU-NATO meetings. Cyprus, on the other hand, is one of the staunchest opponents to Turkey's EU membership.

All this notwithstanding, that Euro-Atlantic integration is no longer applicable in the same way as in the 1990s in Central Europe is not the same as saying that it is being shelved. On the contrary, the wider European periphery offers a number of valuable examples of how Euro-Atlantic integration is being reinvented. For one, that the Western Balkans is one of the few cases of moderately successful NATO-EU burden-sharing, not only at the strategic level but also on the ground, is not accidental. It supports the claim that the countries in the wider European region represent a fundamental object for the credibility of both the EU and NATO. The European neighbourhood, as a result, is gradually becoming the lieu of an increasing, albeit not always explicitly designed, division of labour between NATO and EU military and civilian operations.[20] France's decision to rejoin NATO's command structures after more than forty years and the explicit American recognition of the need of a strong European Security and Defence Policy further validate the promise of a more effective military coordination.

A second example of this Euro-Atlantic integration is provided by those constellations of neighbouring states willing to push for closer regional cooperation, from the Baltic to the Black Sea regions. In absence of a membership perspective, regional cooperation is a logical extention of the European integration rationale of pooling resources, coordinating action, and building confidence through enhanced transnational cooperation. A rather notable experience, in this respect, is the parallel launching of the EU's Northern Dimension and of the U.S. Northern European Initiative. Both initiatives are inclusive, have developed in partnership with the countries concerned (the Baltics, Poland, Russia and the Nordic states), and have now been in place for over a decade.[21] The same line of argument is applica-

[20] Operations under the European Security and Defence Policy have been active i.a. in Moldova, Georgia, Gaza, and Bosnia. This growing presence has led some scholars to argue for a 'right of first choice' of the EU vis-à-vis NATO in the European neighbourhood. See, for example, Roberto Menotti and Paolo Brandimarte, "It's Time to Clarify the Constructive Ambiguity in the NATO-EU Security Relationship", *Europe's World* (Spring 2007).

[21] The 'new' Northern Dimension has been recently repackaged as a multilateral framework including the EU, Russia, Iceland and Norway. The Bush administration has instead launched the Enhanced Partnership in Northern Europe (E-PINE) as a

ble to the Black Sea, where the EU, the U.S. or NATO have created their regional policies, sometimes overlapping, sometimes complementing each other.[22]

Third, transatlantic cooperation furthers Euro-Atlantic integration on central themes and policy-sectors of relevance to the European neighbourhood. This applies to various issues from trafficking to counterterrorism, but appears to be particularly topical in the case of energy security, a key interest for both the EU and the U.S. in a region that hosts some of the world leading exporters of oil and gas. Disruptions of oil and gas deliveries from Russia first hit news in occasion of the January 2006 dispute with Ukraine, when gas supplies to Europe plunged by a third in one day, and again with a near-identical, and yet longer, crisis in January 2009—always in the middle of winter. But whether for technical reasons (Moscow's principal explanation) or in order to bludgeon its neighbors (a prevalent interpretation in the West), Russia has actually halted the energy flow towards the rest of Europe some forty times since 1991.[23]

When it comes to the contentious issue of diversification of supplies, observers and policy-makers on both sides of the Atlantic agree about the pivotal role that Turkey, the South Caucasus republics and Ukraine play for transit. NATO is likewise mentioned time and again when it comes to security of supplies.[24] Moreover, both for the purpose of ensuring supplies and for furthering their broader strategic goals in the region, Europe and America share an interest in enhancing their cooperation in terms of investment, technology and enforcement of existing legal and policy instruments.[25]

---

substitute to the Northern European Initiative.

[22] In the Black Sea, the U.S. sponsors i.a. private-public Black Sea Trust for Regional Cooperation, while the EU has recently launched a regional 'Black Sea Synergy'.

[23] Robert L. Larsson, *Russia's Energy Policy: Security Dimensions and Russia's Reliability as an Energy Supplier* (Stockholm: Swedish Defence Research Agency, March 2006), p. 4.

[24] U.S. Senator Richard Lugar is among those who advocate NATO Charter's Article 5 protection in case of a cut-off of energy supplies to an allied country. Vladimir Socor, "Lugar Urges Active Role for NATO in Energy Security Policy", *Eurasia Daily Monitor*, volume 3, issue 222 (December 2006).

[25] The U.S. and the EU pledged as much in their 2007 Summit, See *2007 EU-U.S. Summit Statement: Energy Security, Efficiency, and Climate Change* retrievable at http://www.eu2007.de

Lastly, the U.S. and its European partners have a long-established practice of country- and region-level formats of consultation. In the wider Europe, these have included the Contact Group on the Western Balkans, created in the wake of the Yugoslav wars, including United States, Britain, France, Germany, Italy, and Russia. In the field of conflict resolution, the US and European partners have long been engaged in the so-called Group of Friends assisting the UN Secretary General on the Abkhazian conflict and through the Minsk Group of the Organization for Security and Cooperation in Europe on the Nagorno-Karabakh conflict.

In the case of conflict resolution in particular, these formats have not always been conducive to speedy and lasting solutions. Russia has proven particularly shrewed when it comes to tipping the Europeans and Americans against one another. If anything, the 2008 Georgia imbroglio has highlighted the importance of a more consistent and pragmatic Western position in the relations with Moscow. Yet, a more systematic transatlantic dialogue in country- or region-specific formats can facilitate exchange of information, lessons learned and best practices, especially in relation to complex, multifaceted tasks such as democracy aid and development assistance. These formats could also take the shape of "security partnerships," which as argued in the Princeton Project on National Security, could be aimed at exploring "imaginative ways to generate additional security across the region."[26]

The wider European constellation has changed since the 2004 enlargements, and the transatlantic outlook has shifted with it. Closer NATO-EU coordination, regional cooperation, sectoral cooperation, and security partnerships can hardly match the overarching narrative that guided Euro-Atlantic integration in

[26] G. John Ikenberry and Anne-Marie Slaughter, *Forging a World of Liberty Under Law*, The Princeton Project Papers, 2006, p. 35. See, for a similar argument applied to the more controversial case of the transatlantic policies on the greater Middle East, Ivo H. Daalder, Nicole Gnesotto and Philip Gordon, "A Common US-European Strategy on the Crescent of Crisis", in Ivo H. Daalder et al. (eds.), *Crescent of Crisis: US-European Strategy for the Greater Middle East,* (Washington, D.C.: Brookings Institution Press, and Paris: the EU Institute for Security Studies, 2006), pp. 240-241. Currently, Slaughter, Daalder and Gordon are all senior foreign policy officials in the Obama administration.

the 1990s. But one message to be drawn from the enthusiastic European reception of Barack Obama's election is that the West, and the values which it embodies, do not simply vanish. In this respect, the continuing aspiration of a wider Europe order that is also 'whole and free' can be valued for what it has always constituted: the finest accomplishment of the West.

The limits of Europe

Ahto Lobjakas

The tragedy of the European Union is that it is an 21st century power trapped in an (early) 20th century world which in turn appears to be sliding back into the 19th century – even if it may never actually get that far. The voluntary ceding and pooling of sovereignty by member states – Robert Cooper's "postmodern" condition which animates the project that is the EU – has in recent years not only become increasingly unpopular with national publics within the union, but is also perceived with growing concern by many (if not all) member state governments as counterproductive in a world where power is still overwhelmingly exercised by nation states and remains fundamentally a zero-sum game.

If there is one common thread running through the pivotal events which have unfolded in Europe in the second part of this decade – from the Russo-Georgian war to the "history wars" of the Baltic States with Russia; and, within the EU itself, from the French, Dutch and Irish referenda to the return with a vengeance of the national instinct displayed in responses to the global economic downturn – it is an ever-present preoccupation with sovereignty and limits of state power.

Back to the future

Usually likened to the 19th century "Concert of Europe" system, this latter, (re)emergent sovereignty-obsessed world in which the EU now seemingly unexpectedly finds itself, rather bears an in-

creasingly greater resemblance to the prevailing conditions after WWI. Then, the tide of great power rivalry, reconfigured but untempered by the Great War, turned the interstitial small powers, most of which started out as inherently unstable fledgling democracies, into grist to its mill. The hopes smaller countries nursed for the emergence of a genuinely rule-based arrangement of collective security were quickly dashed. What is missing from this equation today are absolutist ideologies. The coming wars will not be "wars of absolutes" (to borrow another phrase from Cooper), but they will be wars nevertheless. In WWII communism and fascism accounted for systems of government prevailing in the Soviet Union and Germany, respectively, and for some (but not all) of the mechanisms of mobilising domestic publics. The reasons why Germany and the Soviet Union went to war were not, however, at bottom, ideological. They had to do with national interest, state power, and lack of international restraint. In a nutshell, this also captures the essentials of the prevailing state of affairs today.

Sovereign states are inherently immoral, Aldous Huxley presciently wrote in 1936 in `Eyeless in Gaza`, a book which, foreseeing the coming clash of ideologies, makes a powerful argument for pacifism. The principle of sovereignty, elevated to the status of the keystone of the international order by the Treaty of Westphalia in 1648, has since failed to submit itself to a sustainable binding set of rules regulating the exercise of power among states.

Unlike in modern human society, where individual freedom, where it exists, is guaranteed by a higher power, normally that of a state, the sovereign states admit no corresponding overarching authority. In consequence, the threat and/or use of coercion in its many manifestations remains the ultimate determinant of interstate conduct. The quest for a system of voluntary submission to constraints on sovereignty enforced by an external authority remains a pastime of the small and weak.

Exemplified in the mid-20th century by the Munich conference of 1938, the Molotov-Ribbentrop Pact of 1939 and the Yalta summit in 1945, this state of affairs seemed to have been consigned to the dustbin of history during the first post-Cold War decade in the 1990s. But the growing unwillingness of (pri-

marily) the United States and Russia to abide by rules which they in their various ways construe as unwelcome restraints on their sovereign agency during the second post-Cold-War decade has given great power politics a new lease of life

One of the central assumptions which has animated the EU project since its expansive rebirth in the 1990s has ceased to exist. "The wider the postmodern network can be extended, the less risk there will be from neighbours and the more resources to defend the community without having to become excessively militarised," wrote the ablest proponent of the EU way of doing business, Robert Cooper, in his 2003 book 'The Breaking of Nations' (p.78). The book presents a subtle and nuanced study of the EU's rise, noting the many contingent turns and twists which accompanied it and also carefully delineating the more and less obvious pitfalls which may dog it in the future. But, at heart, the book rests on the assumption that state sovereignty as we know it is a concept on the want. It never becomes entirely clear if Cooper proceeds from an a priori Hegelian – and therefore unhistoricist – conception of world history, assuming the inexorable ascent of reason, or if he is simply extrapolating in an empiricist fashion from the impact the EU has already had on the world by virtue of its existence. Either way, it now seems Cooper may have spoken too soon. A teleology positing the EU as the next stage in the development of the concept of state sovereignty is less warranted today than it was six years ago. And the EU's project, internationally speaking, has been in retreat since pretty much the moment in 2004 it admitted 10 mostly ex-communist new member states.

The world around the EU can no longer be assumed to be a permissive environment for its "postmodern" gospel of pooled sovereignty, attempting to bring into being a variable geometry of surrounding "rings of friends". What Cooper did not seem to pay sufficient attention to in the heady days leading up to the EU's historic enlargement in 2004 was the fact that the space round the bloc is not virgin territory, but a patchwork of states contested by another, far from post-modern imperial power.

The redemptive 21st century world, which the more enthusiastic of the EU's self-appointed spokesmen rushed to declare will "belong to Europe", has failed to arrive. Or, at the very least, its

arrival has been put on hold indefinitely. Instead, the EU's neighbours are reverting to patterns of conduct guided by memories conditioned by far more lawless and unconstrained eras than the past 20 years.

On the defensive

It is quite obvious that the EU is struggling to cope with the changes that have in recent years affected its environment with a growing intensity. It's shortcomings are mercilessly being laid bare and appear to encompass every facet of its being. It lacks the requisite mindset – even the philosophy – to operate, let alone prevail in a sovereignty-obsessed world. It's goals and expectations are from a different century. Partly as a result of this, but partly also due to a congenital inability to make the best of what it does have going for it, the EU also lacks almost all independent means, attributes, and apparatus to bring to bear on the outside world with any reasonable hope of success. Talk is all it has and talk is not enough when action remains very much the domain of the member states, nation states squaring up against other nation states outside the union. Which, in the final analysis adds another debilitating layer of contradiction to the EU's woes.

The doctrine of pooling sovereignty with the hope of diluting it to reforge something morally superior at a higher level of abstraction on which the EU is predicated has met its limits in the cold light of day of a world which has decided to go in the opposite direction. Having existed for the past 20 years amongst an interregnum of shifting borders and a largely hope-powered political process, the changes – more perceived than real – the EU has taken credit for in its neighbourhood and in the world are increasingly turning out to have been temporary and all too reversible. The ebb of great power politics and zero-sum conceptions of sovereignty has turned out to be just that, a temporary phenomenon.

The EU's closest eastern neighbours especially are now reasserting their sovereignty. Above all Russia, but not only. Georgia, Ukraine, Moldova are all in the throes of struggles to retain territory the worth of which far outweighs in the final domestic

political analysis such immaterial concepts as democracy and the rule of law. It is arguable that Russia has precipitated all of these struggles, but it is equally arguable that it did not invent the proverbial bicycle. It has followed the example set by the United States, Cooper's modern ur-nation. The interventions in the Balkans, Kosovo's independence, the invasion of Iraq, the war in Afghanistan, all showed (a) that in international politics, war remains very much an extension of diplomacy by other means and that (b) its sufficient sanction is the support of coalitions of the willing, not of the right. The final point is worth stressing: by pursuing its national interest in the Balkans, Iraq and Afghanistan, the United States, whether wittingly or unwittingly, willingly or unwillingly, perpetuated and legitimated a mode of international conduct which rests on the premise that consensus – sadly the closest thing there is in practical international law to just cause – may be desired, but is not necessary for use of force. The alternative, couched in no matter how enthusiastic and uplifting terms, inevitably equals the precept that might is right.

The EU's and Russia's shared neighbours are no more immune to this than anyone else. In unstable, young democracies nationalist, patriotic sentiment is a temptingly easy way of mobilising political support in any circumstances.

Stunted growth

In the face of the growing instability at and near its borders, the EU has adopted a strategy which could be described as defensive opportunism, an attempt to bide for time in the hope that more congenial times will return. The EU's very raison d'etre, turning as it does on the assumption that reason – in the enlightenment sense of perfectibility – will inevitably prevail in the long term – does not allow it to contemplate any other options. This is also why the EU will never have a Plan B worthy of its name for any contingency, domestic or external, and is condemned to muddling on as best it can in times of crisis. On the international scene, the EU is currently on the lookout for any scraps of good news to bolster its narrative of continued progress. It is with increasing desperation looking for rays of hope in conflicts

and controversies in which it has no formal role, no dog in the fight, as it were. Thus, the news of the tentative rapprochement between Turkey and Armenia earlier this year was greeted at EU headquarters as something stemming from advances made within the bloc's own European Neighbourhood Policy and Black Sea Synergy initiatives. Moscow's rekindled interest in the Nagorno Karabakh conflict, which has led to a series of Russian-hosted meetings between the Armenian and Azeri presidents is similarly put down by the EU as something organically linked to its own efforts. Very much the same applies to the Moldovan-Transnistrian relationship, where Russia has over the past year muscled out other would-be mediators and facilitators. All of these developments, although they can be construed as being broadly in line with the EU's best intentions decreasingly depend on any EU policy input. Inasmuch as the EU is involved in these processes, it finds itself everywhere dancing to an alien tune.

It is arguable that the very inefficacy of the EU's foreign policy – or, rather, external action – is to blame for at least some of the instability at its borders. By failing to deliver tangible, short-term benefits either politically or economically, by forcing its partner governments to forgo short-term gratification for long-term gain, it has weakened the governments of these countries, as well as the countries themselves, vis-a-vis the far more robust and "modern" competition offered by Russia. In a sense, the EU has led its partner governments in eastern Europe in particular down the proverbial garden path. The benefits it offers mostly require the suspension of disbelief on the part of the partner nations. Vague promises of prosperity and stability – embodied by such very hazy and distant notions as EU membership, free trade and visa-free movement – are not convertible currency in today's increasingly uncertain international climate. The state-building timescale, with which integration with the EU is supposed to go hand-in-hand is measured in decades, whereas the quickly shifting patchwork of immediate prospects and threats surrounding them afford the less secure nations of eastern Europe only years, if not months, to make crucial calls. Governments which put their eggs in a single basket and bet on the EU and neglect their gut instincts of national self-interest indulge in self-deceit and are easy prey for less scrupulous predators. The almost timeless rule-

based universe of the EU is being undone by the resurgence of the "short time" of the Westphalian international system.

The EU has certainly attained its greatest extent (and outreach) for the foreseeable future. Its influence outside its borders is being contested and sometimes rolled back in more than one sense – politically, commercially, legally, culturally, and not least ideologically.

Snakes and ladders

The reason why this has become the case lies in the EU's built-in limits, contradictions, and weaknesses. At its very core, the EU, as an actor situated in the world, has a paradox. Inside, it is continually struggling consolidate, to maintain cohesion, and to increase integration. Outside, it is striving to improve the conditions surrounding itself by promoting an agenda of political and economic reform. The tension between pragmatic "deepening" and idealistic "widening" has a nice dialectical ring to it, which, however, does not allow for ready or easy resolution. A synthesis is not always guarantee. On the contrary, it now appears to be slipping even farther from the EU's grasp, now as the different foreign policy agendas of member states are translating into internal divisions (more of this later). Another paradox has to with the fact that the EU has very little foreign policy competence. Foreign policy remains a firmly national prerogative. The little that common ground that there does exist divides into two parts. First, there is the largely ineffectual Common Foreign and Security Policy expressed chiefly by means of declarations and statements. Secondly, there are activities of the EU High Representative for Foreign and Security Policy and the European Commission's relevant portfolios, which all must ensure they at no time contradict the policy of any of the EU's 27 member states in any significant aspect.

The upshot of this is that for all practical intents and purposes, the EU's own separate autonomous external agency does not extend outside its borders in any truly meaningful fashion. There may be some 130 European Commission representations overseas, but their impact on EU foreign policy beyond trade is

negligible. More than 20 European Security and Defence Policy (ESDP) missions may have taken place already, but they are either limited to a very restrictive set of goals (like the early mission to Georgia) or have taken the EU to places like the Congo and Chad where little is at stake in terms of international politics. The only place where the EU can claim to be making a difference acting as a whole is the Balkans. But even there, the EU presence builds on earlier U.S. and NATO successes and benefits from operating in an environment relatively free of significant competing impulses. The notions of an ESDP mission to secure Georgia against Russian invasion (as opposed to monitoring the "ceasefire" as long as conditions are permissive) or rebuild Moldova from scratch remains a patent absurdity for anyone familiar with the realities of Brussels. Put quite bluntly, those in the world who clamour for more "EU action" – as a recent EU working paper entitled "EU as a Global Actor" claims – are either desperate or don't know what they want.

When Robert Cooper writes that ideally, the EU would operate a "double standard" – promoting "open, cooperative security" inside and the "rougher methods of an earlier era" outside, including force, pre-emptive attacks and deception, he is attempting to square the circle. Cooper's outside is the familiar 19th-early 20th century world. The "double standard" does actually exist, but with it comes a division of labour. The EU way of doing things may function inside, but it is the member states that have the inclination and wherewithal to pursue "robust" goals outside – forever hamstringing the EU in the process.

The 2009 discussion paper "EU as a global actor" suggests the EU is valued as an "honest broker" on the world scene. As self-delusions go, this must rank with the worst after the EU's involvement in putting an end to the Russian-Georgian war in August 2008. All the EU effectively attained was the cementing of the August 12 status quo, with Georgia reduced to a rump state and Russia allowed to return to business as normal with the bloc only three months later. Who would engage the EU's services as an honest broker in the future? Only those who have no other options open to them.

One of the most egregious upshots of the feebleness of the EU's external action is that it allows its standards to become

tainted in contacts with regimes which, from the exalted viewpoint of its values, should be beyond the pale. Seeking recognition on the world stage, the EU allows itself and its values to be relativised. The so-called human rights dialogue the EU is pursuing under various guises with the Central Asian states, Belarus and Russia is a case in point. Conducted at the level of lowly officials, it creates the illusion of progress whilst yielding practically no results. Worse, exploiting the format of such dialogues, the EU's interlocutors can themselves raise issues of concern. Russia thus routinely broaches the situation of the Russian-speaking population in the Baltic countries, the Central Asians complain about "islamophobia" in the EU etc. All this allows the other parties in such contacts to create a spurious semblance of moral parity with the EU.

On a similar pattern, sanctions are only ever contemplated by the EU if the target is small enough not to matter. Thus, Zimbabwe, Burma and Uzbekistan have been targeted, but never China or Russia. And, of these, Uzbekistan was quickly realised to have been an embarrassing mistake in hindsight. It took Germany to point out in 2007 that Uzbekistan's location and status as Central Asia's most populous country make it an indispensable linchpin of any EU Central Asia strategy. An EU Central Asia strategy, in turn, was deemed essential to establish a bridgehead in the energy-rich region, seen as crucial for EU plans to diversify its gas supplies. So the most controversial parts of the sanctions – a visa ban and a freeze on technical contacts – were quickly dropped.

The standard EU argument is that dialogue is the only way of engaging imperfect regimes. Without dialogue there is no contact, without contact there is no way of relaying EU concerns and affecting the situation. In the background, politicians (usually representing selected larger member states) also sometimes mention interests. For example, the argument runs, if the EU criticises Central Asia, it will lose ground to Russia, China, the United States and other contenders.

Apart from providing repressive regimes with an entry pass into what passes for the world's "polite society," often complete with a rostrum and flanking EU officials, the EU's obsession with partnerships also opens up a space of legitimation in which various authoritarian and murderous forms of government can claim

to stand on an equal footing with the norms represented by the EU itself. Witness Kazakhstan's insistence that EU support for its 2010 OSCE chairmanship means the bloc recognises the need to inject "Asian values" into the body. Belarus and Uzbekistan also miss no opportunity to underline that they are "equal partners" with the EU. Arguably the most damage to the ideals represented by the EU has been done by association with Russia, which claims to represent a third pillar of "European civilisation" alongside with the EU and the United States with all the attendant rights and privileges.

The EU's fans like to speak of the union's "transformative power." On current evidence, it only works in countries with firm accession prospects. It is working in the EU's new eastern member states and is perceptible in the Balkans. But even a cursory look at Ukraine, Moldova and Georgia – to say nothing of Russia and the other, even less reformed objects of the EU's "transformative power" – shows that there is no guarantee its effects are lasting and not reversible.

The only other instrument worthy of note at the EU's disposal is money. But here, too, the bloc's record is poor. It suffices to point to Africa, which remains woefully underdeveloped despite the decades of EU largesse directed at it. Financial aid also has also made no visible inroads into the concept of old-style sovereignty. Its would-be recipients are likely to turn it down if it comes with political strings attached and strive to spend it as they see fit.

Legitimacy problems

It is conceivable today – in a way it wasn't only a few years ago – that the EU27 may even have a fight on its hands to cling to the status quo. And not only in terms of keeping the European Neighbourhood Policy and the Eastern Partnership going. Cracks are appearing within the EU edifice itself.

The Baltic nations in particular seem vulnerable. The most obvious dangers are economic, but the most likely source of instability is political – enhancing Russian pressure as the United States is seeking an accommodation with Moscow in eastern Eu-

rope to pursue collaboration elsewhere. If indeed member states were to drop out from the EU, the very survival of the concept that has animated the union over the past 20 years would be at stake. This, however, may not prove fatal for the European commonwealth as such. Apart from its expansionist liberal raison d'etre, the EU also possesses a kind of separate and less obvious – but more ancient – raison d'etat, as it were, which is sufficient to sustain it. That raison d'etat has to do with the dawn of European cooperation in the aftermath of WWII. More limited in scope and ambition, it is confined to advancing piecemeal integration among key European powers with the express aim of ensuring stability at the heart of the continent. Unlike the form the EU has acquired over the past 20 years or so, this raison d'etat is not dependent on continued expansion. It is also not susceptible to the same kinds of fundamental moral dilemmas. Its history is a reminder that EU expansion has always already served national interest, from the 1950s onwards. The expansion of stability and prosperity is an interest. The notion of EU expansion as a moral obligation is a much more recent addition and demonstrably possesses considerable potential for conflict with the interest-based concept of expansion. By overextending itself, the EU puts in jeopardy not only its ability to spread stability and prosperity, but undermines the prospects of its existing members.

The EU's centre, then, is empty, in a manner of speaking. Absence of conflict and optimised conditions for wealth-creation are not by themselves a value or an ideal which could ground and explain a later dynamic of continued expansion. The EU remains, at heart, the most advanced attempt to build on the Treaty of Westphalia, but may have moved too far and is becoming unstable and risks collapsing back into itself. The EU's external woes stem from these lacunae at its centre. Although an actor in a sense in a world made up of nation states, the EU has no proper interests of its own beyond abstract projections stemming from what it has already done. Member states are increasingly asking for added value when reviewing EU performance. This is, at bottom, an exercise in member states consensus-building – mistaken by optimists for something sui generis, an advance in the theory of sovereignty, the coming ascendancy of the EU.

Core Europe

On the other hand, the idea of a "core" Europe, retains a certain coherence and holds out the hope of possessing requisite critical mass and potential for the kind of action that the EU has so palpably lacked in the course of this decade. It is this recognition which rests at the base of the two-speed Europe argument. Some things are only possible in the inside lane.

Which is not to say that a smaller, "core" EU is necessarily guaranteed more capability of action. At any size, the EU remains vulnerable to the misfiring of its "dual-strand" political DNA. Attempts at generating pan-European legitimacy will always be problematic from the point of view of structures of legitimacy resting on the nation state and its channels of democratic representation. These two share an uneasy existence within the EU, the tensions evident in the referenda with which publics in a number of member states have rejected bids for greater pan-EU integration. It is a telling, though usually neglected commonplace that nothing in the EU's painstakingly accumulated jumble of treaties and institutions is irreversible. From membership in the single euro currency membership in the union itself, there is nothing that carries with it a legal obligation superior to the vagaries of the will of the nation state.

Again, the EU has developed a sort of doublespeak to reconcile the dictates of its animating forces with occasionally deviant reality. At times of internal crisis, the union's leaders sometimes like to speak of "decision-making by crisis" – their intention being to underscore the fact that, so far, no crisis has proven fatal and a way forward has always been found. The observation makes for a nice turn of phrase, but amounts to little more than the crudely empiricist point that until now, things have gone relatively well for the EU. There can be no inherent guarantee in whatever went before, however, that the next crisis will find a traditionally benevolent solution.

If anything, for the first time in the EU's history there are signs within the walls of the union's inner sanctum of founding members itself that instead of the steady accretion of steps pointing towards greater integration continuing, things may instead be unravelling. First, there was the French referendum in June 2005

which effectively scuppered the original constitutional treaty, followed by a similar result in the Netherlands. Even more worryingly for the EU's supporters are the findings of Germany's constitutional court at Karlsruhe this summer that the relatively modest Lisbon Treaty has expropriated too much power form the member states, and, even more significantly, that the European Parliament, the only fount of direct pan-EU legitimacy does not in fact meet crucial criteria applicable to the institution of parliament. The European Parliament, the German court argued, is actually an assembly rather than a proper house of representatives because it lacks a linear relationship with EU decision-making. In other words, voters who cast their ballots in European Parliament elections have no clear idea of how their vote is going to affect EU policy.

Needless to say, the European Parliament's legitimacy is further undermined by the steady decline of voter turnout, now in the low 40s. But most damningly perhaps for an institution which prides itself as the only directly elected EU body, in 2009 only 54 of its 736 deputies were elected outside their countries of origin. The prime movers are, as ever, the national parties, whose national factions, once in the European Parliament, go through the most convoluted of contortions to set up EU-wide political groups. The reason for this is simple. The European Parliament, regardless of its vaunted powers, still has no binding say on foreign policy, direct taxation, or citizenship and migration issues – the lifeblood of politics.

Things are in a sense even worse at the European Commission, a pseudo-executive body which has traditionally played the part of the effective counterweight to member state power within the EU. Under the leadership of Jose Manuel Barroso, now in its second term, the European Commission has steadily shed its authority. It has quietly let its exclusive privilege of legal initiative slip and no longer acts as the de facto guardian of the EU treaties.

States vs the EU

The core imbalances inherent in the EU's constitutional rationale are compounded by other structural weaknesses, as member states respond in their different ways to the pressures created by the more competitive and sovereignty-oriented external political climate.

Most of these weaknesses stem from the differences which exist among member states. First, there are the inevitable disparities in influence and authority, which usually (but not exclusively – note the case of Italy) correlate with size. The large member states, particularly Britain and France as permanent members of the UN Security Council and Germany with its rising global profile, effectively qualify by right as actors on the world stage. The latter, for obvious reasons, are tempted to use that advantage and keep trying their own hand at international politics, often in competition with one another and to the detriment of the EU at large. The German-Russian relationship is perhaps the most acute example. Berlin's quest for a special relationship with Moscow has not only put it on a collision course within the EU (and NATO) with the Baltic states and Poland, but is also creating bad blood in France, where politicians grumble that Germany is putting its own interests before those of the EU (well, France at least).

Smaller countries naturally gravitate towards the communal method, but are inevitably beholden to ad hoc coalitions with different large countries on different issues. It doesn't help that some of the EU's more capable small states are neutral, while the new additions in the east have on more than one occasion blotted their copybooks by short-circuiting attempts to generate cohesion within the EU by aligning themselves pre-emptively with the United States. Most of the eastern member states also take a radically different view of Russia, with which goes a view of Europe's and the EU's own past which is at odds with the received historical paradigms in the West.

Overall, as the "EU as a Global Actor" text, quoted above, concludes with admirable frankness, there is in the EU "common strategic culture" of foreign policy, "no recognition of the need for joint external action." Member states must acknowledge, the document says, that it is in their interests for the EU to become

"more strategic and more effective globally." This is as damning an assessment of the status quo as could be expected from anyone.

On a broader canvas, member state appeals to "European" principles fall into two categories. The small and the weak use the concept defensively, looking for leverage against larger countries "going it alone." Boiling down to a stratagem intended to boost their national interest, the small-country claim to stand for what is truly "European" is disingenuous. The EU heavyweights' appeals, when they are made, to represent the "European" point of view are, as a rule, equally disingenuous, resting on the covert (or sometimes overt) claim that they enjoy privileged access to the notion of "European" thanks to their historically formative shaping of the continent's present political and economic condition.

Among other things, this last argument leaves a lot of room for shades of grey when it comes to deciding who (and what) counts as European. On this line of thinking, a country's geographical location or the set of values it adheres to may matter less than its contribution to a "European" past, perceived or real. In a sense this means that the borders of Europe still run *within* the EU.

Europe, defined in this manner, is not a clearly delimited space extensible by a political act of will – as has happened in the last rounds of enlargement – but a socio-historical reality existing in a particular time and space, recognised by its inhabitants as such. This recognition contains in itself the necessary grounds for "European" solidarity. The existence of such solidarity can thus be said to be constitutive of "Europeanness".

It further follows that not all member states are necessarily indispensable to the notion of "Europeanness" as defined by those countries which would see themselves as guardians of the heritage (and future) of that concept. Enlargement, on this view, far from having been historically inevitable, is something that could be reversed.

Conversely, non-EU countries with well-recognised contributions to Europe's political, economic and cultural history – such as Russia – could lay independent claim to speaking for and having a say in deciding the future of "Europe."

This divergence between the notions of "Europe" and the "European Union" is implicit in the policy choices of the EU's larger members as they adapt to the realities of the re-emergent Westphalian world.

What future?

Jean Monnet argued that the EU proceeds not by means of grand designs, but incremental steps. This approach functioned with evident success in the 1950s and later. Today, however, it sits ill with the assumptions of universal progress and perfectibility which has come to underpin the EU's self-image in the world. In the absence of any means even remotely matching the EU's notional goals, piecemeal adjustment to changes in political environment remains the only avenue open to the union. This condemns the EU to a slow drift in a world where its competitors have realistic self-conceptions and designs more closely tailored to their power and ambition.

As long as the United States acted as a guarantor of the status quo in the world, this was a sustainable position for the EU, although tensions resulting from contradiction between fact and rhetoric were steadily mounting. Now, when the perception of US power is on the wane and the interests of the United States itself have moved elsewhere, the EU is increasingly left to its own devices. And this is not a happy position for a body like the EU to be in. Without a rule-based world to surround it, all that speaks in its favour is its historical momentum. For that momentum to continue requires a suspension of disbelief on the part of those involved in the project that will be progressively harder to maintain.

The role of the 'champion states': Towards a EU policy vis-à-vis Russia?

Anne-Marie Le Gloannec

The EU and Russia share a continent, but they do not share the same values. Worse: an ideological divide separates them from one another, a divide opposing a post-modern construction based on the pooling of resources and of sovereignties from a state which strives to shed the scales of pre-modernity without coming to terms with the dissolution of its empire. The European Union aims at overcoming sovereignties, Russia clings to its own conception of sovereignty. The European Union relies on the virtue of attraction – and on the attraction of virtue – while Russia mostly believes in the currency of raw power – though it pretends to devise a soft power of its own making. Ivan Krastev, among others, has brilliantly underlined the reverse image which each part of the continent is sending the other[1]. Under these circumstances is it possible to organize the continent while two centers of power are providing for two different blueprints in these areas where they happen to meet? The European Union started organizing the continent early on, in the West, protected as it was by a Wall which the Soviet Union had raised to defend its limits. After the fall of the Wall, the Union ventured further, organizing the continent in its own way, reactive, incremental and bureaucratic at the same time, yet tremendously innovative and on the whole fairly successful.

[1] Cf. Ivan Krastev, "Russia as the 'Other Europe'", *Russia in Global Affairs*, n° 4, October-December 2007; Igor Torbakov, "The EU and Russia: A Soft Power Meeting a 'Great Power", speech given at the Central European University on April 2, 2009; and Vyacheslav Morozov, "Europe: Self-Alignment in Time and Space", *Russia in Global Affairs*, n° 3, July-September 2008.

In so doing it crept up to the former boundaries of the Soviet Union, absorbed some of its territories and approached others while NATO was also enlarging. After an initial period of acquiescence, the Kremlin started drawing red lines at the borders of what used to be the Soviet Union, with a war in Georgia last year, and threats aimed at the current government in Ukraine notably this year. This is its own continental blueprint which it is putting forth rather crudely.

The divide however is not as accurate and neat as it may sound. The European Union is torn as far as its understanding of Russia's motivations and its own responses are concerned. A couple of years ago Mark Leonard and Nicu Popescu came up with a scale to understand the attitudes and policies of European states, ranging from "Trojan Horses" to "New Cold Warriors"[2]. The Union is divided – just as states and societies are divided: political elites, public opinion, and the media do not all convey the same analysis of Russia and Russia's policies. In particular, two countries among those that Leonard and Popescu dub 'strategic partners', Germany and France, do not display the consensus which they are too often supposed to harbor. In any case, the divisions which have, more often than not, plagued the European Union have made it difficult to strike a balance and define a common policy vis-à-vis Russia. Yet without a common understanding of Russia's policy and, moreover, of the ways to meet it, the European Union may lose on two fronts: It may lose on its margins as its power of attraction dwindles, unmatched as it is by the inability to provide former republics of the Soviet Union with a coherent and articulate policy. To that extent, its soft power may peter out and transmogrify itself into softness without power. It may also lose its own substance, not only because its sole currency or its sole raison d'être, soft power, will have faded, but also because Russia – the leaders in the Kremlin and the constellations around it – has a talent for gnawing at the Union's substance, for sowing the seeds of competition and division in the EU, for exploiting them, and for playing on the very weak-

[2] Mark Leonard and Nicu Popescu, *A Power Audit of EU-Russia Relations*, London: European Council on Foreign Relations, November 2007.

nesses of the EU, be it its lack of energy policy or its lack of strategy.

Of course, 'big' countries such as France and Germany, big at least in Union's terms, do bear a responsibility in this disarray. As economic and/or political heavy-weights they entertain economic and political relations with Russia – which some in Germany would even call 'special': the previous Red and Green coalition wanted to capture the essence of German-Russian relations by calling them a "Strategic Partnership". Together with other states, such as Italy, France and Germany favor engaging Russia, advocating another version of détente and *Ostpolitik*, of a kind of *change through rapprochement*. To what extent however can they steer a course of unity towards Russia, squaring the circle of twenty-seven preferences, and to what extent can they help to devise a strategy worthy of this name, visionary and practical at the same time, which would in turn square the circle of both bringing Russia in without letting down the in-between states?

Annäherung durch Verflechtung

Both Germany and France harbor a certain degree of political consensus – inside each country – and share certain premises – between themselves. Engagement is the buzz word: both deem it necessary to engage Russia, not to confront it. More than other governments – but Italy and maybe Spain and Finland –, both have been forthcoming towards Russia, more ready to accept the Kremlin's objections towards enlargement in particular of NATO, going as far as to oppose a Membership Action Plan for Georgia and Ukraine at the Bucharest summit in May 2008. In both countries, engagement is held as offering two sides, a domestic and an international one. Engaging Russia domestically means helping it to modernize, something which is probably more widely heard in Germany than it is in France, certainly measuring up to the intensity of German-Russian economic relations and cooperation – but also, as we will see, to the degree of concern that the Germans show for Russia. Engaging Russia internationally also aims at turning it into a responsible stakeholder on the European

continent – and in the world –, having Russia organize the continent, yet in a constructive, not an obstructive way[3]. This smacks of détente and *Ostpolitik* of the 1970's, when with France trailing behind, Germany devised its own version of détente, seeking to change the Soviet Union, i.e. both the nature of its regime and its international behavior, by engaging it through the famous *Wandel durch Annäherung* ("change through rapprochement") approach that Egon Bahr invented in the early 1960's and Willy Brandt put into practice in the early 1970's. The American version of détente, at least in the first part of the 1970's, was to change the Soviet Union's behavior, to lock it in through international ties, without much thought about what one would call now *regime change*. The current version of engagement is a reminder of Germany's *Ostpolitik*: modernization would point at an increased transparency in business practices, the broad respect of the rule of law, the diffusion of power and the loosening of a tight grip on economics and society. There is however no guarantee that these evolutions will take place – but *Ostpolitik* was about placing a bet too. Hence, the modesty and mildness, even the fuzziness, of the new motto, *Annäherung durch Verflechtung*, rapprochement through interdependence, coined by the foreign minister of the previous coalition, Frank-Walter Steinmeier – which does not unveil much about the desired transformation of the Russian regime or the diffusion of Western values. This may be a matter of form – better not ruffle a government which is too prompt to take offences –, or a matter of substance – influencing Russia may hardly be possible. In any case, as in the 1970's, the Germans have captured the essence of their policy with a short slogan; the French have not even though they are not far apart from the Germans.

In both countries the political consensus is broad, but there are nuances and even differences, and when leaving the political

[3] Visiting Moscow in June 2009, the German Foreign Minister, Frank-Walter Steinmeier stressed both aspects when he heralded a "modernization partnership" between Germany and Russia and called on Germany, the European Union and Russia to build a "community of responsibility" for peace and stability in Europe. Cf. e.g. Bernd Volkert, "In Moscow, Germany's Steinmeier Calls for a 'Community of responsibility", *Radio Free Europe/Radio Liberty*, www.rferl.org/articleprintview/1751042.html

venues, the chords struck may be very different. In the political establishment, nuances separate left and right – in Germany – and opposition and government – in France. Certainly the differences should not be overblown, yet they do exist and may give a different tinge to the policy pursued in Berlin for instance – while a strong degree of continuity is France's hallmark. In Germany, excuses more than values often prevail on the left. The Social Democratic Party is traditionally more lenient towards Russia than are the Conservatives (CDU and CSU), being more ready to excuse the Russian government, while the CDU and CSU, and even more so the Liberals, stress values – though on the right, including in the business circles, lenient judgments are sometimes passed on Russia which would not be disavowed. According to this script, encirclement, the enlargement of NATO and George W. Bush's reckless policy are responsible for the Kremlin's policy. Most famously, the previous Chancellor, Gerhard Schröder, granted Vladimir Putin the label of 'pure democrat' in 2005, at a time when the president's democratic credentials could indeed be questioned. Peter Struck, a former minister of defense and head of the Social Democratic fraction in Parliament, is famous for having called for an "equidistance" between the United States and Russia. However the former foreign minister Frank-Walter Steinmeier, a Social Democrat, was a staunch Atlanticist and while he is to be credited for the policy of *Annäherung durch Verflechtung*, he also criticized Russia[4]. On the conservative side, Andreas Schockenhoff, a coordinator for German-Russian societal relations, is certainly milder than some of his colleagues, from Eckart von Klaeden, in charge of foreign policy for the CDU-CSU parliamentary fraction, to the strongly principled current defense minister, Karl-Theodor zu Guttenberg. As to the new foreign minister Guido Westerwelle, one of his first visits was to Russia where he both reiterated the importance of the partnership and met with representatives of civil society. Interestingly, some analysts, Constanze Stelzenmüller first and foremost, have pointed at a generational divide, contending that the younger generation is more prone to speak out and criticize Russia than

[4] However, Steinmeier rejoiced in Moscow that with George W. Bush's the "ghost of the Cold War was gone", as Russia was not nurturing this ghost either.

the fifty-years of age and plus, who have a debt vis-à-vis Russia – for having allowed Germany's reunification[5]. However, though critical of Russia's democratic lapses and always eager to meet with critics of the Kremlin's policy, the current chancellor, Angela Merkel, has not changed much of her predecessor's policy in term of substance - for a number of reasons, as we will see below, the influence of the business world being certainly an important one.

In France it is easier to criticize Russia while in the opposition – or semi-opposition for that matter. Nicolas Sarkozy did not mince his words when contending for power, as a way to distinguish himself from his former patron, Jacques Chirac[6]. Once in power, however, he did not keep his promises and forgot the language of criticism, certainly more so than Angela Merkel after being elected. His predecessor in the Elysée Palace had not fared better. The same Jacques Chirac who in 1975, as mayor of Paris, had greeted the Russian dissident Alexander Solzhenitsyn, thought it proper to confer the highest order of the French republic on his Russian counterpart, Vladimir Putin, in 2006. The ceremony, however, was privately held and hardly publicized for fear of criticism. In France, as in Germany, the media are on the whole fiercely critical of Russia's evolution, be it *Le Monde* or *Libération*, *Die Zeit*, *Der Spiegel*, *Süddeutsche Zeitung* or *Frankfurter Allgemeine* – which always had well connected correspondents – to name a few, in spite of the presence of inveterate sycophants in both countries. Public opinion also has displayed increased concern for both Russia's behavior towards its neighbors and its reliability as a provider of energy[7]. The debate in France is however somewhat different from the German debate. In France, Russia is at the center of analyses, in Germany it is Germany's policy. This may be because Germany, strangely enough, harbors only a tiny community of Russia

[5] Constanze Stelzenmüller, "Germany's Russia Question. A New *Ostpolitik* for Europe", *Foreign Affairs*, March-April 2009; Tobias Dürr, journalist and head of *Die Berliner Republik*, interview with the author, 29 May 2009.

[6] Cf.Speech on 22 February, 2007.

[7] Cf. e.g. German Marshall Fund et al. *Transatlantic Trends 2008*, Germany showing after Poland and the United Kingdom the highest concern (68%); Thomas Petersen, "Skeptischer Blick nach Osten", *Frankfurter Allgemeine Zeitung*, 17 September 2008.

experts. One might have thought that the interest for the country and the proximity of it would have led to a flourishing of knowledge and expertise on Russia, however, the contrary has happened, maybe as a result of reunification and of subsequent cuts in universities' endowments, while France and the UK do have strong expertise. On the other hand, Germany's Russia policy is much discussed, probably because it matters and certainly because of Germany's continuous soul searching – itself reinforced by reunification. In its turn, France's Russia policy is less a matter of discussion, probably because of a greater degree of subservience vis-à-vis the president's foreign policy, maybe also because the policy lines are less forceful and even more blurred. Muted battles however do take place in the corridors of power, in the Quai d'Orsay for instance where divergent views of Russia are held, from sharp criticism to a lenient understanding of Russia's resentment of the West. However, these differences do not bear consequences: the decisions lay in the hands of a few, at the Elysée Palace in particular where Jean-David Lévitte may ensure a certain degree of continuity between the previous president and the current one.

It is easy to correlate a policy of engagement with extensive economic relations[8]. After all, Germany has strong commercial and economic ties with Russia, so does France, or Italy for that matter, where Prime Minister Silvio Berlusconi has gone out of his way to whitewash and lavishly praise Vladimir Putin. There is some difference, however, between Germany and Italy on the one hand, and France on the other. Germany is far more involved in trade and cooperation with Russia than France is – Italy being closer to a German "pattern" than to a French one. In the first half of 2008, Germany's imports amounted to 16 billion Euros and represented 19 % of the European Community's imports; its exports also amounted to 16 billion Euros, 31 % of the Community's total exports[9]. Before the downturn linked with the world's global crisis, trade between the two countries literally exploded in the first decade of the 21st century - following a gen-

[8] Stelzenmüller, op. cit.; Christopher S. Chivvis and Thomas Rid, "The Roots of Germany's Russia Policy", *Survival*, vol. 51, n° 2, April-May 2009, pp. 105-122.

[9] Andrea Tarquini, "Berlino fa rima con Mosca: ecco il nucleo duro del progetto Eurussia", *Limes*, p. 105.

eral trend of the Community's trade with Russia which increased by two and a half between 2003 and 2006, more rapidly than the Community's expanding trade with the world. It is well-known that Germany imports a large part of its energy from Russia, in particular 42 % of its gas. Conversely, the country exports more to Russia than any other country – its balance of trade with Russia is even while other countries register a trade deficit. Increasingly, the Russian market becomes a welcome outlet for German products. It is also a major investor, representing 39 % of the 27's investments in Russia[10]. German-Russian cooperation, under the guise of joint-ventures, sub-contracting, and co-production multiplies, be it in the gas industry, in the automobile industry, construction, the development of shopping centers, or, among the most recent examples, the pursuit of civil nuclear energy thanks to an agreement between Siemens and Rosatom which points at a strategic decision to together become number one on the world market[11].

The clout of the champion states

Economic ties are often cited as a reason for accommodating Russian power. The explanation begs however for nuances and sophistication. First enterprises follow a logic which is not necessarily the logic of states. The problem starts when governments espouse it. It is for instance understandable that German companies have no qualms about the construction of Nord Stream by-passing Poland and the Baltic states or about the pressures exercised by Moscow on Belarus[12]: they do not have to show any solidarity with other states or to follow a governmental line. The German Chancellor Gerhard Schröder however forgot to consult his Polish partner before finalizing a deal with Russia and, on leaving office, he became president of the board of directors of NEGP, which will operate the North Stream pipeline. When as-

[10] Ibid.

[11] Ibid. pp. 96-97.

[12] See e.g. Burckhard Bergmann, "Verlässlicher Versorger. Energiepartnerschaft mit Moskau: Warum wir Russland auch weiterhin vertrauen", *Internationale Politik*, no. 3, 2007, pp. 65-69.

suming office, Angela Merkel did not rescind the agreement between companies; however she set up a German-Polish group to discuss the question. Another example is the path-breaking role that Berlusconi's Publitalia 80 may have played in doing business in Russia, though both left and right in Italy actually supported ENI's participation in the construction of South Stream: the deal was concluded when Romano Prodi was in office[13]. In other words, what is nefarious is the influence business may have on political decisions when politicians allow lobbyists of all kinds, locals or foreigners, to take hold – or become lobbyists themselves. Second, a number of EU-countries are more dependent in terms of GDP per capita than Germany, France or Italy. Of all 27 members of the EU, Finland for instance, a "friendly pragmatist", depends most on Russia, followed by Lithuania and Estonia, "frosty pragmatists" and at times "new cold warriors", to borrow from Leonard's and Popescu's classification. Italy and France rank only 16th and19th, respectively[14]. This means that the correlation between the economies and policies is neither automatic nor a one-way street: economic ties are part of a bigger picture, of a broader vision of what the relations between two countries, Germany and Russia, France and Russia – or Italy and Russia – should be.

Behind the intensity of economic relations, lies a kernel of common understanding of what the role of the state should play in the economic development of a country. In that respect France, Italy and – though strangely enough at first sight – Germany share with the current Russian government the idea that big enterprises, champions in other words, often in connection or connivance with big governments, have a role to play in shaping national economies, let along national destinies. This has certainly long been the case of France, from Jean-Baptiste Colbert to Nicolas Sarkozy who has repeatedly argued in favor of national champions – souring the ties between Areva and Siemens for that matter and *de facto* pushing the latter into Russian arms. This has been the case of Italy for more than half a century. French and Italian

[13] See e.g. Mauro De Bonis, "Roma e Mosca, amore e affari", *Limes*, n° 3, 2009, pp. 153-160.

[14] For this classification, cf. Kari Liuhto, "How to Undo the Gordian Knot in EU-Russia Relations", *Russia in Global Affairs*, n° 2, April-June 2008, table 1.

companies from Total, which might become an important energy player in Russia, were it to finalize an agreement to develop Shtokman, to ENI, Gazprom's first world client, from Renault, Schlumberger and BNP to Finmeccanica, l'Alenia Aeronautica and Agusta Westland - all have heavily invested on the Russian market. Not only does this open space for great opportunities but also some of the economic rationale strikes as familiar – though unpleasant surprises may lurk[15]. This is the case of Germany too, albeit under a different guise: companies are often supported by the *Länder* (states) rather than by the national government – and as underlined above, strategic visions do exist: a strategic vision for instance is at the root of the agreement between Siemens and Rosatom, to create a Russian-German number one in the international arena of nuclear energy producers. This may serve two purposes: It allows the German civil nuclear sector to flourish in spite of public and political resistance against the development of nuclear energy inside the country; and it fosters the emergence of a champion in the field of energy, Siemens-Energy, where, as opposed to France and Italy, there is a lack of one – though several German energy companies are involved both in North and South Streams and belatedly in Nabucco[16]. Generally speaking, the strategic partnership which was inaugurated by the red-green coalition sees to it that ties develop in areas such as education, research and innovation. Germany does not currently entertain such close relations with any other country in the areas of research and higher education.

In other words, for Italian, French and German elites, the modernization drive heralded by Medvedev and Putin strikes a sympathetic string. Nevertheless, Germany has a special role to play for a number of reasons. It remains the world's number one exporter of machine tools, and together with France and

[15] See e.g. Susan Stewart who underlines that big western companies in Russia are more prone to suffer from the revision of agreements – while small and middle enterprises suffer more from the lack of transparency, the limited role of the rule of law etc. See "Economics as a catalyst for Politics?", *Russia in Global Affairs*, n° 2, April-June 2008.

[16] There is a parallel here between France and Germany as in both cases energy companies try to develop and become major field players in Russia, Total in France's case, Siemens Energy as far as Germany is concerned. Note that former foreign minister Joschka Fischer has become a consultant for the Nabucco gas pipeline.

Italy an exporter of automobiles, transport systems, etc. A modernizing Russia, the huge market next door, is a dream for all these exporting economies - their new frontier. This is the way the German government explained its preference for Magna over Fiat when it came to strike a deal concerning the remains of GM-Opel: a Canadian enterprise seconded by Sberbank, one of the main Russian banks close to the Kremlin, and GAZ, the Russian number two automobile maker, would, according to the German government, have opened up the gigantic Russian market to the German automobile industry – if the deal had been struck. This fits in well with the vision to modernize Russia in order to turn it into a responsible stakeholder on the continent. The "modernization partnership" heralded by Steinmeier merges to that extent political and economic interests. It also builds on a role that Germany has long played in the past as Russia's 'gateway' to the West, from Peter and Catherine the Great to the first sprouts of industrialization under the last Czar and to the Soviet Union: the standards of the Soviet industry were German ones. And it plays on a specific image that the country, its entrepreneurs and workers have in Russia. As one Italian observer, a correspondent of *La Repubblica*, puts it, Germany is "the country of reference… the model, the most admired country, the dream"[17].

Germany's clout and aura are far greater than France's or Italy – just as the echoes of the past and the affinities of the present which shape political passions and interests are so much more pervading and complex in Germany's case than in the case of France and Italy. Certainly these two countries nurture a particular interest and concern for Russia. Without going as far back as Voltaire, Diderot and later Custine, one might recall the *alliances de revers* which Paris concluded or wanted to conclude with Moscow such as the Franco-Russian treaty which De Gaulle sealed with Stalin at the end of World War II and the discussions that François Mitterrand held with Mikhail Gorbachev. In both France and Italy, powerful communist parties and long lines of sympathizers, ranks and files or intellectuals who visited and

[17] Cf. Tarquini, op. cit. p. 95. See also Renate Köcher, "Das Russlandbild der Deutschen - das Deutschlandbild der Russen. Ergebnisse repräsentativer Bevölkerungsumfragen in Deutschland und Russland", Berlin, 18 September 2008.

celebrated the Soviet Union, nurtured a special attachment to the motherland of the revolution. In all three countries, France, Germany and Italy, a number of intellectuals and part of public opinion aspired for a third way between East and West, between capitalism and communism after the war, and some ended up swelling the ranks of neutralists and pacifists in the 1950's and in the 1970's. Anti-Americanism nourished leniency vis-à-vis the Soviet Union – and later vis-à-vis Russia.

In the case of Germany, however, one should mention so many aspects of a very contradictory relationship, from the numerous craftsmen, tradesmen and workers whom the czars brought to their land and the subservience of the Baltic barons to the Russian court, to the ups and downs of the twentieth century which betray an explosive mixture of fascination and opposition, repulsion, and even awe of a number of Germans for Russia. In addition to the dramatic twists and turns of the previous century, the Rapallo Pact and the training of German troops in the USSR, the Molotov-Ribbentrop Pact and the capture of Berlin by Marshal Zhukov, the loss of what was then eastern Germany and the occupation of *Mitteldeutschland*, which was to become the German Democratic Republic (GDR), anti-communism and *Ostpolitik* do not suffice to capture the complexities of so many layers of German interests, passions, thoughts and writings, for and on Russia, especially in the 20th century. Certainly literature and literary connections in Berlin and elsewhere played a part – including those Jews who linked both worlds. Beyond them however, *Wahlverwandschaften,* complicity between two cultures deemed as alienated from the western civilization, to recapture German categories, drew German and Russian "souls", closer to one another. More concretely, both Germany and Russia ended World War I as pariahs and as aspiring powers, both woke up thirsty for power in a Europe and a world which were already marked out, and both conceived for one another sympathy and awe. The latter part of the century only added to these intricacies. The war that Nazi Germany unleashed on the East was infinitely more brutal than the war in the western part of the continent and many Germans confess a huge culpability vis-à-vis Russia. Guilt however mixes with a sometimes repressed fear, the fear for those troops which

devastated Germany, plundered and raped[18]. The division of Germany did not lead to a black and white situation either. The GDR was certainly a part of a divided country upon which the Soviet Union had imposed its mark; yet it harbored the last Communists of the whole Soviet bloc, the last ones to believe that the communist system could be reformed. Anti-communism held sway over the greater part of public opinion in West Germany, yet realism and the necessity to talk with the Soviet regimes in Moscow and East Berlin paved the way towards agreements and understanding.

Illusions and pitfalls

These various layers blur sometimes political reason and romanticism adulterates realism. Curiously enough the *Schuldgefühl*, guilt, addresses Russia primarily, not Poland though it is known – but not well-known – that of all countries Poland suffered most. Some politicians and publicists call for an understanding of Russian susceptibilities but brush Poland's aside[19]. As Tobias Dürr, the young editor of *Berliner Republik*, noted, these Germans marvel that Russians do not expect or exact any repentance or explicit concession for that matter. But they also let themselves get caught in the nets of "great power feeling": Germans and Russians may speak eye to eye. Poland does not play in the same league. If gratitude submerges some Germans who marvel at the quality of German-Russian relations in spite of the devastation that the Nazi Reich inflicted on Russia, gratitude also goes to

[18] See in particular Anne Applebaum, "Deutsche verzeihen Russland alles", *Cicero*, November 2008.

[19] Though one must recognize that the Kaczyinski brothers did not help much. One example of the German lack of understanding is to be found in Ulrich Weisser's article, a former director of the policy planning staff in the ministry of defence: "Wir brauchen Russland!", *Internationale Politik*, March 2007, in particular p. 49: "Nach allem, was Deutschland im Zweiten Weltkrieg in Russland angerichtet hat, sind wir Deutschen zu einer Politik der Versöhnung, des Ausgleichs und der Zusammenarbeit mit Russland verpflichtet" only to add a little further: "Die in Jahrzehnten bewährte Russland-Politik…droht in der erweiterten unter der verhängnisvollen Einfluss der neuen Mitgliedstaaten in Mittelosteuropa zu geraten, die Russland aufgrund ihrer Erfahrungen anders sehen."

Russia for having allowed reunification. For some of those who want to interpret the division of Germany as the punishment for Nazism, reunification may have come as a sign of forgiveness from the part of Moscow. In no other country did "Gorbimania" reach such levels. Reunification also referred to a kind of community of fate between Germany and Russia – as both countries were undergoing huge transformations. In her widely cited article, Constanze Stelzenmüller also argues that disillusionment and even irritation grew among German policy makers in the 2000's, chafed, as she notes, at U.S. condescension. In any case, reunification closed what I called an 'exceptional parenthesis' in German-American relations[20], a forty-year parenthesis, and with this closure came distance, if not alienation, later aggravated by the disastrous decisions of George W. Bush's administration. To the extent that "Russians nurse a similar resentment at being treated as strategically irrelevant by the United States", as Stelzenmüller puts it, echoes resonate in Berlin and Moscow – far beyond any understanding between Paris or Rome and Moscow. Even to those Germans who are not ready to overlook or exculpate Russia's undemocratic evolution, the current situation may evoke Weimar and the risks or isolation, real or dreaded. As a number of critical German commentators underline, Vladimir Putin knows too well how to play on these various chords – turning to his advantage his time in Dresden as a KGB man![21] In 2001, Putin addressed the German Bundestag in German and he knit a particularly tight personal relationship with then Chancellor Schröder. Certainly not all Germans harbor these mixed and complex feelings – a fatal attraction and readiness to misunderstand the nature and the deeds of the current regime is to be found in segments of both left and right, which are not marginal. In Germany, more than in France or Italy, "romantic realists", in favor of accommodating Russia, represent a sizeable constituency, as opposed to "principled realists", who attempt to cater to values and interests.

In any case, in Germany more than in France – or in Italy for that matter – there is a closely knit network of passions and

[20] Cf. Anne-Marie Le Gloannec, *Berlin et le Monde. Les timides audaces d'une nation réunifiée* (Paris: CERI, Autrement, 2007).

[21] For an uncritical view see Alexander Rahr, *Der Deutsche im Kreml* (Hannover: Universitas, 2000).

interests, of knowledge and sometimes repressed inclinations, of broad interrelations and tight connections which nourish a sweeping concern for Russia and for the future of German-Russian relations and a broad vision of them. As a strategist working in a French company admits: "French companies do not coordinate their actions, there is no *Ostausschuss der deutschen Industrie*, no systematic vision", a judgment that an analyst in a French ministry echoes, contending that: "The Germans are systematic while we do not connect the dots". In spite of the fact that France holds some trump cards as a member of the United Nations Security Council and as a military power which more than other continental states participates in external interventions, it has less weight than Germany to organize the relations between the EU and Russia on the continent. To that extent, even if Germany does not act in the name of Europe, it shapes the continent in shaping the German-Russian relationship[22].

Whatever the respective weight of Germany and France in devising the future EU-Russia relations, governments and elites in both countries must shed a number of illusions and avoid a number of pitfalls in order for the European Union to conceive a proper strategy vis-à-vis its Eastern neighbor. The primary illusion often recurring in the writings and speeches of a number of politicians and businessmen – and even analysts and experts – is that of a so-called economic interdependence between Russia and the EU or its members. There is no such thing. It is rather a combination of asymmetries, on the one hand of the dependence of Russia on its clients for the sale of its gas in particular and on its providers of technology – the EU is both Russia's primary client and primary provider – and, on the other hand, of the dependence of Western European, in particular, German consumers and companies on Russia as an energy provider. Yet these two dependences do not annul one another. As one German diplomat clearly puts it, these are two one-way streets[23]. In both cases, the nature of the economic systems and the specific ties between political and economic actors in Russia and in the EU and its member states are such that the rules of the game are very different in the two

[22] Interviews with author, June 2009.
[23] Interview with author, March 2007.

systems. First, the economic rules in force in Russia diverge from those generally applied in the EU: protectionism, a different system of certification, and absence from WTO all distinguish Russia from the EU. The lack of transparency and corruption have for instance driven certain foreign companies to pull out while in many other cases, contracts have been rescinded. Second, Russian political power can manipulate economic actors and weigh on economic decisions while this is not so much the case in the EU. Certainly in the champion states political actors shape certain economic decisions. Meanwhile European governments and institutions display two weaknesses. First, both European governments and community institutions too often lack the possibility to establish linkages between economic decisions and political aims. At the EU level, the lack of cohesion between the first and the second pillar prevents European actors from using their economic clout for political purposes. Conversely, the use of gas as a weapon by Russian authorities acting to pressure smaller EU member states is well documented. Second, bilateral relations, as natural as they are, introduce a degree of competition between states, between West European states, even between champion states: this plays in the hands of the Russian power which fosters and manipulates it. A subliminal competition between Germany and France lingers – though certainly the connivance between the former president, the former chancellor and Putin was less than optimal for the Union, as it left most East European governments aside, at least symbolically. It is detrimental for both countries but, even more so, it is detrimental for the European Union as a whole.

One may further question the rationale of a "modernization partnership", at least in the short or mid-term – if one assumes that modernization is indeed taking place in Russia, which is far from certain, due to the level of corruption, the weight of bureaucracy, in short the scarcity of reforms and the paucity of infrastructure. The idea that modernization may lead to democratization, which is implicitly entailed in the motto *Annäherung durch Verflechtung,* recalls the *peace through trade* argument of the 1970s: this is the second illusion. Certainly time plays a role in the sense that modernization *may* lead to democratization in some future – yet there is no certainty and an authoritarian re-

gime can for a while, short or long, control the outcomes. If neither the EU nor its member states can resort to linkages or influence the domestic evolution of Russia, should they concentrate on promoting common interests without referring to values? That would be a misconception about the ties between values and interests. Values do shape interests – as the fate of the former Soviet republics epitomizes. While the current Russian government looks to them as part of their sphere of influence, the West stresses their right of self-determination. The war in Georgian proved that Russia is well entrenched in raw power politics – all rhetoric of modernization aside. It is a military actor – not just an economic one. The EU is not a military actor proper – nor is Germany. The plan for a "new security architecture" that Medvedev first put forth in June 2008 in Berlin, plays on hard security, not on soft security. This is a specific understanding of security which the EU does not share as it lays stress on democracy as a source of security. Fortunately, European leaders are more clearly aware of the pitfalls of the Kremlin's security proposal than they are of those entailed in economic entanglement. All, Sarkozy first and foremost, insisted on the necessity to include the United States and NATO, and wisely enough suggested the OSCE as a venue.

The Russian security proposal, the war in Georgia in 2008, and the latest squabbles over gas and the threats to Ukraine may contribute to foster – if not to cement – a certain degree of unity within the European Union. Ironically enough the Kremlin's heavy-handedness may offer a better conduit towards European understanding than the European states would, champion states included. Yet this newly founded unity of the European Union is terribly fragile. It has to be catered for. While the smaller member states of the European Union have been by-passed a number of times in recent years by both Germany and France, a European Russia policy has to take them into account.

Nord Stream: A litmus test for intra-EU Solidarity?

Bendik Solum Whist

Introduction

The past decade has seen an increased focus on energy-related issues. Instability in petroleum-abundant regions, skyrocketing commodity prices, and concerns about CO_2 emission levels are all factors that have contributed to the trend. The global financial crisis, which shook the world in 2008 and continues to define the international agenda, should also be considered a factor in the equation, in that much-needed investments have become more difficult to bring about (e.g. in renewable sources of energy). The current state of affairs has led some to speak of a "new cold war" over increasingly scarce commodities (Follath and Jung 2006; Lucas 2008; SvD 2007a), and there is little doubt that energy-related issues are on top of the international agenda. In this context, the EU has a growing need for external energy supplies and increased diversification of supply routes. There are several reasons for the increased focus on energy security in the EU, but the 2006 and 2009 gas disputes between Russian Gazprom and the Ukraine have undoubtedly served as catalysts.[1] Approximately 80% of Russia's gas exports to European markets flows through the Ukraine, and when Gazprom on 1 January 2006 reduced the supply levels to the Ukraine, this also affected Western Europe.

[1] Neither of the two disputes will be reviewed in depth here. For a thorough analysis of the Russian-Ukrainian gas conflicts, see Stern (2006) and Pirani, Stern and Yafimava (2009).

According to the International Energy Agency (IEA 2006a: 88) 'about 100 mcm [million cubic metres] that was expected in countries west of Ukraine was not delivered. In addition, Ukraine itself suffered a shortfall of 150 mcm.' Although the supply interruption only lasted three days and was relatively easily coped with through fuel switching, the interruptions had caused broad concerns in Europe regarding energy security (Stern 2006: 13; EIA 2008: 88). The most recent (January 2009) conflict between the two parties did not represent something new but most certainly served as a reminder that the EU faces important challenges in terms of energy security.

One of the proposed new supply routes to Europe that have become the subject of increased discussion (partly) as a result of the Russo-Ukrainian energy disputes, is the Nord Stream gas pipeline from Russia to Germany through the Baltic Sea. According to its proponents Nord Stream is a European-scale project that represents an important step on the way towards more security of supply for the European Union. Unfortunately for the backers of the project, this view has been highly contested within the EU, where some of the new members have accused Germany of putting its own interests above those of other member states.

At a conference in Brussels in May 2006, the Polish Minister of Defence, Radoslaw Sikorski, went so far as to compare the project with the Molotov-Ribbentrop Pact of 1939, which effectively divided Poland between Germany and the Soviet Union (Godzimirski 2007: 13). Similarly, Vytautas Landsbergis, former Lithuanian president and currently Member of the European Parliament, has called the project a Russo-German pact and argued that Russo-German cooperation, throughout history, has always led to problems for the countries between them (SvD 2005).

This article seeks to explain why the Nord Stream project has become such a contested issue within the EU. It will first provide a brief introduction to the hard facts of the project, followed by an exploration of the arguments being used by pipeline proponents, most notably Germany, Russia and the Nord Stream consortium. It will be discussed whether the *European* focus is only a way of legitimising the project and that the primary rea-

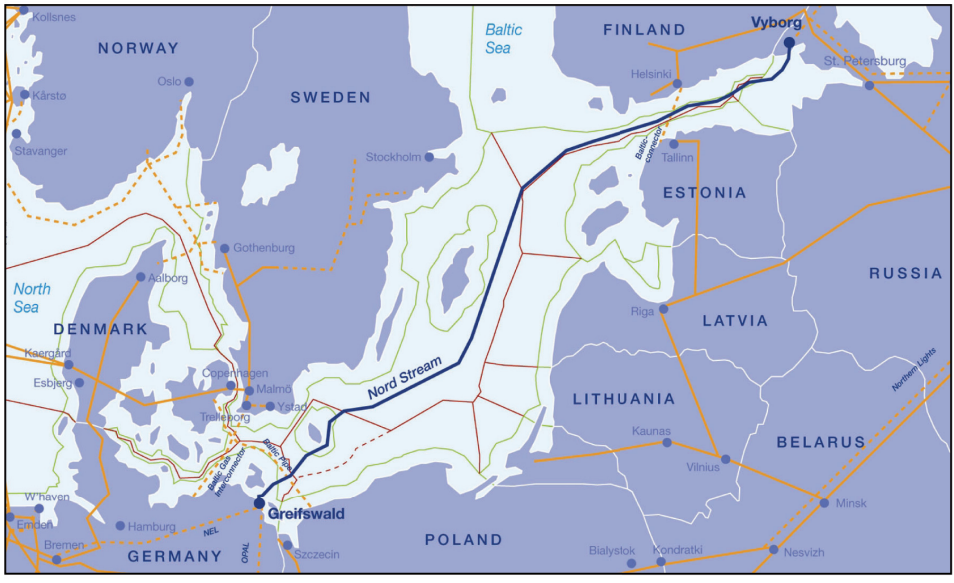
son for the project's existence is that Germany is in dire need for more natural gas. A more historical and theoretical argument, often pushed forward by Germany, will also be assessed, namely that the EU-Russian relationship may benefit from the interdependence resulting from pipelines. The examination of the pro-pipeline arguments will be followed by an exploration of the criticism put forward by other EU-states, particularly in Eastern Europe, that Nord Stream divides Europe and strengthens Russia's leverage on the bypassed states. It will be discussed whether former Russian supply interruptions form a pattern, and if so, how Nord Stream could represent a threat to Eastern Europe (particularly the Baltic States). Finally, it will be argued that regardless of Moscow's foreign policy intentions, which are difficult to prove, the most serious threat to "new EU's" energy security is that Russia in the near future may not be able to produce enough gas to cover all of its export commitments, and this would be a bigger threat to small gas markets than to large ones like that of Germany. This, in turn, could pose serious challenges for the EU, which is currently working on the development of a more coherent and unitary energy policy based on intra-union solidarity.[2]

What is Nord Stream?

Nord Stream, formerly known as the North European Gas Pipeline (NEGP), is a planned 1200 km long dual pipeline for natural gas from Vyborg in Russia to Greifswald in Germany through the Baltic Sea. If constructed, Nord Stream will be among the longest offshore pipelines of the world, and will have the capacity to supply 55 billion cubic metres (bcm) of natural gas each year. The gas will originate in the already developed Yuzhno-Russkoye field, and, later on, in the Yamal Peninsula, Ob-Taz Bay and the Shtokmanovskoye (Shtokman) fields (Nord Stream 2008b).

[2] This article will focus purely on the energy-related aspects of the Nord Stream pipeline. Several related issues, such as military-strategic implications of the project (a topic heavily debated in Sweden in 2006-2007) and environmental concerns in the Baltic Sea region, will have to be disregarded. For a more substantial analysis including these issues, see Whist (2008).

Figure 1: Nord Stream Pipeline Route



Source: Nord Stream 2009b

The Actors Involved

In 1997 Russia's Gazprom and the Finnish company Neste (later known as Fortum) established a shared company, North Transgas Oy, to examine alternative gas pipeline routes from Russia to Germany through the Baltic Sea. Their 1998 feasibility study, which also included partly land-based routes through Finland and Sweden, concluded that an offshore project would have the best chance of implementation. German companies E.ON Ruhrgas and BASF/Wintershall became associated with the project through agreements of 2001 and 2004 respectively. In May 2005 Fortum withdrew from the project, presumably due to Gazprom's 2004 announcement that the offshore Shtokman gas field would be used for LNG (liquefied natural gas) exports, which would make the Finnish part of the pipeline unnecessary (Riley 2008: 3). Nonetheless, in September 2005 Gazprom, E.ON Ruhrgas and BASF/Wintershall agreed to construct the North European Gas Pipeline. Present at the signing of the agreement were the then Russian President Vladimir Putin and German Chancellor Gerhard Schröder, both of whom had been proponents of the

project (Tarnogórski 2006: 104). The North European Gas Pipeline Company, which is today known as Nord Stream AG, was incorporated in Zug, Switzerland, in November the same year with Gazprom as majority shareholder (51%), and the two German companies with a 24.5% stake each. North Transgas Oy was officially dissolved as soon as all information about the project had been transferred to the new firm (Nord Stream 2007a: 4). Former German Chancellor Schröder has, since 30 March 2006, been heading the shareholders' committee of Nord Stream AG (Süddeutsche Zeitung 2006c). In November 2007, the Dutch gas company Gasunie bought a 9% stake in the Nord Stream project, whilst each of the two German companies ceded 4.5% of their share (leaving them with a 20% share each). Gazprom thus remains the majority shareholder with its 51% (Nord Stream 2007b). There have recently (July / August 2009) been rumours that Gaz de France Suez (GDF Suez) is eager to join the Nord Stream project, allegedly because the company was ousted from the Nabucco project by Turkey (UPI 2009a, 2009b; EurActiv 2009). According to Le Monde (2009), Gazprom-director Alexei Miller approached GDF Suez with an offer as early as December 2008, and this was presumably to increase the project's "pan-European" character and thereby boost its support. Moreover, on 19 May 2009, Gazprom's deputy chief Alexander Medvedev stated that the entry of GDF Suez was supported by all the other stakeholders in the project (UPI 2009c). If GDF Suez were to participate in Nord Stream, it is expected that the two German companies would cede another 4.5% share each, leaving GDF Suez with a 9% stake in the project (Forbes 2009). To date, no formal confirmation regarding participation of GDF Suez has been given by the Nord Stream consortium's press service, and it therefore remains to be seen whether GDF will be involved in Nord Stream at all.

Technical Features, Timeframe and Budget

Nord Stream will have two parallel legs, each of which will have an annual capacity of 27.5 bcm of natural gas. According to the original schedule, construction of the first leg was set to start in

January 2008 and finish by February 2010, although these dates have been gradually adjusted, and the company now expects finalisation of the first leg in 2011. The second leg is scheduled for construction between 2011 and 2013. Nord Stream AG estimates that full capacity, 55 bcm per year, will be reached in 2013. The gas transmission system will have an estimated lifetime of 50 years, after which it will be decommissioned (Nord Stream 2006a: 2-3, 2009d).

The cost of the Nord Stream project was initially (in 2005) estimated at € 4 billion, but the projected cost has gradually risen to € 7.4 billion (Nord Stream 2008b; BarentsObserver 2008a). According to a spokesperson for BASF/Wintershall, the company assumed as early as 2006 that the cost could rise to as much as € 9 billion (Reuters 2007b). It should be noted that these estimates only cover construction costs. Operation-, maintenance- and decommissioning costs are not included, which means that the end total may become significantly higher (Larsson 2007: 34). Although the Schröder government, only weeks before the end of its term, granted Gazprom a € 1 billion loan guarantee for the project (Süddeutsche Zeitung 2006d), the financial situation is still not settled. Financing can only be finalised when the final route of the pipeline is ready, which is subject to the consent of the coastal states involved. Nord Stream AG estimates that 30% of the costs will be taken by the shareholders, and 70% will be financed through loans and export credit agencies (Nord Stream 2008f).

Recent Developments

To date, construction of the offshore pipes has yet to start, as the Nord Stream consortium is still awaiting construction permits from some of the coastal states whose Exclusive Economic Zones (EEZs) will be used for the pipeline. Denmark was the first involved coastal state to give its formal approval (on 20 October 2009), followed by Sweden and Finland on 5 November 2009 (Nord Stream 2009c; 2009e).

It should be noted that in Sweden, there has been an intense national debate ever since the pipeline plans were made official

in 2005. The Swedish government rejected Nord Stream AG's first Environmental Impact Assessment (EIA) in February 2008 because it was considered incomplete, and only after further information was supplied (on 23 October 2008) was the review process initiated in Sweden. Furthermore, in March 2009, the Swedish Parliament's industry committee decided not participate at a Nord Stream-conference arranged by the Russian Parliament in St. Petersburg. The committee underlined that Sweden's view on the pipeline would be based solely on environmental criteria, and not on political ones, but the act nevertheless upset the Russians significantly (Radio Sweden 2009). It is also worth noting that the municipal authority on the Swedish island of Gotland, which is located along the pipeline route, on 24 August 2009 declared its definite opposition to the pipeline project. Nonetheless, on 5 November 2009, the Swedish government decided to approve of the construction of the pipeline in the Swedish EEZ.

There has also recently been a debate in Finland (although not as vocal and vibrant as the one in Sweden) of whether the government has been too silent in the face of public questions on the security policy implications of the pipeline. Deputy Chairwoman of the National Coalition Party and MEP, Eija Riitta Korhola, was quoted on 1 September 2009 stating that there is currently so much silence that 'ordinary Finns get the impression of a revived Finlandisation' (Helsingin Sanomat 2009).[3] In Denmark there has been much less discussion about Nord Stream, so it did not come as a surprise when the Danish government approved of the project, particularly because Denmark will be a recipient of gas from the pipeline. Moreover, when the Danish Prime Minister Lars Løkke Rasmussen met with his Russian counterpart Vladimir Putin on 2 November 2009, the latter stated that Russia might triple the amount of gas supplied to Denmark through Nord Stream, from the initially proposed 1 bcm to 3 bcm per year (RIA Novosti 2009).

Hence, Germany and Russia are the only remaining states whose approval is needed before construction can start. The chance of any of these two states saying no to the pipeline is,

[3] For a discussion on Nord Stream and *Finlandisation*, see Whist (2008), particularly subchapter 5.3.

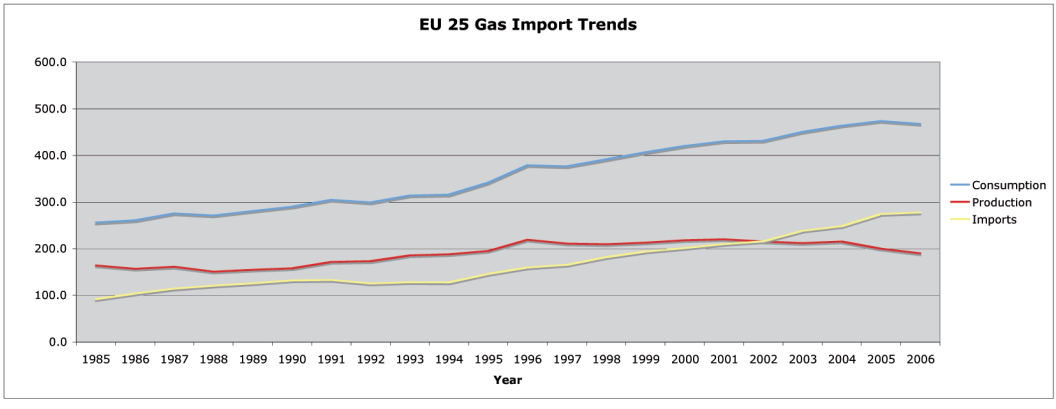
however, rather slim. Therefore, it seems more likely today than only a few months ago that Nord Stream AG will, in fact, be able to start construction of its offshore pipeline in early 2010. The Russian onshore section, which is to connect to Nord Stream, has been under construction since December 2005 (Reuters 2008b; Gazprom 2005).

The Pro-Pipeline Camp: Nord Stream means "Gas for Europe"

According to Nord Stream AG, the planned pipeline through the Baltic will be one – if not *the* – answer to Europe's energy challenge. The official documentation states that 'it is evident that without Nord Stream, the EU will not be able to cover its gas needs. Therefore, Nord Stream is an important contribution to security of supply, as it will meet a quarter of additional import needs of Europe' (Nord Stream 2008d).

Indeed, the development within the EU in the past 20 years shows a clear trend towards increasing import dependency. Whereas both demand and production grew until the mid-1990s, production has since stabilised, and from 2002 it has been declining, whilst the consumption level has kept rising (Figure 2). Gas imports as percentage of consumption rose from approximately 40% in 1994 to almost 60% in 2006 (BP 2007).

Figure 2: EU 25 Gas Import Trends



Source: BP (2007)

A reference to historical developments, although serving a powerful rhetorical point, is not sufficient to warrant the building of a controversial pipeline, but projections of EU's gas import needs show a similar trend. As pointed out by Dieter Helm (2007: 13), 'Gas is the fuel of choice for electricity generation in Europe, and demand is projected to rise steadily over the next decade.' Nord Stream AG, officially relying on data from the IEA, projects EU's annual gas demand to rise from 570 bcm in 2005 to 712 bcm in 2015. At the same time, EU's internal gas production is steadily declining, and, according to the company, the share of imported gas will rise from 57% in 2005 to 75% in 2015 (Nord Stream 2006b: 4, 2008a). The Nord Stream pipeline will thus be *one* answer to Europe's import challenge.

It should be noted that the numbers referred to in the Nord Stream documentation do not fully correspond with IEA's *World Energy Outlook 2006*, according to which the annual gas demand in the EU will have risen to (only) 609 bcm by 2015. Not only is this significantly lower than 712 bcm, but, as pointed out by the Swedish defence analyst Robert Larsson (2007: 28), 'Nord Stream's material reveals that its analysis is based on IEA's so-called *reference scenario* … [which] is a "business-as-usual-scenario."' What the *World Energy Outlook* also includes, however, is an Alternative Policy Scenario, which 'analyses how the global energy market could evolve if countries were to adopt all of the policies they are currently considering … [including] efforts to improve efficiency in energy production and use, [and] increase reliance on non-fossil fuels' (IEA 2006b: 161). According to this potential development, EU's annual gas demand may in fact be 38 bcm less in 2015 and 90 bcm less in 2030 than is projected in the reference scenario (Figure 3). Larsson (2007: 28) therefore suggests that the Nord Stream pipeline may actually be superfluous, and that increasing the capacity of existing pipelines could in fact suffice to meet the increased demand.

Figure 3: EU Natural Gas Demand (bcm/year) – IEA Projections

		2004	2015	2030
	Reference Scenario	508	609	726
	Alternative Policy Scenario	508	571	636
	Difference		38	90

Source: IEA 2006b: 112, 183

Regardless of the need to scrutinise the figures presented by Nord Stream AG, few seem to fully deny the need for increased gas supplies to the EU. In March 2006, the European Commission published its Green Paper on energy, *A European Strategy for Sustainable, Competitive and Secure Energy*, which acknowledged precisely that in terms of energy supply there are critical times ahead (EU Commission 2006a).[4] Among the Commission's many focal points in the field of energy, there is one argument that has proved particularly useful for the proponents of Nord Stream, namely diversification of supply routes. Although this is but one point from an exhaustive list of steps the EU should take, it has nevertheless become a very central argument for the Nord Stream consortium, which posits that the new direct energy link between the EU and Russia is an important step on the way to increased route diversification and secure supplies (Nord Stream 2008g).

To underline this point, it is emphasised that the EU Commission has given the pipeline status as a priority project under the TEN-E guidelines (Trans-European Energy Network),[5] which are meant to help increase competitiveness in the energy market and increase security of supply. By giving priority to certain projects, the EU aims to 'accelerate the implementation and construction of connections and to increase the incentives for private investors' (EU Commission 2006b: 2, 2007: 15). Thus, the TEN-E status is inevitably important for a project of such a scale as Nord Stream, and according to the company website, 'The European

[4] The Green Paper has subsequently been followed by the so-called *Climate and Energy Package* (adopted 23 April 2009) and the *Third Legislative Package* for the internal energy market (adopted 13 July 2009).

[5] Although a "correct" abbreviation would be T-EEN, the abbreviation "TEN" is used for all Trans-European Networks, followed by a specification of network type, e.g. TEN-E for Energy, TEN-T for Transport, and so on.

Union appreciates Nord Stream as one of the priority energy projects of European interest. … This means that Nord Stream is a key project for sustainability and security of supply in Europe and must be supported by EU-member states' (Nord Stream 2008e).

A few things should be noted, however: Although TEN-E status may be necessary to attract investors in an early phase, it is by no means sufficient and does not automatically imply that the pipeline will be constructed. Several commentators and officials have therefore criticised the Nord Stream consortium of distorting the facts when it refers to widespread EU support. As pointed out by the Swedish parliamentarian Carl B. Hamilton (2007: 24), 'that the project is on the TEN list does neither mean that a final decision for its realisation has been made, nor does it imply that a construction permit has been given.' It should also be noted that the label 'project of European interest' under the TEN-E guidelines does not imply that all of Europe will benefit from it. In fact, many such priority projects are, and have been, more local or sub-regional (EU Commission 2006c). Finally, a senior official in the Energy Security Policy Division of the Lithuanian Ministry of Foreign Affairs (MFA) has underlined that:

> TEN-E is support for a project, but it is not support for a concrete route. It can be built on land, and it would be the same project. … Nord Stream likes to mention that "this project is written, marked and underlined as TEN-E, to which all countries agreed," but again, the route can be slightly different, and it will solve a lot of problems. (Lukoševičius, interview).

Nonetheless, Nord Stream is frequently promoted as a pan-European endeavour. During his first visit to Germany as Russian President, Dmitry Medvedev, stated that 'this project serves equally the interests of reliable energy supplies and energy security for all the countries on the European continent' (RIA Novosti 2008a). Medvedev, not surprisingly, echoes his predecessor, current Prime Minister Putin, who on several occasions has made similar statements. The words could, however, just as well have come from former German Chancellor Schröder or his Chief of Cabinet, Frank-Walter Steinmeier, who until October 2009 served as Minister of Foreign Affairs under Chancellor Angela Merkel in the

grand coalition of Christian Democrats (CDU/CSU) and Social Democrats (SPD).[6] Both Schröder and Steinmeier have argued that Nord Stream is a European-scale project, and underscored that it should be supported by all European states (Süddeutsche Zeitung 2006b, 2006e).

Many expected Merkel to have a different approach to this question than her predecessor; first of all because she has generally been less accommodating towards Russia, but also because she openly criticised Schröder for mixing roles when he started working for the pipeline consortium after approving the project as Chancellor. Nonetheless, Merkel has done little to satisfy those who criticise the Nord Stream project. During her first meeting with President Medvedev she underscored that her country would keep supporting Nord Stream, which she regarded as 'strategically important for the whole of Europe' (RIA Novosti 2008b). At a conference about Nord Stream's implications for Europe in February 2007, Dr. Frank Umbach (2007: 12) from the German Council on Foreign Relations in Berlin pointed out that there are, in fact, several contradicting factors and policies within the Merkel government. Notwithstanding Merkel's criticism of Russia and Schröder, the German Nord Stream policy has not changed. Although this may seem surprising, the next subchapter will show that certain domestic forces make it difficult to expect otherwise.

Alternative Explanation: Germany Needs Gas

No matter how much the EU's gas demand is to increase, one cannot escape the fact that Nord Stream will run ashore in Germany and that the bulk of the gas (at least that which has already been contracted) is earmarked for the German market (Nord Stream

[6] The coalition was a result of the 2005 German federal election, after which none of the traditional "blocs" were able to form a majority government. Although the two biggest parties, SPD and CDU/CSU, had been the main competitors in the election, they ended up forming a grand coalition with Angela Merkel (CDU) as Chancellor. Important aspects regarding this government will be discussed in further detail shortly. NB: After the federal election in Germany on 27 September 2009, a new government was formed by CDU/CSU and FDP. A change in the German policy on Nord Stream is not likely to occur, however.

2009a). According to the 2007 IEA review of Germany, the country's annual gas need was then approximately 92 bcm, of which only 20% was of domestic origin. Russian gas supplies account for some 40% of the total – a share that has been increasing in recent years (IEA 2007: 33, 93). Germany is indeed Russia's main partner among the old EU member states, and the annual volume of imported Russian gas, which was some 40 bcm in 2007, will within a few years exceed 50 bcm. According to Proedrou (2007: 345) there are two main reasons why this relationship is unlikely to change, the first of which is the Nord Stream pipeline. The second reason, he believes, is Gazprom's 2006 commitment to redirect the gas from the Shtokman field in the Barents Sea to the German market instead of the United States. It should be noted that the latter is a long-term plan, as the Shtokman field has yet to be developed. Although Gazprom (2008) claims the field will be operational in 2013, most analysts see this as highly optimistic and hold that the development may take at least 10-15 years (Riley 2008: 7; Godzimirski 2005: 27). It should also be noted that on 27 May 2009 the head of project development for Shtokman, Yury Komarov, confirmed that the original development plan might be subject to review in March 2010, much due to the impact of the international financial crisis (RIA Novosti 2009a). In any case, the trend towards increased German dependence on Russian gas is unlikely to change, and it is therefore important to assess if, and why, Germany accepts this development.

In 2000 the German government and energy utilities made an agreement to shut down all nuclear power stations as they age, reaching a complete shut-down of all plants by 2022. Today nuclear power accounts for some 12% of the primary energy supply in Germany, and over 25% of the electricity generation (EU Commission 2008). According to the IEA (2007: 8) 'the loss of nuclear power will lead to reduced supply diversity, negatively impacting energy security.' Inasmuch as nuclear energy is a largely domestic resource, it reduces the need to import fossil fuels, such as natural gas. Germany's reliance on Gazprom is therefore likely to increase significantly as a result of the nuclear phase-out. Moreover, it is worth noting that in terms of emission levels, the nuclear shutdown brings serious challenges to Berlin. Even though increasing the use of renewables may help Germany cope

with the emission dilemma, the IEA believes it is likely that the phase-out will lead to increased use of coal and gas, and hence, prevent Germany from reaching its emission goals. While gas is more environmentally friendly than coal, it is nonetheless a fossil fuel and not emission-free. Based on these considerations, the agency thus 'strongly encourage[s] the government to reconsider the decision to phase out nuclear power' (IEA 2007: 9).

This dilemma caused much debate within the (recently "retired") grand coalition of the Christian Democrats (CDU/CSU) and the Social Democrats (SPD). It was the latter that, whilst in government with the Green Party, agreed on the nuclear phase-out, and the party still stands by its decision. CDU/CSU, however, has been somewhat critical of the plan, and this has inevitably led to tensions within the government on questions of dependence on Russia, what a climate-friendly energy mix should look like, and how electricity and gas prices can be kept low. *Spiegel* (2007a) concludes that on questions of energy 'the views of Merkel's Christian Democrats differ from those of the Social Democrats on virtually every important issue.' If this was not discernible during the 2006 Russo-Ukrainian gas dispute, it became particularly apparent following the 8-10 January 2007 Russo-Belarusian energy dispute, during which Russia halted oil deliveries through the Druzhba-pipeline, which passes through Belarus and supplies Germany with 20 per cent of its annual oil imports. The reason for the disruption of oil supplies was a commercial dispute between Moscow and Minsk, which was related to Russian export tariffs on oil to Belarus, and the transit fees demanded by the latter. On 9 January 2007, when the dispute was still unsettled, Chancellor Merkel stated that, first of all, it was 'not acceptable for energy transit or supplier countries to halt deliveries without consultation,' and secondly, that 'we must think about the consequences of shutting down nuclear power plants' (Deutsche Welle 2007). As late as June 2008 Merkel reiterated this position and argued that 'the phase-out decision was absolutely wrong' (WNN 2008a). The Chancellor's and CDU/CSU's problem, however, has been that SPD will not budge on the phase-out plan. For instance, the relationship between the former Minister of Economics, Michael Glos (CSU), and the former Minister of the Environment, Sigmar Gabriel (SPD), has been described as 'an embittered small-scale

war' over energy issues within the government (Spiegel 2007a). Until now (November 2009) the German government has not changed the nuclear phase-out policy, and this may also help understand why Berlin's stance on Nord Stream has persisted despite Merkel's tougher line with Russia. In light of the effect that Russia's energy disputes with neighbouring transit states has had on Germany's perception of energy security, and considering the current improbability of a change in the nuclear phase-out plan, the pipeline through the Baltic Sea makes much sense.

Another contributing factor is the strong energy lobby in Germany. First, the two second-largest shareholders of the Nord Stream consortium, E.ON Ruhrgas and BASF/Wintershall, are both German companies, and they inevitably have a strong economic interest in the project. Second, Lucas (2008: 19) has argued that Germany indeed has a 'pro-Russian business lobby that has beguiled the foreign-policy establishment.' Decades of trade and investment in Russia have made many German companies willing to go to great lengths to make sure Russo-German relations remain friction free. So even if Chancellor Merkel, for political reasons, wanted to lead Germany in another direction on the pipeline issue, she would find herself pressured by 'a strong business lobby that wants good relations with Russia no matter what' (Lucas 2008: 189, 226).

In light of the above, Germany's own needs can hardly be trivialised when assessing the rationale behind, and arguments for, the Nord Stream pipeline. And even though there is a persistent *European* focus amongst pipeline proponents, one might ask whether Nord Stream would ever have left the drawing board had it not been for the current energy dilemma facing Germany. Although certain factions within the German political sphere, as well as analysts outside Germany, are concerned about too much dependence on Russia, the current government deadlock makes Nord Stream stand out as a good solution. Furthermore, the dependence-argument is not a one-sided one, and the question of mutual dependence – or *inter*dependence – has been central in this regard. The following subchapter will explore how the concept of interdependence can serve as a normative argument when discussing EU-Russia relations generally, and Nord Stream specifically.

Overarching Assumption: Harmony through Interdependence

In an October 2006 interview, President Putin was asked if he could understand the concern some Germans have about becoming too dependent on Russian gas supplies, to which he responded:

> No, I don't understand that. It is artificially politicised. There are people that are trying to heat up this issue to gain from it politically. These people are either provocateurs or very stupid. I say this quite often, even if it sounds harsh. It is, however, the fact that when we have a common pipeline system, we are equally dependent on each other. (Süddeutsche Zeitung 2006a).

The interdependence argument is not a new one, neither with regard to gas transmission systems, nor related to trade in general. What Putin refers to in his statement is that pipelines, once constructed, are stationary and do not allow for the gas to be sent elsewhere on a short notice. Although Liquefied Natural Gas (LNG) can be quickly redirected, it is currently no competitor to pipeline gas over shorter distances. Because of the expensive liquefaction process, as well as the need for specially designed ships, LNG is only a real competitor to pipeline gas when the transportation distance is over 4000 km onshore, or 1500-2000 km for sub-sea pipelines (Mäe *et al.* 2006:23). Furthermore, LNG currently only accounts for some 10% of the global gas supplies, and it is not likely to compete with pipeline gas any time soon (Helm 2007: 15-16). Proedrou (2007: 343) has emphasised that EU-Russia energy relations are characterised by lack of feasible alternatives for both sides. About 50% of all Russian energy exports go to the EU, which in turn has Russia as its decidedly most important supplier. In 2006, the EU imported some 33% of its crude oil and 42% of its natural gas from Russia. By comparison, the corresponding numbers for Norway, which is the second-largest exporter of oil and gas to the Union, were 16% and 24% (EU Commission 2008). Had Russia had the infrastructure in place to divert its energy sources to the expanding markets in Asia, the EU would have had a better reason to worry. However, since this is currently not the case, Proedrou argues, 'Moscow has no other option but to sustain its energy trade with the EU … Any other option would entail a tremendous loss of income' (an

argument which may have become even stronger due to the current financial crisis).

Therefore, Putin may talk about mutual dependence stemming from the nature of pipelines, and from this viewpoint the Germans may have little reason to worry. This can be seen as a descriptive argument of interdependence, but there is also a normative one, which significantly predates the emergence of gas pipelines, namely that interdependence fosters peace. The idea that trade can create amicable relations amongst states is not new; it has existed for centuries and has been promoted by a wide range of thinkers and statesmen, such as Hugo Grotius, Baron de Montesquieu, Adam Smith and Richard Cobden. The notion is that trade creates a condition in which conflict becomes less likely because the parties involved gain more from the commerce than from any potential hostilities. In the words of Montesquieu, 'peace is the natural effect of trade' (cited in Polachek 1997: 307).

As regards EU-Russian energy relations, the "interdependence fosters peace"-argument has been particularly popular in Germany. Former Foreign Minister Steinmeier, for instance, has asserted that Europe needs to deepen its energy and trade relations with Russia in order to ensure amicable relations. Not unlike Willy Brandt's *Ostpolitik* of the 1970s, the mantra seems to be "engage Russia" to create harmony (Rahr 2007: 141). Nord Stream, from this point of view, represents an important step along the way towards strengthened economic ties between the two parties, and hence, peaceful coexistence. Indeed, parallels have been drawn to the European integration process following the Second World War. In the words of the former Swedish ambassador to Russia, Sven Hirdman (interview), 'the more economic and industrial cooperation we have in Europe, the better. Nord Stream is comparable to the European Coal and Steel Community [ECSC] back in the days.' And just as war between Germany and France is unlikely today, the assumption is that similar economic integration with Russia will reduce the chances of EU-Russian conflict.

Nonetheless, some have questioned the accuracy of the ECSC-analogy. Larsson (2007: 29), for instance, argues that since the Russo-German interdependence is quite asymmetric and Moscow is aiming at more independence, 'it is questionable

whether it will be a security provider in the same way as the Coal and Steel Union in Europe was between Germany and France.' It is of course central that there is balance in an interdependent relationship for it to promote entirely peaceful relations. As pointed out by Keohane and Nye (2000), any asymmetry may be exploited by the least dependent actor in order for him to gain more from the interdependence. This, in turn, means that interdependence may lead to both cooperation and conflict, but it is not always straightforward to assess which of these it will be (Proedrou 2007: 332). Thus, Larsson (interview) calls for European caution in the EU-Russian energy relationship. With regard to Nord Stream and the interdependence argument, he believes this is more a question of how one can legitimise such a project rhetorically. In reality, he holds, it is unlikely that German politicians believe that the Russo-German relationship is a completely balanced one. Moreover, Germany's position as a priority partner for Russia should not be exaggerated, especially in light of the Russo-Belarusian energy dispute, before which Moscow did not warn Berlin. Larsson sees this as an example that Germany is not shielded from potential problems with regard to Russian energy. Hirdman (interview), by contrast, does not believe that the asymmetry is so dangerous. Like Proedrou (2007), he focuses on the mutual dependence and lack of good alternatives for both sides, and argues:

> It depends on how one sees Russia. If one believes that Russia is an aggressive actor that wants to turn off the gas supply to Europe, then, of course this is dangerous. But if one has another image of Russia, namely that it is a European state that is aiming at its economic and political development, and that is being globalised and modernised, then it is not that dangerous. We are always getting back to the "images of Russia." (Hirdman, interview).

The point about diverging images of Russia will be discussed in more depth below, but for now it is worth mentioning that such images are very much a result of different historical experiences, and the same can be said about the interdependence argument. Director of the Estonian Foreign Policy Institute, Andres Kasekamp (interview), underlines that from an Estonian point of view, the prospect of more EU dependence on Russia is a fright-

ening one, and regarding the Germans' argument about interdependence, he asserts that:

> Apparently this is some deep and grand way of thinking in the German foreign ministry … and it seems to me that we [Estonians] are accused of making our decisions based on our history, but … the Germans are also making their decisions based on *their* history. And the wrong history lesson that they are drawing on interdependence is that they see everything through the prism of the successful … reconciliation of Germany and France after World War II in Europe … And now they hope to overcome the differences with Russia by becoming more closely intertwined … But although this theory sounds nice, I think it has pretty serious flaws, not the least of all is that Vladimir Putin is not Konrad Adenauer. (Kasekamp, interview).

Thus, the interdependence argument may not only be a theoretical and a descriptive one, but also strongly embedded in the historical experiences of those using it. The Germans would probably not have used of the interdependence argument if their history had taught them that economic integration "does not work," or perhaps more importantly, if their historical energy relations with the Russians had been highly unstable. By and large, there have been few problems in Russo-Germany energy relations. The importance of this will be further highlighted in the next chapter, which analyses Russia's reliability as an energy supplier. The important issue here is that few, if any, of the EU members in Central- and Eastern Europe have an energy history with Moscow similar to that of Germany. On the contrary, their historical experiences have taught them that very few positive things derive from dependence on Moscow, and this is one of the reasons why they do not accept the interdependence argument for the EU as a whole.

The Pipeline Sceptics: Nord Stream divides Europe

In his recent book, *The New Cold War*, Edward Lucas (2008: 218) states that 'though Nord Stream's backers insist that the project is business pure and simple, this would be easier to believe if it were more transparent.' First, the pipeline consortium

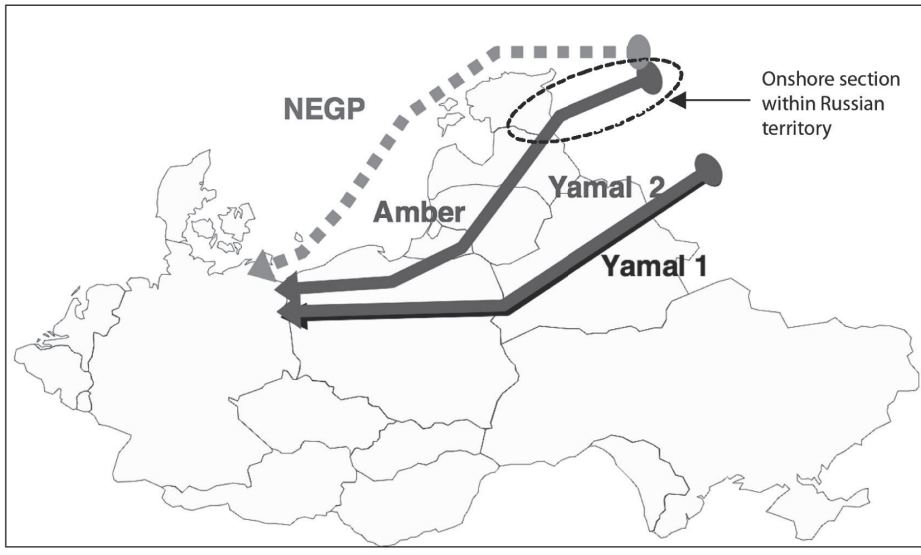
chose to be incorporated and have its base in Switzerland, whose strict banking secrecy laws makes the project less transparent than it would have been if based within the EU. Second, the Russian energy sector in general lacks transparency, and the majority shareholder of the Nord Stream consortium, Gazprom, is no exception. Larsson (2007: 32-33) points out that the Russian energy giant has 'a tradition of being related to rather dubious companies … [and that] Gazprom and Nord Stream could use shady subcontractors, intermediaries or subsidiaries (that may be registered offshore) and thereby dodge environmental or other responsibilities.' Third, many have questioned the project's financial situation, which is still unsettled. As mentioned, the official estimated costs have gradually risen from an initial € 4 billion in 2005 to € 7.4 billion in April 2008, and according to Dr. Alan Riley (2008: 5-6) the costs may reach as much as € 12 billion 'given the increase in steel prices and energy services, operational costs, environmental requirements and seabed preparation.'

The almost doubled price tag and the prospects of further cost increases, combined with Nord Stream AG's persistence that the project shall and will be implemented, has made opponents of Nord Stream question whether there are political motivations involved that trump the economic ones. Rhetorically, they are asking why an onshore solution, which may be considerably cheaper, has not been chosen. Indeed, even states that are officially positive towards the project, such as Finland, have asked why the consortium in its Environmental Impact Assessment (EIA) has not considered any land-based alternatives. In its answer to the consortium's Project Information Document of 2006, the Finnish Ministry of Foreign Affairs declared that:

> The project's EIA programme and the affiliated "Project Information Document" only propose a so-called "0-alternative" or the alternative that no pipeline will be constructed as the alternative required by the EIA procedure. It would have been positive from the viewpoint of the EU solidary [sic] energy policy and development of the EU natural gas market to also take into account the interests of the other Baltic Sea states in planning of the project, either in the form of an alternative pipeline routing or in that of connections to any states interested' (MFA Finland 2007: 1).

A similar critique and call for alternatives can be found in corresponding official documents from Estonia, Lithuania, Poland and Sweden, as well as in statements from several non-governmental agencies in the Baltic Sea region (MFA Estonia 2006: 1; MoE Lithuania 2007: 1-2; MoE Poland 2007: 2; SEPA 2007: 2; Nord Stream 2008k). There are mainly two alternatives that have been proposed in this regard, namely, the Yamal 2 pipeline and the so-called Amber pipeline, both of which are illustrated in Figure 4.

Figure 4: Alternative Onshore Routes – "Yamal 2" and "Amber"



Source: Janeliunas & Molis (2005: 219).
(Oval and "onshore section" text added)

The Yamal 1 pipeline currently brings natural gas from Russia via Belarus and Poland to Germany, and Yamal 2 is a proposed additional pipeline along the same route. Several commentators have claimed that this option would be considerably cheaper than the offshore pipeline in the Baltic Sea (Umbach 2007: 11, Riley 2008: 8); not only because laying an onshore pipeline is cheaper in itself, but also because the first Yamal pipeline was constructed in such a way that it would be possible to add a second pipeline at a later stage (Murd, interview). The counter-argument from the Nord Stream consortium is that there is a need to become

independent of politically unstable transit states, and that a second Yamal pipeline will not contribute to route diversification (Nord Stream 2006b: 28). In light of the Russo-Ukrainian and Russo-Belarusian energy disputes of 2006 and 2007, it may appear logical to circumvent these transit states to ensure stability of supplies to the EU. But, as the opponents argue, this does not automatically imply a need for a sub-sea pipeline, which may cost more and is politically controversial. Therefore, as early as in 2004, Poland and the Baltic States proposed a third alternative, Amber, which would bring Russian gas through Latvia and Lithuania to Poland, where it would join the Yamal route to Germany (Götz 2006: 13). The Amber pipeline would thus contribute to route diversification and bring Russian gas to Germany and the EU without passing through non-EU transit states. Larsson (interview) believes that by choosing Amber over Nord Stream, one would get all the benefits at a lower overall cost; that is, if the main goal is energy security. According to the First Secretary in the Energy Policy Division of the Lithuanian MFA, Tomas Grabauskas (interview):

> Amber, financially, would be three times less expensive than the Nord Stream project. If you look from an economical point of view, Germany and Russia are choosing a three times more expensive project, so it looks like it is politically motivated … When we have discussions with the Russian diplomats, they are saying that they would like to avoid transit countries that are not reliable … They are referring to Belarus and Ukraine, and we are asking, have you ever had any problems with Latvia or Lithuania? No, they have not.

It is, of course, important to consider Nord Stream AG's response to the scepticism outlined above. First, Chief Executive of Nord Stream, Matthias Warnig, has stated that 'the shareholders gave our company the order to build an offshore pipeline through the Baltic Sea and in that they are investing millions of Euros … The order is not – and it is not up for debate – to have an overland route as an alternative solution for Nord Stream' (Reuters 2008a). Second, during a European Parliament petition hearing on the pipeline project on 29 January 2008, the consortium claimed that 'an onshore pipeline, whilst cheaper to construct,

would be much more expensive to maintain over its lifespan due to the necessity of compressor stations every 200 km along the route' (Nord Stream 2008h). It was also pointed out that these calculations did not even include transit fees, which would push the cost even further. As argued by the editorial of the Swedish newspaper *Expressen* (2006), 'that the Baltic States and Poland would rather see the pipeline laid within their territory has to do with economic considerations. They are dreaming about shining millions in transit fees, and that is not an argument that should be supported.'

Whilst this may serve as a powerful rhetorical point, the actual numbers must be assessed. Although transit fees are commercially confidential, which makes exact calculations difficult, Riley (2008: 7) has produced some estimations based on the Ukrainian transit fees, which have had some publicity. Before the 2009 Russian-Ukrainian gas dispute, gas was flowing through the Ukraine at the price of US $1.60 per mcm per 100 km (World Bank 2006: 1). For a 1200 km pipeline transporting 55 bcm of natural gas per annum, the yearly cost would be about $1 billion (some €630 million).[7] But since a certain part of an onshore stretch would be on Russian territory (see Figure 4), the annual transit cost would probably be lower. Moreover, there is great uncertainty regarding how quickly the Shtokman and Yamal peninsula gas fields can be developed and become operational. So even though the first Nord Stream leg may successfully get its gas from the Yuzhno-Russkoye field, either of the two former will have to supply the gas for the second leg, and this may not happen until 2020 at the earliest. Hence, Riley concludes, 'for the next decade at least the transit fee gain for Nord Stream … is likely to be closer to $300 million than $1 billion per annum, hardly a substantial offset for an offshore pipeline costing upward of €12 billion (US $17.5 billion)' (Riley 2008: 7). Furthermore, Mati Murd (interview) in the Estonian MFA underlines that lumping the Baltic States and Poland together in the transit fee question is inaccurate, since none of the proposed land-based alternatives involve Estonia as a transit state. Thus, he holds, it is not correct to argue that the Estonian position is based on economic considerations, as suggested

[7] Based on June 2008 exchange rates (1 USD ≈ 0.63 EUR, or 1 EUR ≈ 1.6 USD).

by the Swedish newspaper *Expressen*. As regards the two other Baltic States and Poland, Yamal 2 or Amber would inevitably involve transit fees, but few believe that their considerations are purely based on these. Acting Director of the Centre for Strategic Studies of Lithuania, Žygimantas Vaičiūnas (interview), argues that even though it would be fairly easy to calculate how much his country loses by not becoming a transit state, the Lithuanian opposition against Nord Stream is to a much larger extent based on energy security calculations.[8] The same can be claimed for the other bypassed states, all of which have only one possible gas supplier, Russia. Although they are not equally dependent, Nord Stream AG's seemingly endless willingness to accept higher costs for its offshore pipeline has led many to believe that there are political motivations behind the project. The German newspaper *Berliner Zeitung* (2007), for instance, has noted that 'not even the costs, which have skyrocketed, have given the consortium second thoughts … Gazprom, in particular, is insistent on building the pipeline, as it will decrease Russia's dependence on transit countries like the Ukraine, Belarus, and Poland.'

Evidently, there is concern that Nord Stream is part of a broader political strategy. In bypassing the Baltic States and Poland (as well as the Ukraine and Belarus), Russia increases its leverage on these states, and there is fear that should a bilateral or regional dispute occur, they may become victims of supply interruptions and other strong-arm tactics (Larsson 2007: 7; Baran 2006: 38). The important question is whether such fears are warranted or not. According to ex-Chancellor Schröder 'the EU is hostage of a nationalistic anti-German, anti-Russian policy' (Welt 2007a), and he cannot understand such fears, as 'there are no safer energy suppliers than Russia' (Spiegel 2007b). Robert Larsson (interview), by contrast, holds that 'if Russia had been like Norway, then this would all be much simpler; Norway does not cut off gas supplies to Sweden, for instance.' These statements clearly rest on different assumptions, and the next section will therefore discuss whether there is reason to be wary about Russia's intentions and energy policy.

[8] Officially Lithuania opposes Nord Stream because it may jeopardise the Baltic Sea environment, but Vaiciunias and other commentators hold that the environmental arguments are in reality secondary to the energy security ones. This point will be discussed shortly.

Past Russian Supply Interruptions: Politically Motivated or Accidental?

The question of what drives Moscow's energy policy is a complex one. Like any other energy exporter, Russia must always make both economic and political considerations when engaging in infrastructure projects. With respect to Nord Stream, the crucial question is how these considerations are balanced. Even though the pipeline will bypass certain states and connect directly with the German market, this does not immediately mean that Russia will use energy supplies to blackmail Eastern Europe. As with any other capability energy only becomes a lever when used as such (Larsson 2006: 177). Regarding Nord Stream it is therefore important to ask how Russia sees the rest of Europe. In an interview with the Russian newspaper *Kommersant* (2008b), Vice President of the European Parliament, Marek Siwiec, stated that 'for Russia, there are "good guys" in the EU, with whom she deals, and "bad guys" with whom she does not deal … Russian elites want to maintain a certain imperial entourage, and an empire should have a large army and influence its neighbours.' Similarly, the Director of the International Centre of Defence Studies in Estonia, Kadri Liik, argues that:

> Russia does not regard Estonia as a country similar to Finland. It is like we are bound to be someone's vassals, and now they think that happens to be the United States. They do not see us as a country capable of independent thinking. Whereas Finland – and this is really an exception – Finland is a small country next to Russia that has managed to convince Russia that they can act independently … and that does not even have to do with size; I think their opinion about Poland is the same as the one about us. (Liik, interview).

Although the Kremlin would probably deny that EU members of "old" and "new" Europe are treated differently, or that energy is being used for political purposes, Larsson (2007: 77-81) claims that Russia has used energy as a political tool on more than 55 occasions since 1991. The aim has allegedly been to affect policy changes in the targeted countries, and the "weapons" used have included supply interruptions, explicit threats, coercive pricing

policies, and hostile take-overs of infrastructure or companies. For instance, in January 2003 Russia suspended its oil deliveries to the Latvian port of Ventspils. The official justification for the cut-off was that the Latvian tariffs were too high, and that it was more reasonable to ship the oil from the Russian terminal in Primorsk in the Gulf of Finland. However, critics noticed that the embargo coincided perfectly with Latvia's refusal to sell its oil transit company Ventspils Nafta to the Russian oil company Transneft, and many saw the oil cut-off as Russia's way of punishing Latvia for insubordination. This suspicion was not reduced when the Vice President of Transneft, Sergei Grigoriev, blatantly declared: 'Oil can only flow from Russia. You can of course sell [the port] to Westerners, but what are they going to do with it? Turn it into a beach?' (cited in Baran 2006: 38).

Lithuania has had similar experiences with the Russians. Between 1998 and 2000, Transneft cut off oil supplies no less than nine times in order to stop the Lithuanians from selling their port, pipeline and refinery to the American company Williams International (Hamilton 2008b: 120-121). Moreover, in July 2006, deliveries of crude oil through the Druzhba pipeline to the Mažeikių Nafta refinery were abruptly stopped. The refinery is the biggest commercial actor and most important taxpayer in Lithuania, so the economic effect of the cut-off was significant. As with the Ventspils cut-off, this one also followed a Russian failure to gain control over energy infrastructure. In the preceding months, the Polish energy company PKN Orlen had, through open auctions, acquired 84.36% ownership of Mažeikių Nafta at the expense of Russian companies. Therefore, when oil supplies to the refinery were stopped on 29 July 2006, officially due to a leak on Russian territory, suspicion grew that this was an intentional cut-off (Baran 2006: 133; 2007: 14-15). Today the pipeline is still broken, and it is not likely that it will be repaired. On 1 June 2007, the Russian Energy and Industry Minister Viktor Khristenko announced that Russia in the future would supply the Mažeikių refinery exclusively via the Baltic Sea, which significantly raises the cost for Lithuania and PKN Orlen. Interestingly, the announcement was made the day after Vilnius declared that it wanted to join the U.S. plan for a missile defence system in Europe (Stratfor 2007). Although Moscow would probably argue

that its decision is based purely on economic considerations, few Lithuanians are likely to be convinced that the timing of the announcement was a coincidence.

In Estonia, a Russian gas cut-off occurred in 1993 after the implementation of a new law on citizenship, which did not automatically grant citizenship to all residents of the country. The law infuriated Moscow, which condemned it as 'a form of ethnic apartheid' (New York Times 1993), and when gas deliveries were subsequently halted it was difficult not to interpret it as a form of retaliation. Perhaps to no surprise, Gazprom's official explanation for the cut-off was economic, namely that Estonia had unpaid debts of 10.5 billion roubles (US $11 million) and that recent negotiations with the Estonian government had not given the "desirable results" (New York Times 1993).

Besides this incident there have been few energy-related problems in the Russo-Estonian relationship. This may stem from the fact that Estonia is significantly less dependent on Russia than the other Baltic States, and that the Russo-Estonian relationship is less strategic than Russia's energy relations with the two other Baltic States. Latvia, for instance, has an underground storage facility for natural gas, which supplies the St. Petersburg region during wintertime, and Lithuania transports gas from Russia to the exclave Kaliningrad region.[9]

The examples from the Baltic States are a few out of many similar incidents in Russia's neighbouring countries. Supply interruptions such as the ones mentioned above, have primarily occurred in states within the former Soviet territory (the CIS and the Baltic States), and this has led some to argue that there is a neo-imperial slant to Russia's energy policy (Salukvadze 2006). Hedenskog and Larsson (2007: 9), for instance, argue that 'a key strategic goal for Russia is to keep and restore the former CIS area intact as an exclusive zone of Russian influence.'

However, the former British ambassador to Russia Sir Roderic Lyne (2006: 9) does not consider "neo-imperial" an accurate description. He characterises the actions of Russia's energy companies in the post-Soviet space a 'post-imperial hang-over not

[9] It should be noted that the Russo-Estonian relationship *per se* is not friction-free, as witnessed during the Red Army war memorial dispute in 2007. See New York Times 2007, Socor 2007 and Stupachenko 2007.

wholly unlike the British experience for a generation and more after the Second World War.' Similarly, the Director of the independent Institute of Energy Policy in Moscow, Vladimir Milov (2006: 15) uses the term 'post-imperial syndrome' and describes the Russian energy diplomacy as 'highly unpredictable.' In contrast with those who talk of neo-imperial aspirations, he does not believe that Moscow has a clear long-term strategy on how to use energy for political purposes.

As already indicated, the Russian energy companies always seem to have reasonable and *economic* explanations at hand when energy supplies are halted, and even if intentions are hostile they can hardly be proven. The Baltic and Polish fears regarding Nord Stream can therefore easily be dismissed as unwarranted by simply asking: "Why would anyone spend billions of Euros on a pipeline, and then cut off supplies to the bypassed states? It does not make any economic sense." Nonetheless, it can also be argued that the Balts, based on their recent energy history with Russia, cannot be expected to react differently to Nord Stream. Just like the Germans' recent historical experiences have taught them that Russia can be a reliable partner, the Baltic States' recent history has taught them quite the opposite. This, in turn, helps explain why the German argument of interdependence and stronger ties with Russia is not accepted by the Baltic States. Moreover, it should not be forgotten that Germany is a giant in the European context. With a population of some 82 million and the world's fourth largest economy (2008) – about 35 times the size of the three Baltic economies combined, and more than twice as large as the Russian economy – Germany has a far better chance at balancing Russia than its smaller eastern neighbours (World Bank 2008: 1-2). This fact is closely linked to the topic of the final subchapter, which assesses another possible threat related to Russia as an energy supplier that does not involve intentions, namely that Russia in the very near future may not have enough gas for everyone. It will be shown that should this scenario unfold, Nord Stream may in fact pose a significant threat to some of the countries east of Germany.

The Real Threat: A Potential Russian Gas Deficit

There is little doubt that Russia has abundant natural gas resources. According to BP Statistical Review of World Energy 2008, the Russian Federation possesses the largest proven gas reserves of the world: almost 45 trillion cubic metres (tcm) – some 25% of the world total (177 tcm). The problem, however, is that the Russian gas sector for decades has suffered from underinvestment. Coupled with stagnating production in existing fields, fast-growing domestic consumption, and increasing export commitments, this leads to grim projections for the near future (Mandil 2007: 5; IEA 2006c; Mäe 2007: 106; Riley 2006). In 2004 Russia had a domestic gas deficit of 69 bcm, and by 2010 the deficit may be significantly higher, as indicated below.

Figure 5: Projected Russian Gas Deficit

	2004 (bcm)	**2010 (bcm)**
Gazprom's gas production[a]	545	550
Gazprom's export to Europe/CIS[b]	191	312[c]
Remaining volume for domestic consumers	354	238
Russia's domestic demand	402[d]	469[d]
Gap	69	231[d]
		(202)[e]
Gas deliveries from Central Asia[f]		105
Total gap		**126**
		(97)[e]

[a] Without new Yamal fields, optimistic forecast
[b] Excluding Asian exports
[c] Includes 200bcm to Europe & 112bcm to CIS
[d] Probable scenario, 4.3% growth
[e] Reduced scenario, 2% growth
[f] Best possible scenario

Source: Milov et al. (2006: 305)

Chairman of the Board of the Russian electricity company RAO UES, Anatoly Chubais, therefore believes Russia should focus less on exports and more on the needs of the domestic market. 'We have this western stream, northern stream, south stream … What

I believe we need is a Russian stream' (BarentsObserver 2008b). Robert Larsson (interview) makes a similar point:

> If one only looks at what Europe needs, then that is only one side of the story. But if you turn it around to look at what Russia is able to deliver, then you see that it may be very difficult for the Russians to supply sufficient amounts of gas. Then you might ask if we need South Stream [another planned Russian gas pipeline], the existing pipelines, LNG and Nord Stream, when there is too little gas on the other side. There will be an excess capacity in the export pipelines, and too little capacity in production pipelines.

Mati Murd (interview) in the Estonian MFA explains why this is crucial for the Baltic States, or any other small state highly dependent on Russian gas: 'The main issue is that all the Baltic countries, as well as Finland, have only one supplier, which is Russia. Technically, we are not connected to the rest of Europe.' Indeed, these states are 100% dependent on Russia for their natural gas supplies, which means that any supply interruption, regardless of the reason, cannot be compensated for by buying similar amounts of gas elsewhere. It is important to keep in mind, however, that natural gas is not equally important for all these countries.

Finland, for instance, has a relatively diverse energy mix with five different fuels each accounting for 10% or more of the total supply – gas having the lowest share of 10%. The country's energy import dependence (54.6%) is only slightly above the EU average (53.8%, see Figure 6), and since Finland is currently building its fifth nuclear reactor and planning a sixth, this dependence may even decrease in the near future (EU Commission 2008; Vaahtoranta and Murd interviews). In Latvia and Lithuania, by contrast, the share of gas is significantly higher – 30% and 29% respectively – and energy import dependence is also higher than the EU average (EU Commission 2008). Latvia's energy security, and use of gas, depends much on the country's gas storage facility, Incukalns, which is filled with Russian gas in the summer and supplies Latvia, Estonia, and Russia during wintertime. Although the facility gives Latvia some security of supply, it also contributes to dependence on

Russia, and it should be noted that Gazprom owns most of the gas stored there (Mäe *et al.* 2006: 21; Baran 2006: 29). With regard to Nord Stream, some have argued that the reason why Latvia gradually has appeared less critical about the project than Estonia and Lithuania is the prospect of a spur pipeline from Nord Stream that could connect with the gas storage facility and thus enhance Latvia's energy security. This, however, is not a part of Nord Stream AG's official plans (Welt 2007b; Mäe interview, Kasekamp interview).

For Lithuania, the main problem is that nuclear energy, which up to now has contributed the most to the primary energy supply, will soon be affected by the 2009 shutdown of the Ignalina nuclear power plant. The two reactors at Ignalina have since the days of the Cold War supplied Lithuania with most of its electricity, but as a condition for Lithuania's accession to the EU, the country would have to close the two Soviet-era nuclear reactors. The first was shut down in 2004, the result of which has been increased energy import dependence (as reflected in Figure 6), and the decommissioning of the second reactor will undoubtedly exacerbate this tendency. A new reactor is under planning but it will not be operational before 2015-18 at the earliest, resulting in a significant short-term energy deficit (Baran 2006: 18, WNN 2008b). According to the Acting Director of the Lithuanian Centre for Strategic Studies, Žygimantas Vaičiūnas (interview) Lithuania's gas demand will increase significantly when the second Ignalina reactor is shut down, and this may help explain why there is so much concern about Nord Stream. Vaičiūnas argues that although the Lithuanian government *officially* opposes the project because of its potential negative impact on the Baltic Sea environment, in reality energy security considerations are far more important. The best scenario from Vilnius' point of view would undoubtedly be the Amber route, as this would enhance energy security by making Lithuania a transit state for Russian gas going to Germany. The second-best option, he asserts, is the *status quo*; that is, import of Russian gas, but at the same time transit of gas to the Kaliningrad region, which gives Lithuania some counter-leverage on Russia. Nord Stream is perceived as a worst-case scenario, particularly because there has been fear that a spur pipeline to Kaliningrad may be added to the project

(although this is not a part of Nord Stream AG's official plans), thus removing the current Lithuanian counter-leverage on the Russians (Vaičiūnas, interview; Janeliunas & Molis 2005: 211; Larsson 2007: 23).

Estonia is seemingly in the best position from an independence point of view. The country's import dependence is significantly lower than the EU average – at a mere 33.5% – and primary energy supply is dominated by solid fuels, particularly oil shale, with which Estonia is abundant. The share of gas in the energy mix (15%) is also low compared to the other Baltic States, which makes the Estonians less susceptible to energy pressure than their southern neighbours. Unfortunately for Estonia, this state-of-affairs cannot last, due to the high CO_2 emission levels of oil shale, and natural gas has been presented as a feasible alternative. The use of gas has been steadily increasing in the past 20 years, and it is projected its importance will soon exceed that of oil (20%) in Estonia's energy mix (Kasekamp *et al.* 2006: 7).

Finally, it is worth mentioning that Poland, a state that has also voiced criticism for being bypassed by Nord Stream, is among the least dependent EU states in terms of energy, due to its vast hard coal resources. Import dependency is only 19.9%, and natural gas accounts for only 12% of the energy mix, making Poland less vulnerable than the Baltic States.

Figure 6: Import Dependence of the Baltic States, Finland & Poland (2003 & 2006)

	Import dependence, %		**Import dependence, %**	
	2003	**Relative to EU Average**	**2006**	**Relative to EU Average**
Finland	59.2	10.3	54.6	0.8
Estonia	26.3	-22.6	33.5	-20.3
Latvia	62.5	13.6	65.7	11.9
Lithuania	45.2	-3.7	64	10.2
Poland	13.2	-35.7	19.9	-33.9
EU Average	**48.9**		**53.8**	

Source: EU Commission (2008)

Hence, the three Baltic States are either *already* heavily dependent on Russian gas, or they will become increasingly dependent very soon, and this is why the Nord Stream pipeline is of such interest to them. As discussed in the previous subchapter, their perception of energy security (or lack thereof) is undoubtedly based on recent historical experience with Russia. And, surely, if it could be *proven* that Moscow is pursuing a neo-imperial foreign policy by means of energy levers, then Nord Stream could easily be interpreted as a means to put pressure on the Balts by halting their gas supplies without it affecting Western Europe. The problem is that motivations are never clear-cut; rather, they are contingent on interpretations, which will differ greatly depending on the interpreter.

Regardless of foreign policy intentions, however, the Russians may simply not be able to produce enough gas to cover all of their commitments. Should Russia then have to choose where to send its scarce gas, it is fairly safe to assume that Germany will be higher on Moscow's list than most Central and Eastern European states. The numbers speak for themselves: In 2004, the EU members that were formerly under Soviet influence in the Warsaw Pact (the Baltic States, the Czech Republic, Slovakia, Poland, Hungary, Romania and Bulgaria) imported a total of 42.69 bcm of gas from Russia, whereas Germany alone imported 40.87 bcm (Stern 2005: 69, 110). In the event of a severe scarcity of gas, Nord Stream could contribute to a real division of Europe because it would enable Moscow to supply its single most important market, and decidedly most important European partner, at Eastern Europe's expense. Today this is not possible because all the gas from Russia to Germany flows through Eastern Europe. Should the "scarcity-of-gas"-situation occur it would also be difficult to criticise Moscow for hostile intentions, since the Kremlin would have no choice but to cut supplies to someone. Berlin, at least, would hardly object to such cuts if the alternative were reduced supplies to Germany.

Conclusions

The core aim of this article has been to highlight the main divergences within the EU regarding the planned Nord Stream pipeline. It is obvious that numerous states within the union consider the pipeline to be of crucial importance, but they do so for entirely different reasons. A brief recapitulation of the main positions may be helpful:

To understand how important Nord Stream may be for Germany, one should start by remembering what Germany represents on the European continent and internationally. Not only is Germany the biggest EU member state in terms of population, it also has the union's largest and the world's fourth largest economy. Germany is a great power in the heart of Europe, but one that does not possess nuclear weapons, and whose power therefore largely rests on its economic strength. An important foundation for economic growth and stability is secure energy supplies, and for a state the size of Germany this cannot be underestimated (particularly in light of the current financial crisis). A crucial issue at the moment appears to be the nuclear phase-out, which inevitably will lead to an energy shortfall. Compensating for the energy loss means increasing the use of other forms of energy, and natural gas is a logical choice for several reasons. First, the intra-government discord has reduced the chance of reconsideration of the nuclear phase-out plan. Second, renewable energy sources can hardly, at least not in the short run, compensate for the loss of nuclear power. Third, Germany's CO_2 emission goals make it difficult to resort to increased use of other fossil fuels than natural gas, which is environmentally friendlier than oil and coal. It is therefore not surprising that gas stands out as a good overall alternative for Berlin. That the gas will come from Russia seems obvious, considering Russia's vast proven reserves and geographical proximity.

These factors are all contemporary, as it were, and they may appear sufficient to explain why Germany needs and supports Nord Stream. What is also important, however, is the Russo-German energy history, which has largely been a stable one. This becomes clearer when contrasting the Russo-German energy relationship with the Russo-Baltic. Whereas Nord Stream may be an answer to Germany's energy dilemma, the Baltic States

have perceived of the pipeline as a problem in itself, and this is to a large extent due to their history with Moscow. As the analysis revealed, all the three Baltic States have experienced energy cut-offs or other strong reactions from Russia following political or commercial disputes, and this gives them little reason to embrace a pipeline that will bypass them. In contrast with Germany, which has only accidentally felt the impact of Russian supply cuts, the Baltic States have been the direct targets, or unlucky victims, of supply interruptions. If Nord Stream is constructed, Russia could potentially cut supplies to Eastern European states without it affecting the supply levels to Germany. In light of the turbulent historical relationships many of these states have with Moscow, it can hardly come as a surprise that they have been sceptical about the project. The core problem, however, is that the motivation for Russia's past energy actions cannot be proven; they are contingent on interpretation. And as long as the burden of proof rests on those who have previously been under Soviet influence, Moscow can quite easily dismiss their fears as a result of Russophobia. In a sense, the historical argument serves both sides. Similarly, Germany and other Western European states that have had good energy relations with the Russians can argue that Russia in fact *is* a reliable supplier, and far more stable than other potential gas suppliers, for instance in the Middle East. Hence, whether Nord Stream in fact represents a threat to the Baltic States' energy security is not clear-cut if one only considers what has happened in the past.

As discussed, the crucial issue may in fact be that the Russians, due to lack of investments in new gas fields and infrastructure, soon will have problems balancing production, rising domestic demand and growing export commitments. Should there be a scarcity of gas, it could be less relevant whether Moscow sees the old and new EU members differently; someone will have to tackle reduced gas supplies, at least until new fields and transport infrastructure have been developed. Considering the German gas market's size and importance for Russia one can imagine that it will be given priority over the smaller gas markets in Eastern Europe; that is, if Nord Stream is constructed so that Russia can supply Germany directly. Seeing that the three Baltic States are likely to become increasingly dependent on Russian gas, it ap-

pears clearer why they may have reason to worry. It should be noted that a gas deficit, be it temporary or permanent, would also affect non-EU states such as the Ukraine and Belarus.

For Russia, Nord Stream appears to be a win-win project. On the one hand, if Moscow indeed seeks to use energy as a political lever against states within its former sphere of influence, then Nord Stream will make this possible. On the other hand, if a gas deficit is "brewing," then the offshore pipeline will enable Moscow to supply its allegedly most important partner in the EU whilst cutting supply levels elsewhere, and hence, stable relations with Berlin can be maintained.

Interestingly, the prospective scarcity of gas also makes Nord Stream the best choice for Germany. Being the first recipients of gas from Nord Stream, the Germans would not have to worry about transit states taking their shares. During the Russo-Ukrainian gas dispute this is precisely what happened; Germany experienced what it can be like to be at the end of the supply chain when the pressure in the pipeline drops. The essential issue, however, is that Germany, since the Nord Stream project was announced, has maintained that it is a pan-European rather than a Russo-German project. None of the official announcements indicate that Berlin sees a Russian gas deficit coming and therefore wants to cover its own needs while letting the new EU members deal with the potential problems. Surely, such an announcement would hardly have been perceived as politically correct within the EU, which, after all, is in the process of developing a common energy policy. In any case, Nord Stream appears to solve so many potential problems for Berlin that it would be strange if such considerations had not been made. It should also be kept in mind that the whole debate about a common energy policy, and the related critique of Germany for choosing a strategy that does not take into consideration the energy needs of the most recent EU members, is relatively new. When the plans for Russo-German pipeline through the Baltic Sea were initiated, the Baltic States and Poland were some six years away from becoming EU members. And when the European Commission issued its Green Paper on Energy in March 2006, which declared *inter alia* that the Baltic States remain an "energy island," the memorandum regarding the construction of Nord Stream had been signed half

a year earlier. This is not to suggest that talk of a common energy policy was entirely new when the Green Paper was issued, but it is important to keep in mind that as long as there is no common policy for an issue area, every state will have to find its own solutions.

Nonetheless, the interpretation that Nord Stream divides Europe is very much a result of Germany's choice not to include its eastern neighbours in the pipeline plans, and may also have to do with the newest EU members' feeling of not entirely belonging to "Europe proper." Mati Murd (interview) in the Estonian Ministry of Foreign Affairs gives an interesting summary of how the Europe-focused arguments have been perceived in Estonia:

> Maybe one more issue will explain a little bit: The emotional background. And this is about the rhetoric used by Nord Stream, by Gazprom, but also by the European partners of the project. All these companies say that this project is important because it allows for us to supply Europe, or the European Union, directly. In this context we are questioning, "Where is the border of Europe or where is the border of the European Union?" If Gazprom or the Russian government thinks the EU starts at the German border, this is not acceptable. This is clearly a policy of divide and rule, and it is very unfortunate that the European partners of this project use the same rhetoric.

Clearly, the feeling of not being regarded as fully European should not be underestimated as a contributing factor in the new EU member states, as was also reflected in the statements about Nord Stream being a Russo-German pact.

The divergences discussed in this article will undoubtedly remain among the biggest challenges for the EU in the time to come, and not only with regard to Nord Stream (or other projects such as South Stream and Nabucco). The crucial issue seems to be that the EU now consists of old and new members with diametrically different historical experiences in the energy domain, particularly in their relationships with Russia. Nord Stream did not create these differences, but the project has definitely elucidated that the EU is not unitary as it used to be. Addressing this issue in an appropriate and joint manner may be one of the most important tasks facing the Union in the time to come. How the EU will tackle the challenge falls outside the scope of this article,

but suffice it to say that the issue is high on the agenda. After the 19-20 March 2009 summit in Brussels the European Council (2009:8) concluded that 'in order to deliver on energy security, the EU collectively, as well as each Member State, must be prepared to combine solidarity with responsibility.' It remains to be seen, however, whether the community will be able to walk the walk and not only talk the talk.

References

Interviews (by the Author)

Grabauskas, Tomas (First Secretary, Energy Policy Division of the Economic Security Department, Lithuanian Ministry of Foreign Affairs). Tape recording. 2 June 2008. Vilnius, Lithuania.

Hirdman, Sven (former Swedish Ambassador to Russia (1994-2004)). Tape recording. 27 May 2008. Stockholm, Sweden.

Kasekamp, Andres (Director of the Estonian Foreign Policy Institute, and Professor at the University of Tartu, Department of Political Science). Tape recording. 31 May 2008. Tallinn, Estonia.

Larsson, Robert (Defence Analyst at the Swedish Defence Research Agency (FOI)). Tape recording. 26 May 2008. Stockholm, Sweden.

Liik, Kadri (Director, International Centre of Defence Studies, Estonia). Tape recording. 29 May 2008. Tallinn, Estonia.

Lukoševičius, Tomas (Officer, Energy Policy Division of the Economic Security Department, Lithuanian Ministry of Foreign Affairs). Tape recording. 2 June 2008. Vilnius, Lithuania.

Mäe, Andres (Research Fellow, Estonian Foreign Policy Institute). Tape recording. 29 May 2008. Tallinn Estonia.

Murd, Mati (Director, Division for Energy and Environment, Estonian Ministry of Foreign Affairs). Tape recording. 29 May 2008. Tallinn, Estonia.

Vaahtoranta, Tapani (Programme Director, Finnish Institute of International Affairs). Tape recording. 28 May 2008. Helsinki, Finland.

Vaičiūnas, Žygimantas (Acting Director, Centre for Strategic Studies, Lithuania). Tape recording. 3 June 2008. Vilnius, Lithuania.

Printed Sources

Baran, Zeyno (2006). *Lithuanian Energy Security: Challenges and Choices – White Paper*. Center for Eurasian Policy, Hudson Institute. Available at: http://www.hudson.org/files/publications/LithuanianEnergySecurityDecember06.pdf (accessed 29 November 2007).

Baran, Zeyno (2007). 'EU Energy Security: Time to End Russian Leverage.' *The Washington Quarterly* Vol.30 No.4 (Autumn 2007): 131-144.

BarentsObserver (2008a). 'Nord Stream Price Tag Doubled,' *BarentsObserver*. 2 April 2008. Available at: http://www.barentsobserver.com/nord-stream-price-tag-doubled.4472135-16178.html (accessed 4 April 2008).

BarentsObserver (2008b). 'More Russia gas for domestic market.' *BarentsObserver.* 19 May 2008. Available at: http://www.barentsobserver.com/more-russian-gas-for-domestic-market.4484193-16178.html (accessed 19 May 2008).

Berliner Zeitung (2007). 'Die Mühen der Tiefe' [The troubles of the deep]. *Berliner Zeitung*. 1 September 2007. Available at: http://www.berlinonline.de/berliner-zeitung/archiv/.bin/dump.fcgi/2007/0901/meinung/0049/index.html (accessed 10 December 2007).

BP (2007). 'Historical data from 1965-2006.' Available at: http://www.bp.com/liveassets/bp_internet/globalbp/globalbp_uk_english/reports_and_publications/statistical_energy_review_2007/STAGING/local_assets/downloads/spreadsheets/statistical_review_full_report_workbook_2007.xls (accessed 28 May 2008).

BP (2008). *BP Statistical Review of World Energy – June 2008*. Available at: http://www.bp.com/liveassets/bp_internet/globalbp/globalbp_uk_english/reports_and_publications/statistical_energy_review_2008/S (accessed 28 July 2008).

Deutsche Welle (2007). 'Merkel Puts Germany's Nuclear Phase-Out in Question.' *Deutsche Welle*. 9 January 2007. Available at: http://www.dw-world.de/dw/article/0,2144,2304599,00.html (accessed 20 June 2008).

EIA (Energy Information Administration) (2008). 'Oil Exports.' Available at: http://www.eia.doe.gov/emeu/cabs/Russia/Oil_exports.html (accessed 23 June 2008).

EU Commission (2006a). *Green Paper: A European Strategy for Sustainable, Competitive and Secure Energy*. Brussels: The European Commission. Available at: http://ec.europa.eu/energy/green-paper-energy/doc/2006_03_08_gp_document_en.pdf (accessed 4 May 2008).

EU Commission (2006b). *TEN-E Guidelines specify a European-wide energy transmission network*. MEMO/06/304, 25 July 2006. Brussels: The European Commission.

EU Commission (2006c). 'TEN-E financed projects 1995-2006.' Available at: http://ec.europa.eu/ten/energy/studies/doc/ten_e_financed_projects_95_06.pdf (accessed 17 June 2008).

EU Commission (2008). *EU ENERGY IN FIGURES 2007/2008*. Available at: http://ec.europa.eu/dgs/energy_transport/figures/pocketbook/doc/2007/2007_energy_en.pdf (accessed 28 July 2008).

EurActiv (2009). 'France's GDF Suez to join Nord Stream pipeline.' Available at: http://www.euractiv.com/en/energy/france-gdf-suez-join-nord-stream-pipeline/article-184525 (accessed 24 August 2009).

European Council (2009). *Brussels European Council 19/20 March 2009. Presidency Conclusions*. Available at: http://register.consilium.europa.eu/pdf/en/09/st07/st07880.en09.pdf (accessed 8 April 2009).

Expressen (2006). 'Oseriöst om gasledningen' [Nonsense about the gas pipeline]. *Expressen*. 15 November 2006. Available at: http://www.expressen.se/1.464369 (accessed 9 December 2007).

FOI (2007). 'Statement to the Ministry of Defence concerning Nord Stream and the gas pipeline through the Baltic Sea.' Available at: http://www.nord-stream.com/uploads/media/fois_yttrande_ga%CC%88llande_nord_stream_-_slutdokument-en.pdf (accessed 18 June 2008).

Follath, Erich and Alexander Jung (eds.) (2006). *Der neue Kalte Krieg. Kampf um die Rohstoffe*. München: Deutsche Verlags-Anstalt.

Forbes (2009). 'German firms would let GDF take pipeline stake.' Available at: http://putin.ru/news/81-engnews1/8969-nord-stream-participants-ready-to-readjust-route-putin.html (accessed 25 August 2009).

Gazprom (2005). 'Gazprom launches construction of onshore section of North European gas pipeline.' Available at: http://www.gazprom.ru/eng/news/2005/12/18470.shtml (accessed 10 August 2008).

Gazprom (2008). 'Project Major Specifications.' *Shtokman Project*. Available at: http://www.gazprom.ru/eng/articles/article21712.shtml (accessed 23 June 2008).

Godzimirski, Jakub M. (2005). 'The New Geopolitics of the North?.' *Security Policy Library* 2-2005, Oslo: The Norwegian Atlantic Committee.

Godzimirski, Jakub M. (2007). 'Energy and Identity – Readings of Shtokman and NEGP.' *Security Policy Library* 2-2007, Oslo: The Norwegian Atlantic Committee.

Götz, Roland (2006). 'The NEGP: German and European Interests.' In Philip Kazin (ed.), *Baltic Mosaic*. St. Petersburg: Baltic Research Center.

Hamilton, Carl B. (2007). *Naturgasledning på Östersjöns botten* [Natural gas pipeline on the bottom of the Baltic Sea]. Report 23 February 2007. Stockholm: Folkpartiet [The Swedish Liberal Party].

Hamilton, Daniel S. (2008b). 'The Baltics: Still Punching Above Their Weight.' *Current History* Vol.107 No.707 (March 2008): 119-125.

Hedenskog, Jakob and Robert Larsson (2007). *Russian Leverage on the CIS and the Baltic States*. FOI – Swedish Defence Research Agency. Report No. "FOI-R--2280—SE."

Helm, Dieter (2007). *The Russian Dimension and Europe's External Energy Policy* Available at: http://www.dieterhelm.co.uk/publications/Russian_dimension.pdf (accessed 29 November 2007).

Helsingin Sanomat (2009). 'Environment Minister: gas pipeline project now more environmentally friendly than before.' Available at: http://www.hs.fi/english/print/1135248939677 (accessed 1 September 2009).

IEA (2006a). *Energy Policies of IEA Countries: 2006 Review*. Paris: International Energy Agency / OECD.

IEA (2006b). *World Energy Outlook 2006*. Paris: International Energy Agency / OECD.

IEA (2006c). *Optimising Russian Natural Gas*. Paris: International Energy Agency / OECD.

IEA (2007). *Energy Policies of IEA Countries: Germany 2007 Review*. Paris: International Energy Agency / OECD.

Janeliunas, Tomas and Arunas Molis (2005). 'Energy Security of Lithuania: Challenges and Perspectives.' *Lithuanian Political Science Yearbook* 1-2005: 200-223.

Keohane, Robert and Joseph Nye (2000). *Power and Interdependence*. 3rd Edition. New York: Longman.

Kommersant (2008b). 'EU simply wants timely gas supplies without any political games.' *Kommersant*. 17 April 2008. Available at: http://www.kommersant.com/p883267/ (accessed 19 June 2008).

Larsson, Robert (2006). *Russia's Energy Policy: Security Dimensions and Russia's Reliability as an Energy Supplier*. FOI – Swedish Defence Research Agency. Report No. "FOI-R--1934—SE."

Larsson, Robert (2007). *Nord Stream, Sweden and Baltic Sea Security*. FOI – Swedish Defence Research Agency. Report No. "FOI-R--2251—SE."

Lucas, Edward (2008). *The New Cold War: How The Kremlin Menaces both Russia and the West*. London: Bloomsbury Publishing.

Lyne, Sir Roderic (2006). 'Russia At The Crossroads: Again?.' *The EU-Russia Review* Issue One (May 2006). Brussels: The EU-Russia Centre: 6-11.

Mäe, Andres (ed.) *et al*. (2006). *Energy Security of Estonia in the Context of the Energy Policy of the European Union*. Tallinn: Estonian Foreign Policy Institute. Available at: http://www.evi.ee/lib/Security.pdf (accessed 3 May 2008).

Mäe, Andres (2007). 'Estonia's energy security and the European Union.' In Andres Kasekamp (ed.), *The Estonian Foreign Policy Yearbook 2007*. Tallinn: Estonian Foreign Policy Institute.

Mandil, Claude (2007). 'Welcome and Scene Setting Remarks.' Speech at the Senior Expert Meeting on Caspian Gas Market Diversity & Southern Corridors. Notes available at: http://www.iea.org/textbase/work/2007/caspian_expert/mandil.pdf (accessed 4 August 2008).

MFA Finland (Ministry of Foreign Affairs, Finland) (2007). 'Statement regarding Environmental Impact Assessment programme for Russia-Germany offshore natural gas pipeline.' Available at: http://www.nord-stream.com/uploads/media/mieb6f_1.pdf (accessed 18 June 2008).

Milov, Vladimir (2006). 'The Use of Energy As A Political Tool.' *The EU-Russia Review* Issue One (May 2006). Brussels: The EU-Russia Centre: 12-21.

Milov, Vladimir *et al.* (2006). 'Russia's Energy Policy 1992-2005.' *Eurasian Geography and Economics* Vol.47 No.3 (May-June 2006): 285-313.

MoE Lithuania (Ministry of the Environment, Lithuania) (2007). 'Regarding the Notification of the Nord Stream Gas Pipeline Project.' Available at: http://www.nord-stream.com/uploads/media/litauen.pdf (accessed 18 June 2008).

MoE Poland (Ministry of the Environment, Poland) (2007). [Untitled]. Answer to Nord Stream's Project Information Document. Available at: http://www.nord-stream.com/uploads/media/polen1_autorosiert.pdf (accessed 18 June 2008).

New York Times (1993). 'Russia Cuts Gas Supply To Estonia in a Protest.' *New York Times*. 26 June 1993.

New York Times (2007). 'Friction Between Estonia and Russia Ignites Protests in Moscow.' *New York Times*. 2 May 2007. Available at: http://www.nytimes.com/2007/05/03/world/europe/03estonia.html (accessed 23 July 2008).

Nord Stream (2006a). 'North European Gas Pipeline (Offshore Section). Attachment to the Notification to the Affected Parties Under Article 3 of the Espoo Convention.' Available at http://www.nord-stream.com/uploads/media/Summary_ENGLISH.pdf, accessed 28 Oct 2007.

Nord Stream (2006b). *Project Information Document*. Available at http://www.nord-stream.com/uploads/media/PID_ENGLISH.pdf, accessed 28 Oct 2007.

Nord Stream (2007a). *Project Information: Status of the Nord Stream pipeline route in the Baltic Sea*. Available at: http://www.nord-stream.com/uploads/media/Nord_Stream_Route_Status_ENGLISH.pdf (accessed 8 May 2008).

Nord Stream (2007b). 'Gasunie and Gazprom Agree on Nord Stream Terms.' Available at: http://www.nord-stream.com/news_detail.html?&no_cache=1&tx_ttnews[pointer]=1&tx_ttnews[tt_news]=312&tx_ttnews[backPid]=35&cHash=d0d3feec06 (accessed 12 December 2008).

Nord Stream (2008a). 'Gas for Europe.' Available at: http://www.nord-stream.com/gas_for_europe.html (accessed 20 May 2008).

Nord Stream (2008b). 'Facts and Figures.' Available at: http://www.nord-stream.com/facts_figures.html (accessed 20 May 2008).

Nord Stream (2008d). 'Secure Gas Supply.' Available at: http://www.nord-stream.com/16.html?&L=0 (accessed 25 May 2008).

Nord Stream (2008e). 'Status TEN.' Available at: http://www.nord-

stream.com/status_ten.html?&L=1653 (accessed 25 May 2008).
Nord Stream (2008f). 'Financing of Nord Stream Pipeline Well Underway.' Available at: http://www.nord-stream.com/en/news-list/news/news-detail/article/financing-of-nord-stream-pipeline-well-underway.html?no_cache=1&tx_ttnews%5BbackPid%5D=35&cHash=85ca3a97a1 (accessed 10 June 2008).
Nord Stream (2008g). 'Importance.' Available at: http://www.nord-stream.com/en/project/importance.html (accessed 17 June 2008).
Nord Stream (2008h). 'Response to questions asked, and inaccurate statements made, during the Public Hearing of the Committee on Petitions, "THE NORD STREAM PIPELINE AND ITS IMPACT ON THE BALTIC SEA."' European Parliament, Brussels, 29 January 2008. Available at: http://www.nord-stream.com/fileadmin/Dokumente/Company_events/Public_Hearing_Brussels/Nord_Stream_Hearing_Q_A.pdf (accessed 28 June 2008).
Nord Stream (2008k). 'International Consultations on Environmental Impacts.' Available at: http://www.nord-stream.com/en/project/regulatory-aspects/international-consultations.html (accessed 15 June 2008).
Nord Stream (2009a). 'Gas for Europe.' Available at: http://www.nord-stream.com/en/the-pipeline/gas-for-europe.html (accessed 29 March 2009).
Nord Stream (2009b). 'Map of the Pipeline Route.' Available at: http://www.nord-stream.com/fileadmin/Dokumente/3__PNG_JPG/1__Charts/Nord_Stream_Pipeline_Route_ENG.JPG (accessed 30 March 2009).
Nord Stream (2009c). 'Denmark Grants Construction Permit to Nord Stream Pipeline Project.' Available at: http://www.nord-stream.com/en/press0/press-releases/press-release/article/denmark-grants-construction-permit-to-nord-stream-pipeline-project.html?tx_ttnews[backPid]=24&cHash=0e944fbe2c (accessed 8 November 2009).
Nord Stream (2009d). 'Facts & Figures.' Available at: http://www.nord-stream.com/en/the-pipeline/facts-figures.html (accessed 24 August 2009).
Nord Stream (2009e). 'Sweden and Finland Grant Permits to Nord Stream.' Available at: http://www.nord-stream.com/en/press0/press-releases/press-release/article/sweden-and-finland-grant-permits-to-nord-stream.html?tx_ttnews[backPid]=24&cHash=c4789b8411 (accessed 8 November 2009)
Pirani, Simon, Jonathan Stern and Katja Yafimava (2009). *The Russo-Ukrainian gas dispute of January 2009: a comprehensive assessment*. Available at: http://www.oxfordenergy.org/pdfs/NG27.pdf (accessed 30 March 2009).
Polachek, Solomon W. (1997). 'Why Democracies Cooperate More and

Fight Less: The Relationship Between International Trade and Cooperation.' *Review of International Economics* Vol.5 No.2: 295-309.
Proedrou, Filippos (2007) 'The EU-Russia Energy Approach under the Prism of Interdependence.' *European Security*, Vol.16 No.3: 329-355.
Radio Sweden (2009). 'Sweden Skips Nordstream Conference.' Available at: http://www.sr.se/cgi-bin/international/nyhetssidor/artikel.asp?nyheter=1&programid=2054&Artikel=2725937 (accessed 26 August 2009).
Rahr, Alexander (2007). 'Germany and Russia: A Special Relationship.' *The Washington Quarterly* Vol.30 No.2: 137-145.
Regeringskansliet (2009). 'Regeringen säger ja till Nord Streams gasledning.' Available at: http://www.regeringen.se/sb/d/12328/a/134822 (accessed 8 November 2009).
Reuters (2007b). 'Nord Stream to hike cost estimates in early 2008.' 13 December 2007. Available at: http://uk.reuters.com/article/companyNews/idUKL1368466120071213?symbol=EONG.DE&sp=true (accessed 16 May 2008).
Reuters (2008a). 'Nord Stream says overland route not an option.' 14 April 2008. Available at: http://uk.reuters.com/articlePrint?articleId=UKL1455560620080414 (accessed 15 April 2008).
Reuters (2008b). 'Update 1 – Nord Stream report ready in 2009 – Finland.' 6 June 2008. Available at: http://uk.reuters.com/articlePrint?articleId=UKL0674822820080606 (accessed 10 June 2008).
RIA Novosti (2008a). 'Nord Stream gas project serves Europe's energy interests – Medvedev.' *RIA Novosti*. 5 June 2008. Available at: http://en.rian.ru/russia/20080605/109325451.html (accessed 10 June 2008).
RIA Novosti (2008b). 'Russia, EU to address human rights, energy, conflicts.' *RIA Novosti*. 27 June 2008. Available at: http://en.rian.ru/russia/20080627/112411454.html (accessed 28 June 2008).
RIA Novosti (2009a). 'Schedule for Russia's Shtokman gas field may be reviewed.' *RIA Novosti*. 27 May 2009. Available at: http://en.rian.ru/russia/20090527/155104652.html (accessed 25 August 2009).
RIA Novosti (2009b). 'Denmark could get 3 bcm of gas a year via Nord Stream – Putin.' Available at: http://en.rian.ru/business/20091102/156687214.html (accessed 8 November 2009).
Riley, Alan (2006). 'The coming of the Russian gas deficit: Consequences and solutions.' *CEPS Policy Brief* No.116 (October 2006). Brussels: Centre for European Policy Studies.
Riley, Alan (2008). *Nordstream: An Economic and Market Analysis of the North European Pipeline Project*. Paper prepared for the European Parliament's Committee on Petitions, 29 January 2008. Available

at: http://www.europarl.europa.eu/meetdocs/2004_2009/documents/dv/peti20080129_economicanalysisriley_/peti20080129_economicanalysisriley_en.pdf (accessed 29 February 2008).

Salukvadze, Khatuna (2006). 'Russia's New Doctrine of Neo-Imperialism.' *Central Asia-Caucasus Analyst* Vol.8 No.3: 9-10.

SEPA (Swedish Environmental Protection Agency) (2007). 'Views in consideration of the preparation of Environmental Impact Assessment (EIA) for the planned northern European gas pipeline Nord Stream and tests under the Continental Shelf Act and the Swedish Economic Zone Act.' Available at: http://www.nord-stream.com/uploads/media/naturvardsverket-382-316-07_ek_zon_en.pdf (accessed 18 June 2008).

Socor, Vladimir (2007). 'Russian Authorities, Media Inflame Situation in Estonia.' *Eurasia Daily Monitor.* 2 May 2007. Available at: http://www.jamestown.org/edm/article.php?article_id=2372137 (accessed 30 July 2008).

Spiegel (2007a). 'Can Germany Really Shut Down its Nuclear Reactors?.' *Der Spiegel*. 17 January 2007. Available at: http://www.spiegel.de/international/spiegel/0,1518,460120,00.html (accessed 23 June 2008).

Spiegel (2007b). 'Schröder auf Werbetour bei der EU' [Schröder on Advertising Tour to the EU]. *Der Spiegel*. 7 February 2007. Available at: http://www.spiegel.de/wirtschaft/0,1518,465013,00.html (accessed 28 October 2007).

Stern, Jonathan (2005). *The Future of Russian Gas and Gazprom*. Oxford: Oxford University Press.

Stern, Jonathan (2006), *The Russian-Ukrainian gas crisis of January 2006*. Available at: www.oxfordenergy.org/pdfs/comment_0106.pdf (accessed 28 October 2007).

Stratfor (2007). 'Russia: Punishing the Baltics with a Broken Pipeline.' *Strategic Forecasting*. 1 June 2007. Available at: http://www.stratfor.com/russia_punishing_baltics_broken_pipeline (accessed 16 July 2008).

Stupachenko, Ivan (2007). 'Russia: No Loyalty, No Cargo.' *Transitions Online*. Issue no.11/20/2007.

Süddeutsche Zeitung (2006a). 'SZ-Interview mit Wladimir Putin' [SZ-Interview with Vladimir Putin]. *Süddeutsche Zeitung*. 10 Oct 2006. Available at: http://www.sueddeutsche.de/ausland/artikel/274/88186 (accessed 9 December 2007).

Süddeutsche Zeitung (2006b). 'SZ-Interview mit Gerhard Schröder' [SZ-Interview with Gerhard Schröder]. *Süddeutsche Zeitung*. 27 Oct 2006. Available at: http://www.sueddeutsche.de/deutschland/artikel/14/89924 (accessed 9 December 2007).

Süddeutsche Zeitung (2006c). 'Es geht um Gas und Kohle' [It is about gas and coal]. *Süddeutsche Zeitung*. 24 March 2006. Available at: http://www.sueddeutsche.de/deutschland/artikel/704/72632/ (accessed 12 May 2008).

Süddeutsche Zeitung (2006d). 'Regierung Schröder half Gazprom bei Kredit' [The Schröder Government helped Gazprom with Credit]. *Süddeutsche Zeitung*. 1 April 2006. Available at: http://www.sueddeutsche.de/,tt2l3/wirtschaft/artikel/168/73095/ (accessed 9 December 2007).

Süddeutsche Zeitung (2006e). 'SZ-Gespräch mit Steinmeier' [SZ-talk with Steinmeier]. *Süddeutsche Zeitung*. 20 December 2006. Available at: http://www.sueddeutsche.de/ausland/artikel/817/95722/ (accessed 17 June 2008).

SvD (2005). 'Östersjöstater i strid om tysk-ryskt avtal' [Baltic Sea states are battling over German-Russian deal]. *Svenska Dagbladet*. 20 September 2005. Available at: http://wwwc.svd.se/dynamiskt/naringsliv/did_10580255.asp (accessed 9 December 2007).

SvD (2007a). 'Risk för kallt krig om gas och olja' [Risk of Cold War over Gas and Oil]. *Svenska Dagbladet*. 27 July 2007. Available at: http://www.svd.se/nyheter/utrikes/artikel_248467.svd (accessed 9 December 2007).

Tarnogórski, Rafal (2006). 'North European Gas Pipeline. Legal Aspects.' *The Polish Quarterly of International Affairs* No. 1-2006: 104-118.

Umbach, Frank (2007). 'Nord Stream Project - The Strategic Importance to Russia and the EU.' Presentation notes for Nord Stream conference, 12 February 2007 in Vilnius. Available at: http://www.tspmi.vu.lt/files/mokslkonfer/umbach.ppt (accessed 3 May 2008).

UPI (2009a). 'Nord Stream: Experts welcome GDF interest.' Available at: http://www.upi.com/Energy_Resources/2009/08/03/Nord-Stream-Experts-welcome-GDF-interest/UPI-60531249321575/ (accessed 24 August 2009).

UPI (2009b). 'GDF Suez eyes Nord Stream role.' Available at: http://www.upi.com/Energy_Resources/2009/07/30/GDF-Suez-eyes-Nord-Stream-role/UPI-91851248968700/ (accessed 24 August 2009).

UPI (2009c). 'GDF Suez to join Nord Stream very soon.' Available at: http://www.upi.com/Energy_Resources/2009/05/19/GDF-Suez-to-join-Nord-Stream-very-soon/UPI-30461242770304/ (accessed 25 August 2009).

Welt (2007a). 'Ex-Kanzler Schröder kritisiert Polen' [Ex-Chancellor Schröder Criticises Poland]. *Die Welt*. 12 September 2007. Available at: http://www.welt.de/welt_print/article1177079/Ostsee-Pipeline_Ex-Kanzler_Schroeder_kritisiert_Polen.html (accessed 10 December 2007).

Welt (2007b). 'Balten befürchten "ökologische Katastrophe"' [The Balts fear ecological catastrophe], *Die Welt*. 5 May 2007. Available at: http://www.welt.de/welt_print/article852413/Balten_befuerchten_oekologische_Katastrophe.html (accessed 10 December 2007).

Whist, Bendik Solum (2008). *Nord Stream: Not Just A Pipeline. – An analysis of the political debates in the Baltic Sea region regarding the planned gas pipeline from Russia to Germany*. FNI Report 15/2008. Oslo: The Fridtjof Nansen Institute.

World Bank (2006). 'A Note on Changes to Gas Prices in Ukraine.' Available at: http://siteresources.worldbank.org/INTUKRAINE/Country%20Home/20790726/DealingwithGasPriceAgreement.pdf (accessed 28 June 2008).

World Bank (2008). 'Gross domestic product 2007.' Available at: http://siteresources.worldbank.org/DATASTATISTICS/Resources/GDP.pdf (accessed 1 September 2009).

WNN (2008a). 'Merkel: Nuclear phase-out is wrong.' *World Nuclear News*. 10 June 2008. Available at: http://www.world-nuclear-news.org/print.aspx?id=18190 (accessed 23 June 2008).

WNN (2008b). 'Visaginas recognised with nuclear site name.' *World Nuclear News*. 30 July 2008. Available at: http://www.world-nuclear-news.org/print.aspx?id=19138 (accessed 5 August 2008).

YLE (2009). 'PM Promises Finnish Green Light for Pipeline.' Available at: http://www.yle.fi/uutiset/news/2009/08/pm_promises_finnish_green_light_for_pipeline_963023.html (accessed 1 September 2009).

Baltic military cooperation: past, present and future

Tomas Jermalavičius

When five years ago Estonia as well as its two Baltic neighbours, Latvia and Lithuania, joined NATO, it marked the fulfilment of one of the greatest strategic ambitions of our small countries. And it opened a new era, in which our security is firmly embedded in Western collective security and defence framework. Today, when we celebrate the 60th anniversary of the North Atlantic Treaty and 5th anniversary of our membership in the Alliance, it is a good time to pay a proper tribute to the so-called BALT-projects, which greatly assisted us in our integration effort. It is also a good opportunity to consider where we stand with those projects now, when membership in NATO is a demanding reality rather than a distant dream.

As a former civil servant in the Lithuanian defence organisation and then an academic at the Baltic Defence College, who has spent a great deal of career time trying to sort out inter-Baltic collaboration issues, I often had to make sense of various twists and turns in this defence policy area. Having witnessed its ups and downs, frustrations and celebrations, one cannot help but have a feeling that Baltic military cooperation is at a certain crossroads and has lost much of its appeal and idealist zeal. The big question constantly hanging in the air is whether Baltic military cooperation is bound to stagnate within the confines of the present activities and projects, or whether it will expand and deepen in the future. Or, as any sceptic might ask, have we been too ambitious all along, so shrinkage of commitment to as well as scope of Baltic military cooperation is inevitable?

This article is an attempt to reflect upon the reasons as well

as results and consequences of various periods of Baltic military cooperation. It also seeks to offer a conceptualisation of its achievements and, drawing upon some examples of successful defence cooperation outside the region, demonstrate various possibilities and opportunities that are either overlooked or ignored by defence policymakers in the Baltic states. Thus, the purpose of this article is to examine the shifting rationale of Baltic military cooperation in order to better understand its dynamics and appreciate its future potential. The main issue that this article seeks to address, building upon this understanding, is the following: what are the alternative models of Baltic military cooperation which could be pursued in the future and what may eventually determine its "winning design"?

I will not provide a detailed chronology of BALT-projects in this article: sources to verify them are indeed abundant, so there is no need to waste space on reiterating them at length. I will not be able to offer much on the technical details of those projects either: some of them are not easily accessible, while others are too mundane to those concerned with the big strategic picture – the level at which this article aspires to stay. I am primarily interested in presenting and dissecting strategic arguments, the logic and rationale of Baltic military cooperation and registering how they have changed, and why, since joining NATO.

Finally, although the ambition to assess future prospects may appear to some as putting the argument into the league of speculative discussion little to do with academic rigour, this would be groundless scepticism: strategic decision-making involves making informed choices, where robust historical perspective is interwoven with good understanding of present realities as well as sensible management of the uncertainties of the future, combined with a compelling vision. Not looking into the future and not trying to anticipate challenges and opportunities ahead that may require different ways of cooperating would result in us just limping on with the BALT-projects without any grand vision for Baltic military cooperation in general – currently a persistent and most detrimental feature of handling it by all the involved parties.

In the first chapter, I will put forward some general considerations with regard to possible forms of military cooperation, with mutual integration representing its most advanced and deepest form. In the second chapter, past rationale and results of the Bal-

tic military cooperation projects, or BALT-projects, will be discussed in order to establish the original intentions behind them. In the third chapter, this rationale will be contrasted with the shifts in thinking and approach that have been manifest over the last few years. The last chapter will look into several alternative models, with their distinct rationales, requirements, strengths and weaknesses, which are available to the decision-makers pondering the future of Baltic military cooperation.

Intra-alliance military cooperation: between mere familiarity and total inter-dependence

Any discussion of where, how and why to pursue closer military cooperation should start from a general understanding of this phenomenon. Alas, literature on theoretical models of military cooperation is somewhat lacking, so I have to resort to constructing my own framework as a basis for further analysis. In this chapter, I will suggest several models of cooperation, although it is necessary to make a caveat that these are going to be pure, theoretical models. In real life, they often overlap and display characteristics of each other. However, as a theoretical exercise, it is worth separating them, for it facilitates judgement of their merits and disadvantages as well as choice of appropriate strategies and policies. Another caveat is that I will look at intra-alliance cooperation models, taking NATO as a basis for the discussion, for all three Baltic states are very much driven in their policies by their membership factor.

The very first thing we have to bear in mind is that NATO itself represents one of the forms of military cooperation at all levels – political, strategic, operational and tactical. Since no supranational defence organisation to which members cede their sovereign authority over the use of force exits, it is possible to argue that NATO is the most advanced form of military cooperation ever conceived. It has a common threat assessment and mechanisms for pooling intelligence; common strategy (Strategic Concept), well-honed consensual mechanisms of political decision-making; integrated command structure; standard operational planning process (OPP); combined joint and service doctrines; elaborate standards in all fields of military activities; collaborative research and de-

velopment and, increasingly, capabilities developed together and shared by member states. So one does not need to look far to discover how military integration works in practice.

The nagging question is whether individual NATO allies need to develop any "special relationships" within the Alliance to supplement their integration into the overall framework of the organisation. Indeed, one of the arguments against expanding Baltic military cooperation might be that the emphasis must now shift to building ties with all the allies and increasing integration into the Alliance's structures, instead of pushing for ever closer cooperation between the Baltic trio. For relative newcomers such as the Baltic states, becoming more visible, known and active within NATO is a matter of establishing themselves as serious members of the organisation.

However, the reality is that Estonia, for instance, cannot be an equally interesting and engaging partner of military cooperation to all members of the Alliance. There are such issues as resource constraints, cultural differences and what we may call "mental distance" – absence of shared interests and common issues around which to build a meaningful partnership, combined with a simple lack of desire to go beyond those activities and commitments that already exist within the framework of NATO. To be quite honest, Estonia has limited interest in engaging, for instance, Greece or Portugal; those countries are not burning with desire to turn Estonia into their "special partner" either, even though occasionally they are brought together in various ventures of the Alliance.

Therefore, in practice, it is not uncommon to observe geography-based regional groupings as well as issue-centred, or sectoral, partnerships operating within that framework. As a result, the Alliance should not be seen as a tightly-knit political and military community, but also as a web of different cooperation processes and interactions of varying degree between its members. The examples of regional groupings and issue-based partnerships within NATO's framework are abundant, from military cooperation of the Benelux countries or Franco-German military relationship to the aforementioned ABCA grouping (which includes a non-member – Australia –a prominent partner in NATO's global partnerships policy and New Zealand as observer). Various NATO Centres of Excellence (COEs), such as the COE of Cooperative Cyber Defence in Tallinn, are incarnations of issue-centred part-

nerships between countries interested in a specific area and seeking to build cooperation for the benefit of the entire Alliance.

Trying to generalize and conceptualize different approaches to intra-alliance military cooperation, I would suggest envisaging it as a continuum where members only familiarize with each others at one end and where they integrate their military closely at the other end, with different levels of cooperation lying in between. For the sake of theoretical neatness, we could establish several ladders on this continuum as pure theoretical forms of military cooperation that I earlier promised to articulate (see the table below). As it can be seen, members of an alliance may engage each other in different ways for different purposes and with different means, thus creating a rather fluid and complex web. Many observers of NATO, looking at the suggested model would be able to recognize where individual members stand in relation to each other or what their aspirations are, which is exactly the purpose of this theoretical exercise. The suggested model could also work outside the alliance framework, although it should be supplemented with such ladders not relevant within a collective defence organisation such as confidence building.

In practice, of course, the picture is much more complicated. For example, many participants in ad hoc bilateral or multilateral arrangements between contributors to the ISAF mission in Afghanistan may end up locked in them for years, prompting an appropriate question whether this should not be regarded as a long-term issue partnership. Issue partnership might also create interdependence in some area to such a degree that one would rather naturally ascribe it to mutual integration form, with NATO capability projects being a good example. The recent decision of Poland to withdraw from the Alliance Ground Surveillance (ASG) programme and its possible ramifications to Poland's interoperability with NATO's C4ISR[1] systems underline how much reliant on each other the participating countries become as those projects progress.[2] It might be equally difficult to strictly separate issue partnership and broad cooperation: how many of the former do we need to be able to describe the relationship as broad cooperation?

[1] Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance.

[2] Grzegorz Holdanowicz, "Poland quits NATO ground surveillance programme", *Jane's Defence Weekly,* Vol. 46, Issue 19 (13 May 2009), p. 14.

Forms	*Symbolic relationship*	*Ad hoc cooperation*	*Issue partnership*	*Broad cooperation*	*Mutual integration*
Motives	Building familiarity with other allies, registering interest in their policies and concerns, scouting for possible opportunities	Achievement of some specific objective of limited scope in a short term	Cooperative solution of a pressing problem	Mutual assistance in peacetime military tasks and during crisis management; ability to combine and enrich learning experiences	Capability for seamless combined military action in all levels and dimensions of warfare
Measures and activities	Staff talks, visits, occasional participation in exercises, exchange of information etc.	Ad hoc bilateral working groups, task forces or agreements temporary staff exchanges, some coordination etc.	Joint capabilities projects, project-based common structures, regular coordination on a specific issue etc.	Routine combined peacetime activities (e.g. common exercises), coordination of policies and doctrines, semi-permanent staff exchanges; effective framework for assigning units to common operations; technology barters etc.	Intensive common training and education, common doctrines, free flow of intelligence, joint decision-making and staffing in many areas, integrated command structures, many shared or common assets and units, continuous staff exchanges, additional common standards, technology sharing, joint acquisition and maintenance etc.
Outcomes and effects	Knowledge of the allies and symbolic solidarity	Medium or long term development of capability or competence in some particular field	A better ability to deal with a specific security threat or risk, new knowledge creation in a specific field, enhanced national contribution to the alliance's activities	Better response and management of diverse security threats, better knowledge sharing and cooperative learning, economy of effort and resources, substantiation of allied solidarity, trust	Greater interoperability, enhanced military effectiveness of multinational forces, better deterrence, high degree of trust and interdependence, commonalities in national military cultures
Cooperation continuum					

Table: Forms of intra-alliance military cooperation

Regardless of the difficulties in analyzing real-life cases that may arise, the model proposed above facilitates understanding and interpretation of the military cooperation between members of the alliance. Take ABCA: it is a perfect example of ambitious mutual integration which started even before NATO was set up and which continues expanding in scope well beyond tactical level. Based on a premise that "creating multinational interoperable armies is the cutting edge of force projection in the 21st century" and that "lack of interoperability is a dangerous drag on nations' battle-winning capabilities" this programme is now crucial to the ability of the participating nations to conduct coalition operations together.[3] Despite a very comprehensive standardisation framework of NATO, ABCA arrangements are still seen as pivotal and indeed often precede the corresponding NATO standards.[4]

It certainly helps that all ABCA participants have an extensive historical record of fighting wars shoulder to shoulder. Notably, these are English speaking nations with rich military traditions and more or less similar strategic and military cultures, oriented towards force projection and expeditionary warfare.[5] This historical, cultural and mental affinity in strategic and military affairs is coupled with the contemporary imperatives for mutual integration, made evident by operations in Iraq and Afghanistan, which revealed further interoperability gaps crippling military effectiveness of the allies. Finally, ABCA is very much facilitated by the fact that it has a military heavyweight, the United States, as its main driving force. By virtue of being a source of most technological advances in defence, it often prompts the need for new standards which ABCA duly addresses, followed by the wider NATO community.

---

[3] Robert L. Maginnis, 'ABCA: A Petri Dish for Multinational Interoperability', *Joint Force Quarterly,* Issue 37, 2005, pp. 53 & 56.

[4] See Richard A. Cody, Robert L. Maginnis, "Coalition Interoperability: ABCA's New Focus", *Military Review,* November-December 2006, pp. 65-68.

[5] Not all of the ABCA nations had an historical orientation towards expeditionary warfare to the same degree. Canada, for instance, is a relative newcomer to such strategic culture and continues wrestling with the challenges of transforming its national military culture accordingly. See Peter Foot, "Military Education and the Transformation of the Canadian Forces", *Canadian Military Journal,* Spring 2006, pp. 13-20.

Going back to the topic of Baltic military cooperation, the first obvious question is on (or between) which ladder the Baltic states tried to position themselves with their BALT-projects at the time of joining NATO. The following question is whether they have moved to more advanced cooperation or experienced a slide down to a more shallow form, and why. Last, we should ask what the actual potential is and whether this potential is appreciated and has reasonable prospects of being realised in the future. I will address these questions in the following sections.

Past: Go West, together

Historical legacy is an important determinant of modern day policies. It shapes, often in very subtle ways, the perception of a situation as well as the understanding of the existing choices. It can be seen as ballast to be shed through radical policy review and overhaul or, quite to the contrary, as a solid base to build future relations. Despite their relatively young age, the defence organisations of the Baltic states shared ten years of close cooperation before joining NATO. This chapter examines this historical legacy in order to position achievements of Baltic military cooperation in the suggested model at the time of accession to the Alliance. This will provide the necessary historical context for assessing the current state of affairs as well as potential for the future development.

The history of Baltic military cooperation dates back to the mid-1990s, when the Baltic Battalion (BALTBAT) was launched in 1994, with headquarters in Ādaži, Latvia, to help the Baltic states develop a capability to contribute to international peacekeeping operations. It was followed by a trilateral naval squadron BALTRON in 1998, a joint staff college BALTDEFCOL, set up in Tartu in 1999, and by the interlinked air surveillance network BALTNET, with a coordination centre in Karmėlava, Lithuania. These projects were possible only because of the strong involvement of Western nations – Nordics, Germans, British, French and Americans to whom it was all an exercise in defence diplomacy to strengthen new democracies and promote regional security. Perhaps very few realised at that time, how much these projects

assisted Estonia, Latvia and Lithuania in becoming serious candidates for NATO membership, particularly when it comes to developing the ability to work together. The BALT-projects were the training ground for the young armed forces in learning how to work in a cooperative manner and what integration entails in practice.

Three major benefits were derived from the projects by the Estonian, Latvian and Lithuanian armed forces. The first was access to know-how – standards, procedures, concepts and daily habits – of how to build and operate Western-style military units and institutions. This mattered more than money or hardware, donated by Western sponsors. Knowledge and competence are key to success in military organisations, and the Baltics had a unique opportunity to develop them through the BALT-projects with an extensive coaching and mentoring of NATO and EU counterparts. It is also important to point out that getting involved in the transfer of know-how to new democracies was more attractive to Western nations if there was a cooperative framework for it on the ground, and BALT-projects suited this purpose perfectly.

The second benefit was using the projects as catalysts of developing tangible military capabilities. Equal contribution required from each of the three countries meant having something real to bring to the table, or be named and shamed by Western mentors. As a result, the Baltics developed the mentality that one cannot be a free rider, only consuming security benefits created by the Allies, but to be able to contribute to the best of one's abilities. Be it an infantry company, a naval vessel, radars and airspace picture to share or instructors of senior staff officers, each of the three Baltic states had to consider what, how much and when to provide and how to best prepare to do their part in the projects – from allocating finances and personnel to planning infrastructure development or equipment upgrades and purchases. The corollary to that was development of habits and skills in coordinating national plans, which is an important administrative capability when working within a military alliance.

Lastly, military personnel from Estonia, Latvia and Lithuania working together as well as with their colleagues from "old" NATO and EU nations, had a chance to develop what is often termed as "interoperability of minds" or "human interoperabil-

ity" - the ability to quickly understand each other, make effective common decisions and trust each other. This is the staple of all coalition operations and was greatly advanced by the creation and development of the BALTDEFCOL in particular. Again, "software" matters more than "hardware" in military affairs, and this is perhaps the most seriously underestimated benefit of the BALT-projects. However, in this regard it is necessary to note that "human interoperability" is not tantamount to shared military culture: the armed forces of Estonia, Latvia and Lithuania retained their distinct paths of developing their ethos and culture, to some extent even defining themselves through drawing contrasts between them rather than emphasizing similarities.

Baltic military cooperation did not remain confined to the BALT-projects. Inspired by their success, the Baltic militaries started seizing other opportunities of cooperation, albeit of lesser scale and ambition. Trilateral collaboration of varying degree in training specialists of logistics, engineer, communications, medical and other services took place, with many military practitioners having no doubts at all that their defence organisations must either cooperate or suffer the eventual lack of competence. This attitude kept broadening the areas where the armed forces of the Baltic states found beneficial to collaborate in order to enhance their organisational learning and build their military capabilities. For instance, although BALTBAT was closed in 2003, the Baltic states sought to enhance cooperation between their land forces to the point of developing a combined land forces doctrine.[6]

All of the above was capped by quite an elaborate framework of political and military coordination and decision-making, starting with the Ministerial Committee (defence ministers) and Military Committee (chiefs of defence), supported by such bodies as Baltic Management Group (representatives of the ministries of defence and armed forces) mandated to supervise all BALT-projects, down to various project steering groups and ad hoc working groups. Consultations and coordination (e.g. annual defence planners' talks) at various levels became a matter of routine to such an extent that sometimes it was even difficult to find any

[6] See Estonian Ministry of Defence, "Co-operation between the land forces of the Baltic states" at http://mod.gov.ee/?op=body&id=387

new topics to invigorate the discussions. So, by the time of accession to NATO in 2004 and despite some political rivalry between the three countries during the Membership Action Plan process preceding the accession, Baltic cooperation in defence could be regarded as a great success story.

Looking back at the time of accession to the Alliance, the Baltics appear to have entered it with their military cooperation being solidly within the category of issue partnership, with some clear advances into broad cooperation and even with certain elements of mutual integration. The latter was obvious in the case of BALTNET, which required a high degree of technical and human interoperability in air surveillance and which was prepared for plugging into the NATO system. Other BALT-projects were more focused on specific issues such as westernizing senior staff officer education (BALTDEFCOL) or working on a capability for international peacekeeping missions (BALTBAT), with a central issue of partnership still being integration into NATO. However, by virtue of involving all three services (land, air, naval) as well as training and education authorities and because of extensive policy coordination, BALT-projects also supplied a basis and created the right context for broadening Baltic military cooperation as a customary method of dealing with challenges in the area of defence policy. Thus, the signs of much broader trilateral cooperation started gradually appearing.

It can be concluded that NATO integration fostered issue partnership between the Baltic military and laid the ground for broad cooperation after accession to the Alliance. External pressure and involvement were critical to this end, as virtually none of the Baltic military cooperation projects was possible without them. However, actual membership can be regarded as a game-changing event. How did it affect Baltic military cooperation? Did it continue evolving to become broader than just several projects or even towards deep mutual integration across multiple areas? The following section examines the present, or the period of the last few years after accession to NATO, and determines the current state of Baltic military cooperation.

Present: National ambitions and constraints strike back

With membership in the Alliance, the Baltic states experienced the feeling of the "end of history", to use Fukuyama's terms.[7] A defining factor of their security and defence policy, including of the trilateral defence cooperation, of the last ten years suddenly was removed from the agenda of the Baltic states, while conceptual thinking about what will or should replace it was slow to catch up.[8] In this conceptual vacuum, the BALT-projects suddenly became precarious. Even the term used to refer to them – "projects" – implied their temporary nature and some definite end to them. The outcomes of this uncertainty and re-thinking are mixed, and this chapter explores them in greater depth.

One of the acts of revision was related to the BALTBAT, which was closed just prior to the accession to NATO. The battalion was resurrected under a different rationale - as a common contribution to the NATO Response Force (NRF) in the first half of 2010 (NRF-14), showing an understanding that Baltic military cooperation could be used as a vehicle of increasing visibility and weight of the Baltic states in the Alliance. However, there is no grand vision for the project beyond the NRF duty tour time. Instead, there should be some concern that, should the battalion be actually deployed on the NRF mission, the Baltic defence organisations would break under the financial cost of this deployment.[9] Consumed by the deep economic crisis, Latvia has already essentially pulled out from the project due to severe defence budget cuts, leaving Lithuania and Estonia to shoulder even a greater burden than expected.[10] Thus, the BALTBAT hardly counts for

---

[7] See Kestutis Paulauskas, "Security Dimension of Northern Europe after the Double Enlargement", *Baltic Defence Review,* No. 11, Vol. 1/2004, pp. 104-114.

[8] The tri-lateral defence cooperation agreement, signed in 1995 as a basis for the BALT-projects, was revised and updated only in 2008. See Lithuanian Ministry of National Defence, "Baltic military cooperation boosted". Available from: http://www.kam.lt/en/news_1098/news_archives/news_archive_2008/news_archive_2008_-_05/baltic_military_cooperation_boosted.html

[9] Unofficial calculations indicate that deploying the BALTBAT together with the NRF beyond Europe (e.g. to Afghanistan) and sustaining it for half a year would cost around 60 mln. EUR.

[10] Estonian Ministry of Defence, "Baltbat remains a joint project of Estonia, Latvia and Lithuania" (28 July 2009). Available from: http://www.kmin.ee/?op=news&id=2027

more than an issue partnership: on the face of it, for the NRF deployment, but in reality - to build land forces capabilities in line with tough transformation objectives that underpin the idea of the NRF.

Perhaps due to the smallness of the Baltic navies and the ability of their commanders to see things eye to eye, BALTRON fares quite well. It was eventually consolidated as a platform to prepare naval assets of the Baltic states for duty on NATO Naval Mine Countermeasures (NMCM) force.[11] There was a period of uncertainty when the three countries were decommissioning their obsolete vessels, thus creating a perception of BALTRON being somewhat of an empty shell. But with the purchase and delivery of replacement vessels well underway and with other BALTRON structures such as the divers' training centre in Latvia and naval communications training centre in Estonia functioning properly, BALTRON can be seen as a stable and viable project. It perpetuates a solid issue partnership on the Baltic military cooperation agenda.

At the same time, another issue partnership inherited from NATO pre-accession years – education of staff officers – made further advances towards broad cooperation and even integration. Since most of joint staff officers of the Baltic states are educated together at the BALTDEFCOL, with no corresponding national courses available, the three defence organisations have become mutually dependent on each other in this area. At the same time, new courses for air force and navy staff officers of the Baltic states were created, in Lithuania and Latvia respectively, to plug the gap of education below joint staff officers level. BALTDEFCOL's development into a full-fledged joint staff college created the imperative to harmonize professional development requirements for staff officers in all three countries. The result was the Combined Baltic Officers Professional Development Programme, which attempts to bring three national systems into a single coherent framework and forge a common approach.[12] This brought the Baltic states closer towards the trilateral integration

[11] See Estonian Defence Forces, "The Baltic Naval Squadron – BALTRON". Available from: http://www.mil.ee/index_eng.php?s=baltron

[12] See Baltic Defence College, "Historical Overview of the Development of the Baltic Defence College and its' Courses". Available from: http://www.bdcol.ee/?id=15.

level in a vital area of defence, despite significant difficulties in sustaining the BALTDEFCOL in the circumstances of decreasing foreign involvement. However, further integration requires bringing three military cultures much closer to each other, which is hardly appreciated by the defence leadership of the three countries.[13]

Also, the BALTNET served as a precursor to deeper integration dynamics with regard to air space control. A pressing necessity to cooperate in providing support to NATO's Baltic Air Policing Operation, conducted from the air base in Šiauliai, Lithuania, demonstrated very well that militarily the Baltics were joined at their hip more than they had realised prior to their accession to NATO. Even in this area, much "bloodletting" took place over whether the so-called Control and Reporting Centres (CRC) for NATO's operation should be developed separately in each country or together, more in line with BALTNET's architecture. The spat was painful to the point that endangered BALTNET itself – one of the few areas where Baltic military cooperation acquired the characteristics of mutual integration. In the end, a single CRC for the Baltic states was established, which was hailed as "a great leap forward in cooperation" by the Lithuanian officials.[14] Further evolution in the direction of ever deeper integration, however, is uncertain and depends on the results of the joint working group developing assessment of alternative solutions for air policing function in the future.

What is very notable, however, is that no other major new trilateral cooperation projects of the same ambition as original pre-accession BALT-projects have been launched, despite some interesting common initiatives. There has been much talk and expectations with regard to, for example, the Baltic Command and Control Information System (BALTCCIS) project launched back in 2001. Some officials even envisaged a common Baltic C3I management system emerging from this project.[15] However, after

---

[13] See Tomas Jermalavicius, *Ten Years of the Baltic Defence College: Challenges and Future Prospects,* International Centre for Defence Studies, Tallinn, 2009.

[14] Lithuanian Ministry of National Defence, "An arrangement for the Joint Baltic Airspace Control and Reporting Centre (CRC) deployment in Karmelava made". Available from: http://senas.kam.lt/index.php/en/109005

[15] See Baltic Assembly, "Speech of Raimonds Graube", 22nd Session (27-28 Novem-

the accession, it ended being a modest project which facilitated development of capabilities for three separate national uses and was promptly ended in 2006,[16] as there has been little need and interest in the project.

Even such worthy ideas as cooperation in defence procurement have not really taken off (although joint Estonian-Latvian procurement of Lockheed Martin long-range radars was very successful). This is not surprising: defence procurement is a very complex area even nationally. Multinational procurement requires a very high degree of competence and is a attended by much greater transparency than national process. If Latvia's and Lithuania's Corruption Perception Indices are anything to go by[17] and assuming that defence cannot be immune to general trends in the society, not everyone might have been interested in increased transparency of defence procurement in those countries.

Some small-scale projects such as joint munitions acquisition were discussed at various points, to little effect. In recent purchase of medium-range air surveillance radars, Estonia chose to join its tender with Finland rather than Lithuania and Latvia.[18] It is not surprising then that the lack of joint procurement programme eventually creates technical interoperability challenges to such cooperation projects as BALTBAT[19]. Combined with the pressures of the economic crisis, these led the Baltic states to address the topic more seriously, with the policymakers finally agreeing on the need to harmonise defence procurement procedures and processes in the three countries.[20] If this happens and joint procurement starts

---

ber 2003). Available from: http://www.baltasam.org/?DocID=295

[16] See Lithuanian Ministry of National Defence, "Tarptautiniai projektai" ("International projects"). Available from: http://www.kam.lt/lt/tarptautinis_bendradarbiavimas/tarptautiniai_projektai_627.html

[17] In 2008, Lithuania was 65th from the top and Latvia stood at the 52nd place out of 180 countries in the CPI table, where the least corrupt were Denmark, New Zealand and Sweden (Estonia ranked 27th). See Transparency International, "CPI 2008: cpi 2008 table". Available from: http://www.transparency.org/news_room/in_focus/2008/cpi2008/cpi_2008_table

[18] See Estonian Ministry of Defence, "Estonia concluded a contract for the procurement of two medium range radar systems" (4 June 2009). Available from: http://www.kmin.ee/?op=news&id=1963

[19] Margus Kolga, "*Quo vadis* Baltic defence cooperation?", *Estonian Foreign Policy Yearbook*, Tallinn, 2006, pp. 119-136.

[20] See Joint Communiqué of the Ministerial Committee, Tallinn, 23 April 2009.

in earnest, the Baltic states will have made another major step towards broadening cooperation in defence.

Why has accession to NATO, instead of unequivocally bringing Baltic military cooperation to a new level – that is, much broader cooperation or even deep military integration – so far produced such a tentative effect? There is one critical combination of factors: foreign disengagement, diverging national responses to NATO's global strategy, and competitive instincts present in the three defence organisations. Firstly, Western mentorship and coaching, with their disciplining effects on the behaviour of the Baltic defence establishments, is decreasing: the Baltics now can define their vision and ambitions as they please. There is no one to name and shame, or to knock their heads together. In the Baltic states, there might be a degree of feeling that teaming up with the big and powerful is a better investment of effort than sticking together, or that trilateral integration may somehow impinge upon deeper integration of each country into the Alliances structures.

Alarm bells about the Baltic cooperation should have started ringing after Lithuania had failed to secure participation of Estonia and Latvia in the Lithuanian-led Provincial Reconstruction Team in Afghanistan. What could have easily been a joint venture – a Baltic-led PRT – ended up as a national project of Lithuania, to which Estonia and Latvia showed little enthusiasm of subscribing. Instead, they opted for partnerships with the UK and Norway respectively. However, parting ways in what is a crucial mission of NATO means having very different sets of practical priorities, concerns and interests. Taking separate boats in NATO's venture of global power projection is tantamount to turning Baltic military cooperation into an undertaking with little intra-alliance strategic rationale.

The resurrection of BALTBAT for the sake of maximising the contribution to a key transformation project of the Alliance provides a silver lining in this regard, just as BALTRON's role in training for the NMCM and BALTNET's role in the NATO Integrated Extended Air Defence (NATINEAD). But it is highly questionable for how long Baltic military cooperation can rest on the same few BALT-projects to advance their intra-alliance broad cooperation or mutual integration agenda, while national

responses to new challenges take different tracks as in the case of the PRT or even with regard to more fundamental strategic issues. For instance, the Baltic states continue to exhibit their diverging strategic visions concerning the armed forces format: Latvia moved to the all-volunteer force (AVF) format in 2006, with Lithuania following closely behind in 2009 (although it is having some second thoughts), but Estonia continues practicing conscription. A synchronised move to the AVF format would have opened a range of new opportunities (as well as pressures) for mutual integration and would have facilitated integration with other NATO allies.[21] However, national interpretations of defence transformation prevail over trilateral as well as alliance-wide vision in the three capitals, reducing the chances for moving up the intra-alliance cooperation ladder.

Finally, there is a great degree of competition between the three states for visibility, recognition and praise within NATO. Combined with the lack of patience in managing the intricacies of trilateral projects, this leads to nationalisation of initiatives and a "go it alone" attitude. The Centre of Excellence on Cooperative Cyber Defence (COE CCD) – a perfect case of issue partnership among several NATO allies (including Lithuania and Latvia) was an Estonian initiative, not an idea nurtured and brought to reality in a pan-Baltic framework. Estonia gets all the credit, and certainly deserves it, but it leaves the other two scrambling to find their own pet projects rather than pursuing ever closer Baltic integration. For example, Lithuania mulled the idea of a centre of excellence on energy security.[22] This competitive approach may eventually erode the spirit of and support to Baltic military cooperation in the three defence organisations.

All in all, since accession to NATO, the Baltics have achieved

[21] During his visit to Vilnius, Chairman of NATO Military Committee Admiral Gianpaolo Di Paola was reported to have expressed positive views with regard to Lithuania's decision to move to the AVF format and said that "all allies must work together and, therefore, the principles of organizing the armed forces should be similar across the entire Alliance". See Egle Samoskaite, "NATO Admiral Tells Lithuania Not to Feel Itself Exceptional" (in Lithuanian), *www.DELFI.lt* (29 April 2009). Available from: http://www.delfi.lt/news/daily/lithuania/article.php?id=21902855&categoryID=7

[22] Jurate Damulyte, "Energy security centre – so far only a vision" (in Lithuanian), *www.DELFI.lt* (4 June 2008). Available from: http://www.delfi.lt/archive/article.php?id=17263089

mixed results in advancing their military cooperation. BALT-projects remained at the heart of it: two of them – BALTDEFCOL and BALTNET – have prompted precarious yet important progress towards deeper defence integration; BALTRON and the resurrected BALTBAT perpetuate intensive but, as in the case of the latter, rather fragile issue partnership. There are also elements of broader cooperation going on beyond these projects such as regular combined exercises. Hopefully, joint defence procurement will become a reality soon, which, while concentrating on a specific issue of reducing the costs, will definitely prompt a wave of expanding the cooperation agenda. However, the three countries differ in their vision of defence, their understanding of how their national interests can be advanced within the Alliance and their willingness to stick together, particularly in NATO-led operations. This constrains the possibilities of breaking new ground and elevating Baltic military cooperation to a qualitatively new level.

So, when talking about the subject matter in some five or ten years, will we be discussing the same good old BALT-projects? Do they exhaust the entire potential of Baltic military cooperation? Or is there room and, more importantly, need for thoroughly integrating the defence organisations of the Baltic states with each other within the framework of broader NATO integration? The next section addresses the question of the alternative futures of Baltic military cooperation and examines the merits as well as disadvantages of different models.

Future: Is geography still our destiny?

Looking into the future, defence policymakers of Estonia, Latvia and Lithuania have to agree on a common vision and define the desired level of ambition of trilateral military cooperation. Otherwise, their declarations of political will and solidarity will increasingly sound hollow and not produce anything beyond what has already been achieved. Or, having set the ambition high, they may encounter practical difficulties beyond the ability of the three small defence organisations to resolve. In this section, I will look into what models could be pursued in theory and why, only

slightly touching upon practical issues, mapping of which would require a much deeper inquiry.

The first option is to keep the level of ambition firmly concentrated on partnerships related to several strictly defined issues. Essentially, this is the policy of not going beyond the existing range of BALT-projects and adding only some projects of temporary nature such as burden-sharing in providing support for NATO's air policing operation. Some projects would be mainly trilateral, perhaps with some involvement of more experienced NATO allies as mentors; some projects would require broad international involvement such as the BALTDEFCOL. In some cases, only two out of three nations may team up for a particular project (e.g. in defence procurement) as an ad hoc cooperation undertaking. The defining criterion is whether a particular project is necessary in creating and maintaining some specific defence capability, in a cost-effective way, that the Baltic states lack or lag behind compared to other NATO allies.

In all cases, there would be no "sacred cows": projects can be closed, extended, redefined or restarted as the circumstances change (as it happened with the BALTBAT) and as decided through the existing trilateral consultation and coordination mechanisms. In relation to some of them, deeper integration could be pursued in a very narrow field, while in other projects reduction of mutual interdependence might be sought: for instance, integrative elements spurred by the BALTDEFCOL which led to the common staff officers' professional development framework might be abandoned. However, taking into account the difficulties of giving more substance to that framework (such as developing common understanding of "jointness" or a common philosophy of the profession of arms[23]), this would probably not be considered as a major sacrifice by the defence leadership of the three countries.

This cooperation model gives much flexibility in deciding whether the Baltics should stick together or seek partners elsewhere – a matter of practical calculations as much as political. Given that the level of capability development in three countries is very similar, such opportunities for developing them in

[23] This issue is elaborated in greater depth in Jermalavicius, *Ten Years of the Baltic Defence College*.

close partnership would present themselves for a long while. The downside is the risk that eventually Baltic military cooperation would wither away as the three defence organisations mature and the underlying strategic purpose of building defence capabilities and facilitating transfer of know-how from more advanced NATO allies becomes less pressing. It would entail the acceptance that the phenomenon of Baltic military cooperation is temporary, more of an ad hoc character, and would be more in line with the notion that any regional defence blocks or communities within the Alliance are not necessary. Gradually, more and more emphasis would be placed on creating a dense web of cooperative relationships with as many diverse allies as possible.

The second option is to ascertain that much broader defence cooperation is desired by the three Baltic states. In addition to recognizing the need to develop their military capabilities through a coordinated effort in a cost-efficient manner, this form would also reflect two additional points. Firstly, that there are regional security issues which can be best managed through common military preparations and cooperative activities which often do not merit involvement of the entire Alliance (although other countries adjacent to the Baltic Sea often should be engaged as well through such formats as Nordic-Baltic Eight, or NB8)[24]. Secondly, that Baltic contribution to NATO's activities as well as political visibility can be much enhanced if they act in unison in all areas of Alliance's agenda and especially in operations.

In practice, this policy would require a long-term effort to expand the scope of cooperation beyond the BALT-projects or air policing matters which currently dominate the agenda. First and foremost, political will to do as much joint procurement as possible would have to become a reality, probably followed by cooperation in equipment maintenance as well as in combat service support function. There is also many other areas where cooperation would yield tangible benefits in terms of better management of security risks, resource savings or organisational learning. For

[24] A good example of a broad cooperation agenda in security matters is the report prepared by Norway for the discussions among the Nordic foreign ministers. See Thorvald Stoltenberg, *Nordic Cooperation on Foreign and Security Policy*, Oslo, 2009. Available from: http://www.regjeringen.no/upload/UD/Vedlegg/nordicreport.pdf.

instance, while being midgets in the world of defence research and development (R&D) on their own, the Baltics could become more serious partners for other NATO allies if they developed trilateral cooperative projects in this field. The list of regular cooperation activities, programmes and projects could be expanded in all domains of defence as long as there is enough will, imagination and practical necessity.

This approach has its own disadvantages and stumbling blocks. It would require much bigger organisational capacity to manage the substantially larger trilateral cooperation agenda than the current list of BALT-projects or ad hoc issues. Broadening Baltic cooperation may also come at the expense of relations with other allies, for practical reasons (limited resources available for cooperative initiatives) as well as in terms of perception created by it both within the Baltic states and outside. Less tangible but no less important would be the impact on defence identity of the three countries: it would be hard to many of those who currently are promoting a "go-it-alone" attitude to see the name of their country being eclipsed by the label "Baltic" within NATO's security and defence community. Some would probably argue that we already are lumped together too much and need more differentiation between the trio within the Alliance.

However, whether they want this or not, the Baltics are bound together by their geography and their strategic position. Looking from outside the region, those concerned with NATO's collective defence commitment see it as a single geostrategic unit, regardless of national differences and ambitions.[25] Herein lies the rationale for the third option, which is to make a strenuous push onto the ladder of trilateral defence integration across the board, not just in a few narrow areas such as airspace control or military education. This would reflect a clear and unequivocal recognition that, firstly, the worst-case scenario of Article 5 contingency in the region would be a matter of survival for all three countries rather than for just one, with the other two simply coming to assist. Secondly, that credibility of NATO's collective defence in the region will depend

[25] See Ahto Lobjakas, "NATO Commander Seeks Defence Plans for the Baltic States", *Radio Free Europe/Radio Liberty* (7 October 2008). Available from: http://www.rferl.org/content/NATO_Commander_Seeks_Defense_Plans_For_Baltic_States/1294790.html?spec=2

as much on the efforts of the Baltic states to unite their military preparations as on the willingness of other Allies to defend them.

The war between Russia and Georgia in 2008 should have reinserted a sense of realism into the strategic assessments of the Baltic states as well as NATO. Concerns about Russia's behaviour are further reinforced by its plans to mandate the use of force outside its borders to protect Russian nationals.[26] As collective defence is reasserting itself as a core mission of NATO on its 60th anniversary, regional military integration strategy for the Baltic states does not sound like a proposition out of touch with strategic realities or too outlandish in the context of NATO's mission.

Regional military integration as a strategic instrument of bolstering NATO's credibility would be a most demanding and ambitious undertaking for which the current level of Baltic military cooperation is grossly inadequate. The requirements for such integration would probably shape the Baltic military cooperation agenda for decades to come. At the political and strategic level, it would call for continuous coordination and common decision making on various aspects of defence policy and planning. This would include a serious discussion on what implications different armed forces formats and defence models may have on the effectiveness of common military action and how to iron those differences out. Appreciating and accommodating, if not eliminating, differences in strategic and military cultures of the three countries would also be necessary in the long term: as long as the Estonian military elites see Finland with its total defence as a role model in military affairs, while the Latvians or Lithuanians are focusing on creating a small deployable force for NATO operations, there is little room for convergence and integration.

Organisationally, trilateral defence integration would entail setting a host of combined agencies to take over and pool together national functions in the areas such as joint procurement, maintenance, defence R&D, concept development and experimentation (CD&E), standardisation, doctrine development, military education, C4I etc.. They would serve as Baltic points of contact for corresponding NATO agencies. It would also require

[26] BBC News, "Kremlin bill on using army abroad" (10 August 2009). Available from: http://news.bbc.co.uk/2/hi/europe/8194064.stm

a vast trilateral staff exchange programme,[27] especially in such areas as policy and planning, intelligence, training and operations. A natural extension would be commonly owned capabilities, in the spirit of NATO joint capabilities projects, as well as more common units. For instance, BALTBAT could be turned into a standing unit for the suggested Allied Solidarity Force (ASF) to respond to Article 5 contingencies outside the region[28]. In a similar vein, the eventual air policing solution currently under investigation in a common working group could include acquisition of common assets for this function.

A critical condition for successful trilateral integration strategy in the Alliance's framework, however, would be effective linking of it with corresponding NATO policies and structures as well as the involvement of key Allies from outside the region, especially the United States. U.S. financial and technical assistance, its advice, better access to its intelligence and technology and an intensive programme of common Baltic-U.S. training would fortify strategic partnership between the Baltic states and the most powerful NATO ally. This is not to diminish the value of other allies and the need for their solidarity as well as practical support. However, without U.S. backing and some presence, the credibility of collective defence in the region would suffer dramatically, with or without trilateral Baltic defence integration. At the end of the day, as George Friedman rightly put it, NATO is "effective only if the United States is prepared to use force".[29]

Achieving meaningful, deep and broad trilateral defence integration of the Baltic states would be an arduous and long journey. It would probably be more expensive in financial terms than just going alone: almost all measures that could be envisaged would entail extra costs, but they would also deliver more – more ca-

---

[27] Only a small-scale pilot arrangement for exchange of civil servants has been tried between the defence ministries of Estonia and Latvia so far.

[28] The ASF idea was launched by the UK at the NATO defence ministers' meeting in Krakow (see Reuters, "Britain hopes for deal on NATO force at summit", 20 February 2009. Available from: http://www.reuters.com/article/latestCrisis/idUSLK829718, accessed: 24 February 2009). The idea was endorsed by the Baltic defence ministers in the Joint Communiqué of the Ministerial Committee (23 April 2009).

[29] George Friedman, *The Next 100 Years: A Forecast for the 21st Century,* (New York: Doubleday, 2009), p. 115.

pability, more knowledge, more visibility[30] (our experience with the BALTDEFCOL serves as a good example to support this argument). Of course, each of the Baltic states would individually lose quite some flexibility in decision-making: going alone or doing nothing when the other two insist on action would become almost impossible in many areas. Politically, such degree of pooling national sovereignty in defence, well above what NATO membership calls for, might appear unpalatable to many decision-makers or the general public.

On the other hand, attending to military interests in isolation from each other, or poisoning good will for integration with momentary grievances and clashes of personalities, makes no strategic sense. The Baltic states definitely do not want to end up like those isolated authoritarian countries of the inter-war period, which failed to cooperate in defence because of some petty disagreements, and suffered such a terrible fate. At the end of the day, the choice might well be between pooling sovereignty in the form of trilateral military integration or losing credibility of NATO's collective defence in our region. It will take robust and mature leadership as well as long-term strategic vision to avoid the latter and to advance the former. Although the choice between several levels of cooperation is possible and would finally bring clarity as to what the purpose of Baltic military cooperation is, it should be seen as an exercise of farsighted management of strategic risks and regional security imperatives rather than as a kicking ball in the game of competing national ambitions.

Conclusions

Baltic military cooperation moved from an era of NATO membership aspirations to an era of membership obligations, still being rather faithfully attached to the established brands of BALT-projects. This article looked into how the rationale behind it as well as its form and content evolved between the pre-accession

[30] I am grateful for this remark to Lt.Col. Erki Pekkonen, Finnish Defence Attaché in Estonia, who brought it up during the public roundtable debate with the Baltic defence ministers, held at the International Centre for Defence Studies in Tallinn on 24 April 2009.

years and the time when Baltic military cooperation became one of the strands of intra-alliance cooperation within NATO. By placing it into the continuum of intra-alliance cooperation, it also suggested a way of clarifying its purposes as well as its level of ambition in the future and discussed the merits of several alternative models.

To a certain extent, the objective of building military capabilities and advancing organisational learning of the armed forces, which underpinned Baltic military cooperation during the NATO pre-accession years, remains in place, only this time subordinated to NATO's transformation agenda. The Baltic states still share many similar practical challenges and problems in defence, so this does not come as a great surprise. In addition, this objective is intertwined with the imperative of contributing to the Alliance's missions. So, despite being hampered by national ambitions, competitive instincts and foreign disengagement which emerged after accession to the Alliance, the Baltic states managed to retain their partnership in several areas, albeit refocused and tailored to the membership realities, as well as some low-key elements of broader cooperation which also started appearing prior to NATO membership. Within military education and in the area of airspace surveillance and control, they also seem to have been moving towards deeper trilateral integration.

However, uncertainty about how far the Baltic states are prepared to go in the ladder of intra-alliance cooperation continues. Lacking deeper reflection on what can be achieved in the long-term, and how, by means of trilateral cooperation, they shirk from decisively going beyond the comfort zone of the BALT-projects. There are no major new initiatives in the pipeline, except of a constant struggle to get joint procurement beyond the level of political declarations. This prevailing uncertainty and conceptual vacuum also deprive even most advanced cooperation areas, such as military education, of considerable amount of energy as well as a clear sense of direction, which casts doubt on their viability in the future, despite the assurances of political will to carry on. It is becoming increasingly clear that, at some point, the Baltic states will have to come up with a coherent and effective vision for the future of their military cooperation.

Constructing an effective unifying vision is a fraught matter, especially when there are three different nations involved. On

the other hand, the Baltic states should define what rationale of cooperation is most appealing to them all and thus determine the nature and scope of trilateral engagement. If the focus is development of new capabilities in a cost-effective way, several issue partnerships will suffice. Should they decide that some part of regional security agenda needs to be attended to without constant involvement of the Alliance and that promotion of certain policies and initiatives within NATO merits putting their weight together, systematically and persistently broadening their defence cooperation would be necessary. However, the glue that has best potential of keeping the Baltics together is the very reason they belong to NATO – collective defence. This is where the imperatives of deep trilateral integration are evident if a long-term strategic perspective is adopted by the Baltic states.

Worrying about credibility of NATO's collective defence commitment to the Baltic states and taking steps to bolster it should not be confined to demands for NATO's visibility, presence or contingency planning. Arguing for substantial in-place national force, based on increasing mobilisation reserves, is also hardly an adequate response if the mindset of collective defence is properly adopted and NATO's agenda of capabilities' transformation is whole-heartedly endorsed. Deep trilateral integration across the entire spectrum of defence, with the involvement of some key allies from outside the region, offers a way of making NATO's collective defence more credible in our region while putting the Baltic states at the forefront of progressive thinking about military capabilities in the Alliance. Integration dynamics taking hold in a specific area of airspace surveillance and control, thanks to the necessity to support NATO's air policing operation, demonstrates vividly that trilateral integration within the framework of the Alliance has great potential. Practical challenges of this option are immense, but choosing it removes any vagueness as to where Baltic military cooperation is heading or what long-term benefits are expected from it.

The implementation trap: The challenge of the Baltic Sea Strategy

Esko Antola

The launching of the European Union Strategy for the Baltic Sea Region in June 2009 (COM(229) 248) marks a new phase in European regionalization. The Baltic Sea is a Pilot Region of a new process, macro-regionalisation. The idea is reflected in the Communication of the European Commission on the Baltic Sea Region by defining the Baltic Sea as a territorial entity "linked by the Baltic Sea that includes entire Member States, parts of Member States and Parts of third countries". "The Baltic Sea Region is a good example of a macro-region – an area covering a number of administrative regions but with sufficient issues in common to justify a single strategic approach". (COM(2009) 248 final, p.5).

The Baltic Sea Strategy and the Action Plan have been drafted in challenging times. The global financial crisis has and shall have profound consequences for the region. Neither stakeholders contributing to the strategy nor the drafters in the Commission were able to echo the dramatic change in the economic and political environment. During the months of preparation of the Strategy, the Baltic Sea Region deteriorated from one of the fastest growing and wealthiest regions in Europe into a crisis area. (Ketels 2009, 17-19)

Facing the future from a perspective of declining economic growth and the need for striking adjustment of policies in all sectors is a fundamental challenge for the region and for the Strategy. The inputs to the strategy have been made, however, from a perspective of continuous economic growth. Growth figures in the region have been upwards during the last ten years, but at the time of the presentation of the strategy they pointed sharply downwards.

The Action Plan, attached to the Communication, recognises the economic situation by noting that "The current economic crisis affects the actions and flagship projects presented in each section of this Action Plan." The document notes that there is a less-favourable climate for investment, which affects both public and private actors. The Action Plan concludes that this calls for a need for a longer perspective in the implementation. (European Union Strategy for the Baltic Sea Region Action Plan, SEC(2009) 712, 4).

Environmental deterioration, energy policy issues and climate change as well ageing population attract attention in the strategy documents. Security issues, hard and soft, shall have a prominent profile and deserve much more attention than what they have today. As a challenge of its own significance is Russia as a Baltic Sea actor.

Commission Documents are rather general in outlining the governance and implementation of the Strategy. The Commission Communication proposes three levels of governance and implementation. The proposed governance follows the traditional Community Method model, where the Commission has the key role. It proposes "periodic reports and proposals for recommendations from the Commission to the Council. The European Council will be updated regularly on the progress of the strategy". (COM(2009) 248 final, 10.) The European Council and/or General Affairs Council shall be the body taking the major policy decisions by the initiative from the Commission.

The Commission shall have the responsibility at the second level of governance i.e. "co-ordination, monitoring, reporting, facilitation of the implementation and follow-up". These tasks should be carried out in partnership with stakeholders in the region through "regular progress reports, and use its power of initiative to make proposals for adaptation of the strategy and action plan whenever these are required" (COM(2009) 248 final, 10). These are general functions of the Commission in the Community Method procedures.

The level of implementation and governance, "implementation on the ground", remains the responsibility of the "partners already active in the region". The Communication is not very precise here. It speaks of "partnership with the other institutions, Member States and regions, international financing institutions,

transnational programming bodies and intergovernmental organizations". It names HELCOM[1] as a specific intergovernmental institution by name. The aim is to identify co-ordinating bodies "at the level of priority areas and lead partners for flagship projects". (COM(2009) 248 final, 10-11)

In addition, the Communication promises that "there will be an annual forum to bring together partners concerned with different aspects of the strategy, including from interested third countries, to review and discuss the progress of the strategy and to make recommendations on implementation." (COM(2009) 248 final, 11)

The implementation structure reflects the established Community Method where the Commission has the role of an initiator and the European Council takes the policy decisions. The third dimension, "implementation on the ground" is more or less an open issue and the weakest link of the Strategy. The Commission Staff Working Document on the Impact Assessment recognizes this in following words: "The key problem in the region is not a lack of existing initiatives or governance structures. It is rather the failure of largely fragmented existing governance structures to provide a sufficiently robust framework in which the priority issues of the BSR can be addressed in an integrated manner, which addresses potential policy conflicts and trade-offs between sectors." (Commission Staff Working Document SEC(2009) 703, 3)

The question of the involvement of stakeholders is recognized as a major challenge in many occasions in the documents associated with the Communication. The regions showed a considerable if not great interest in the strategy work. Stakeholder consultation attracted the interest of 109 stakeholders. They included all 8 Member States from the region and three non-Member States (Russia, Norway and Belarus). Also 48 inter-governmental and non-governmental organizations presented their views. In addition, 31 regional and local authorities, 19 representatives from the private sector, including two individuals, contributed to the consultation process. (Commission Staff Working Document, SEC(2009) 702, 5.)

[1] HELCOM is the governing body of the "Convention on the Protection of the Marine Environment of the Baltic Sea Area" known as the Helsinki Convention.

The Communication document defines four major challenges for the region: sustainable development, prosperity, accessibility and attractiveness, and safety and security of the region. These challenges are further divided into 15 "priority areas" and an Action Plan attached to the Communication includes 78 flagship projects. (European Union Strategy for the Baltic Sea Region Action Plan, SEC(2009) 712).

The coordination responsibilities in the priority areas and flagships outlined in the Action Plan are for most part designated to Member States. Of the fifteen priority areas only one is designated to a region (Mecklenburg-Vorpommern) and one to the Northern Dimension programme. Of the 78 Flagship projects, the Member States shall have responsibility in 41, intergovernmental organisations in 10 and civil society organizations in one cases. By the time of the launching of the Action Plan 22 Flagships remained open. (European Union Strategy for the Baltic Sea Region Action Plan, SEC(2009) 712). Implementation of the Baltic Sea Strategy thus heavily depends on the Member States making governance dependent on the commitment of the states.

"Implementation on the ground": A political space needed?

The challenge of the implementation is not a lack of interest shown in the region as the figures of stakeholder activities indicate, but the heterogeneity of partners "already active in the region". The heterogeneity is in their competencies and in their abilities to take commitments. This leads the Commission Staff Working paper to defend an active involvement of the Commission both in the design and implementation of the strategy. (SEC(2009) 702, 5). But the fundamental question remains open: what is the role of the regional stakeholders in the implementation?

The Baltic Sea Strategy cannot reach its aims without a strong political commitment by the actors in the region. Political coordination and political commitment in the framework of the Strategy is a challenge for the whole region. The governments in the region of course are in a key role: will they be committed to anything else than the "Christmas Tree" as the Action Plan has

been seen? They are responsible for creating the framework for implementation but the involvement of other stakeholders is essential as well.

The implementation structure calls for a political space. Political spaces are "social spaces wherein actors meet to make, apply, interpret and enforce rules; they are thus sites of collective governance". Political space is "an action arena" where "skilled actors" try to "identify the specific structure of their interactions". (Stone Sweet, Sandholtz and Fligstein 2001, 13).

Who are the "skilled actors"? They are not only the states and governments. They are political forces, companies and private interests, civil society actors, sub-national regions, cities. In the words of the Strategy documents, the stakeholders are the "partners already active in the region". The region does not currently provide a framework or arena for the involvement of active partners.

Political space cannot operate without institutions; political space needs institutions. This view contracts the no new institutions doctrine stated in the Commission Communication. But institutions need not to be formal organisations. They can also be seen as informal institutions: "socially shared rules, usually unwritten, that are created, communicated, and enforced outside of officially sanctioned channels". (Helmke and Levitsky, 2003).

Informal institutions refer to networks, agreements, rules of behaviour, reciprocity and mutual commitments. The 1990's saw a mushrooming of organisations and networks, public and private with the main purpose of socialisation of the new market economies into the Western European structures and indeed, to the EU Membership. Many of those institutions still exist but too many of them lack a clear mission. Much of the existing institutional network from the 1990's has deteriorated, even made obsolete by the events. Still the number of networks and organisations around the Baltic Sea must be counted in hundreds.

The Baltic Sea Region needs to reform its governance. The elements of the current governance include:

- complexity of actors are a challenge - fusion of multi-level and network governance
- competencies vary by sector, decision-making diverse, hard law – soft law

- the variety in competencies of the actors in the region
- Civil society: will "network governance" survive the economic crisis and the "return of states"?

The emergence of new actors challenges the existing governance patterns by providing new resources, adding flexibility and publicity but at the same time demanding participation and influence. Incorporating new actors into the Baltic Sea governance and setting the common agenda calls for leadership. Among the key challenges of the region is who or which institutions shall assume the role of leadership and is able to provide it. Leadership and commitment go hand in hand – both are needed to get things done.

The lack of commitment is a major obstacle in implementation. The environmental deterioration is a good example of the lack of political commitment. The governments have agreed on a number of recommendations and strategies but very few of them have been implemented by the governments. The political space concept would invite the political forces of the region to enhance trans-boundary cooperation between the political forces. This would help to set a common political agenda and put pressure on governments as well.

Conditions for giving impetus to a Baltic Sea political space are favourable. First of all, overcoming the economic crisis calls for an intensified political coordination. There is a need for political coordination. Also political preconditions for cooperation exist. Centre-right political domination in the region is strong by the political colour of governments and the political background of the prime ministers. Centre-right coalition governments are in power in all eight Member States as of October 2009. The Centre-Right coalition is made even stronger by the fact that the German states of Schleswig-Holstein and Hamburg are governed by prime ministers with an European People's Party background. Political consensus on the priorities in the implementation should be reachable.

An idea for more political coordination and political commitment might be a practise of holding regular meetings of the head of states adjacent to European Council meetings for instance. This would not considerably add to the workload of the leaders and would not be especially time consuming, but would allow

discussion of the issues and the agenda of the Baltic Sea at the highest political level. The Baltic Sea Strategy further increases the need for political commitment through consultation.

The inter-state structure for the political space is already in place. There exist three sets of governmental-parliamentary set-ups for agenda setting:

The Council of Baltic Sea States (CBSS) - The Baltic Sea Parliamentary Conference (BSPC)
The Nordic Council of Ministers – the Nordic Council
Baltic Council of Ministers – Baltic Assembly

The three two-dimensional policy forums constitute the backbone of the Baltic Sea political space. Among them, the Council of the Baltic Sea States (CBSS) is in a key position. The CBSS was established in 1990 for the purpose of intergovernmental co-operation. It has 11 states + the European Commission as members. Because of its membership base (including Russia, Norway, Iceland and the European Commission) it has never been an instrument for discussion between the eight EU Member States.

Baltic Sea coordination now takes shape in a 3+3 formula. The two "threes" (Nordic countries and Baltic countries) consult at the level of cabinet ministers and even between the two threes, but key countries, Poland and Germany, are absent from the political consultation. However, 3+3+2 discussions take place occasionally at the level of European directors of foreign ministries. The practise of 3+3+2 should be made permanent.

The challenge of state-related institutions is to make weakly enforced Baltic Sea institutions into effective instruments of agenda setting and policy implementation. Reforms and adjustments of existing institutions are needed. An unexploited possibility for strengthening of the voice of the region and improving the agenda-setting is an intensified cooperation between the parties across the borders. One could expect that parties and families of parties that collaborate at the level of European Parliament would find it reasonable to collaborate at the level of the Baltic Sea Region as well.

A common Baltic Sea agenda and arena of political forces does not exist. Consequently, nationally defined election agendas

still dominated the European Parliament elections of 2009. Party cooperation takes place at the level of Nordic countries to some extent and bilateral contacts between the national parties exist. In a similar way, Members of the European Parliament could establish an unofficial caucus to discuss Baltic Sea policy issues.

As a new element the Baltic Sea Region has seen the advance of *para-diplomacy*: foreign policy actions and capacities of substate entities, their participation in international relations independently from their state authorities and their will and ability to pursue their own interests. (Wolff, 2007, 141).

Para-diplomacy as a method of sub-national entities to promote their interests already is a part of the Baltic Sea governance. The region hosts for example an intense network of twin cities, largely unexploited as a network crossing the border line to the adjacent area as well. For instance, 96 of the 106 member cities of the Union of Baltic Cities (UBC) have twin cities making the total number of bilateral twin city pairs 514. (www.ubc.net). City networks in many ways constitute a key structure in the Baltic Sea Region. Cities as autonomous actors offer a platform for linking the non-EU region to the area of the Baltic Sea Strategy. Cities provide help and exchange of experiences, often also best practices in how to adapt to economic integration.

Para-diplomacy shall not be limited only to cover relations between regions and cities in the region. It is often seen also as an instrument to adapt to globalisation. Local and global are not antitheses but support each other. Para-diplomacy in the Baltic Sea Region so far has been an instrument for representation of interests at the European level. Its value is in managing the external dimension of the Baltic Sea Strategy with the adjacent regions.

Small state input: Nordic-Baltic countries as facilitators

Small Member States have the greatest interest in the Baltic Sea Strategy implementation. This is reflected in the distribution of coordination responsibilities of the 15 Priority Areas in the Action Plan. The Nordic countries have taken responsibilities of coordination in seven of the Priority Areas alone and have a shared responsibility in six additional areas. Estonia and Germany take

the responsibility in one area alone. This shows the interest and commitment of the Nordic Member States in implementation.

The Nordic commitment is a reflection of the small state tradition. Small states often take an active role: they take the initiative in drafting action plans and proposals for co-operation. In the Baltic Sea Region the Finnish initiative for the Northern Dimension is a good example. The diplomacy of small states is often issue-specific and mission-oriented, crossing the ideological and regional boundaries. These countries are free from hegemony baggage, and therefore are less limited in their actions and able to seek more creative solutions. (Antola 2002, 71-74). Taking responsibilities in the implementation of the Baltic Sea Strategy fits well into that tradition.

On the other hand, acting alone, small states lack power and influence. Therefore they emphasise coalition-building and co-operation, as they have been forced to define a strategy to survive in the world of great powers. The dominance of small states in the Baltic Sea Region could therefore be a positive factor. One could presume that cooperative actions in the region would be relatively easy to be established. (Henriksson 1997, 56).

The functions of small and middle powers are threefold: to conciliate, to interconnect and to integrate, in other words, to mediate and moderate. This can take place within the institutions, between the institutions or entirely outside them. Because of their more limited resources, they usually calculate which topics are important enough to act upon. The Baltic Sea Region offers a good platform to perform these roles and practises.

The Nordic countries took an active role in the Baltic Sea region during the 1990's. They offered traditional forms of co-operation and assistance for economic reforms and democratisation. The impact of "Norden" in the region was greatest during the pre-accession period, which marked a process of socialisation (Schimmelfenning 2000, 109-139). The Nordic impact was considerable in the "return to Europe" of the Baltic States.

The Nordic intergovernmental organisations played a role as well in the socialisation process. The Nordic Council of Ministers introduced a special project with neighbouring territories. The Adjacent Areas Programme promoted democracy and stability in areas adjacent to the Nordic Countries. Following this idea

Nordic Information Offices were established in the Baltic capitals in 1991.

However, the unwillingness of Norden to open its institutions for the re-independent Baltic countries forced them towards regionalisation of their own. The Baltic countries created two main common institutions: the Baltic Assembly (BA) and the Baltic Council of Ministers (BCM). The first is inter-parliamentary assembly; the second represents the executive power. The Baltic trilateral cooperation is association between three small nation states which share similar challenges.

Nordic experiences are important reference points for both the Baltic Assembly and the Baltic Council. For the Baltic Council cooperation with the Nordic countries has been intensive and meaningful. In a similar way the frameworks of the NB8 (Nordic-Baltic 8) and 3+3 serve as platforms for cooperation. Self-evidently the Council of the Baltic Sea States is an important reference for the Baltic countries.

The implementation of the Baltic Sea Strategy creates an opportunity for an intensified collaboration between the Nordic and Baltic countries. Quite understandably the larger Member States in the region, Germany and Poland, show less interest in implementation. In fact, a particular challenge of the Baltic Sea Region Strategy is drawing the attention of Poland and Germany as Baltic Sea Countries to the region: to help them to see their "Baltic Seaness".

The Baltic Sea Region does not have a similar priority for Germany and Poland as it has for small and medium-sized Member States. They, Germany and Poland, see the Baltic Sea in a wider framework of pursuing their national interests depending on the issues. They have a multidimensional territorial agenda where the Baltic Sea is just one element. They evaluate their Baltic Seaness from a perspective of interests and define their commitment by the added value that the Baltic Sea can bring to them.

More active collaboration with the *Länder* of Germany and *Voivodeships* of Poland which are adjacent to the Baltic Sea would bring considerable benefit.[2] In particular, the two German Baltic Sea *Länder,* Mecklenburg-Vorpommern and Schleswig-Holstein,

[2] West Pomerania, Pomerania, Warmian-Masurian

enjoy constitutional autonomy, which allow certain freedoms of action. The Baltic Sea flanking regions have natural interests in the Baltic Sea Strategy. By their size they fit into the category of Baltic states. They also demonstrate Baltic Seaness and interest in Baltic Sea cooperation. Incorporating them into the Baltic Sea political space could also open channels of influence and pressure on Berlin and Warsaw.

Nordic-Baltic relations need intensification not only because of the implementation of the Baltic Sea Strategy. An intensified cooperation is needed also in formulating the exit strategy out of the present economic crisis. Exit strategy cooperation should lead to a deepening cooperation in outlining the new strategy for economic growth and recovery. A necessary step would be a reconsideration of alignment of Nordic and Baltic institutions. The Baltic Sea Strategy implementation might give an extra motivation and impetus for this.

References

Antola, Esko. "The Future of Small States in the EU", in Mary Farrell, Stefano Fella and Michael Newman, eds., *European Integration in the 21st Century. Unity or Diversity?* London, Sage Publications, 2002. Pp. 69-85.

Commission Staff Working Document, Impact Assessment, SEC(2009) 702.

Commission Staff Working Document, Summary of the Impact Assessment, SEC(2009) 703.

Communication from the Commission concerning the European Union Strategy for the Baltic Sea Region. COM(2009) 248). June 10, 2009.

European Union Strategy for the Baltic Sea Region, Action Plan, SEC(2009) 712.

Helmke, Gretchen and Steven Levitsky. "Informal Institutions and Comparative Politics: A Research Agenda", *Perspectives on Politics*, vol. 2, no. 4 (2004): 725-740.

Henriksson, Alan K. "Middle Powers as Managers: International Mediation within, across and outside Institutions", in Andrew F. Cooper (ed.), *Niche Diplomacy: Middle Powers after the Cold War*. Houndsmills: Macmillan, 1997. Pp. 46-72.

Ketels, Cristian. *Boosting the Top of Europe. State of the Region Report, 2009*. Baltic Development Forum, 2009.

Schimmelfenning, Frank. "International Socialization in the New Europe: Rational Action in an Institutional Environment", *European Journal of International Relations*, vol. 6 (1), 2000, pp. 109-139.

Stone Sweet, A., Sandholtz, W. & N. Fligstein (eds.). *The Institutionalization of Europe*. Oxford: Oxford University Press, 2001.

Wolff, Stefan. "Paradiplomacy: Scope, Opportunities and Challenges", *Bologna Center Journal of International Affairs*, vol. 10, 2007, pp. 141-150.

Better than ever? Finland's relations with Estonia in the context of European integration

Hiski Haukkala

Introduction*

The end of the Cold War heralded a promise of qualitatively new international relations. This was perhaps especially so in Northern Europe, where the Baltic Sea region in particular was seen as a potential 'laboratory' for new forms of cooperation and bottom-up-based regionalisation (for a discussion, see Browning 2005). To a large extent, these expectations have also been borne out. The threat of bipolar conflict has indeed been removed from the region and traditional geopolitics has been replaced with a more open form of geo-economics that is much better attuned to the wider processes of globalisation. Also, the break-up of the Soviet Union brought the three Baltic states (Estonia, Latvia and Lithuania) back into independent existence, opening up also the southern shores of the Baltic Sea for new forms of regional cooperation and integration. At least initially, also Russia was envisaged as part and parcel of these processes as well. This was a sentiment also shared by the Russians themselves at the beginning of the 1990s.

* Note: Statements of fact and opinion are those of the author and do not imply endorsement by the Government of Finland. A shorter and earlier version of this article has been published as 'Finnish Relations with Estonia and Latvia: A Case-Study in Wider EU Relations with the Baltic States', in Nobuya Hashimoto & Hiromi Komori (eds), *National Integration and Formation of Multi-Ethnic Society: Experiences in Estonia and Latvia after EU Enlargement* (Nishinomiya: Kwansei Gakuin University, 2009): 35–41. I would like to thank Janne Taalas for helpful comments on an earlier draft of this article.

To be sure, along with the Baltic states one of the biggest beneficiaries of these processes has been Finland. During the 1990s Finland was able to leave behind the previous uncomfortably close relationship with the Soviet Union, replacing it with more normal good-neighbourly relations with the new Russian Federation. Finland was also finally able to take its place fully in the European mainstream by acceding into the European Union in 1995. In addition, Finland has clearly benefited from the enlargement and consolidation of other European structures: the dual enlargements of the EU and NATO in the Baltic Sea region have clearly increased security and political stability in the areas adjacent to Finland. In this respect especially the full EU membership has locked the Baltic states into an increasingly close relationship with the rest of Europe that can be expected to act as a positive factor reinforcing their independence and economic and political stability well into the future.

Indeed, on the basis of this discussion alone, it seems evident that when talking about Finnish relations with Estonia it makes little sense to examine them in a solely bilateral context. Instead, wider European structures, be them economic, institutional or political, should be taken into consideration. This means that the analysis must be conducted on three different fronts simultaneously: (i) the bilateral Finnish–Estonian dynamics; (ii) the wider (western) European setting; and (iii) the role of Russia in these processes.

In the following, a preliminary analysis along these three lines is attempted. The rest of the article is divided into three parts. First, some overall remarks concerning Finnish policies and especially its context are made. This is then followed by a more detailed analysis of Finland's relations with Estonia. The article ends with some conclusions.

Finland's security strategies and the Baltic states

In the final analysis Finland's policy on Estonia – as well as the wider Baltic area in general – boils down to the question of security (Vaahtoranta and Forsberg 1998, 191–92). To be sure, this was already the case at the beginning of Finnish independence nearly a century ago (for a discussion, see Roiko-Jokela 1994).

This should not be taken to mean that other links – political, economic, historical, cultural, ethnic and so forth – are not important; obviously they do matter a great deal but as history has shown there are times when they are forced to play second fiddle to the more overriding imperative of security. The Finnish trait to think along these lines has been aptly summed up by the anonymous Finnish diplomat who immediately at the beginning of the 1990s remarked how the independence of Estonia would spell bad news for Finland: 'There is no way we can abandon them. There is no way we can protect them. There is no way that we can civilise them' (quoted in Lucas 2008, 204).

This observation should, however, be taken with a hefty grain of salt. Although true to a certain extent – the resources of Finland *alone* were clearly inadequate for the tasks at hand, as they still are – this has not stopped Finland from devising a strategy, or a set of strategies to handle the immediate and long-term challenges in a more constructive manner.

The most important factor in these strategies is the role of Russia in the region. In the Finnish analysis, Russia's role as a Great Power is widely acknowledged, as is the fact that on its own Finland's means of influencing Russian behaviour are very limited. Therefore, by and large, Finland can be seen as having three inter-related security strategies that taken together constitute the country's attempt at securing an element of predictability and perhaps even control over the large neighbour: power balancing, non-provocative behaviour, and strengthening common norms and institutions.[1]

The first of the strategies, power balancing, relies on classical realist notions of international relations. In this vein, Finland has sought to balance the Russian regional preponderance by maintaining a credible national defence while also cultivating close relations with NATO and the United States that have, at least for the time being, fallen short of actual membership in the Atlantic alliance. Also the Finnish activism in the development of the EU's defence cooperation can be seen in the same light, as can the repeated Finnish concerns over the possibly harmful effects

[1] The discussion that follows draws heavily from Vaahtoranta and Forsberg (1998) from where the three security strategies and their discussion is largely taken.

that the rapidly advancing European integration in the field of security could have on wider trans-Atlantic solidarity and NATO (Forsberg and Ojanen 2000, 118–19).

The second strategy of not provoking Russia has already a well-established pedigree in Finland. One may say that the whole Cold War Russia policy for Finland revolved around the idea of remaining on friendly terms with the Soviet Union in the hope of acquiring maximal freedom of manoeuvre in the West in the process. During the 1990s, perhaps the clearest example of this strategy was Finland's decision not to put forward claims concerning Karelia, the territories annexed by the Soviet Union at the end of the Second World War. More recently, the best example of this strategy is perhaps Finland's relationship with NATO where, despite close cooperation and growing links with the Alliance, Finland has chosen not to pursue the full membership option, ostensibly in order not to provoke its eastern neighbour in the process.

Finally, the third strategy of strengthening norms and institutions has two facets to it. On the one hand, Finland – in a manner closely resembling the first strategy of balancing – is keen to support norms and institutions that essentially constrain Russia's potential for negative policies and influence in the region. On the other hand, Finland is seeking to bind Russia into these very same structures, hoping to do away with the historical security dilemma once and for all (Pursiainen 2000). It is important in this respect to note the rather active stance Finland has adopted in this strategy. For example, the EU's Northern Dimension policy launched by Finland in 1997 represents an attempt at countering a host of soft security threats emanating from north-western parts of Russia while seeking – at least in its original incarnation – to bind Russia closer to European norms and institutions at the sub-regional and local level (Haukkala forthcoming, Ch. 9).

To a large extent, Finland's Baltic policy has been subordinated to these wider security strategies. That said, Finland has at the same time sought to develop an active policy line vis-à-vis the three Baltic states that can be seen both as a natural extension and a certain deviation from the wider strategy. Therefore, Finland has supported the Baltic states' independence through bilateral aid and support. Of special relevance in this respect is the political, economic and military support Finland has granted

to Estonia especially during the early years of the 1990s (Archer 1999, 56). Perhaps more significantly, Finland has supported Estonia's inclusion into wider European and trans-Atlantic structures, notably the European Union and NATO as well as tying the country closer to the well-established Nordic structures of cooperation. Also the Finnish support to Estonia's participation in the so-called Nordic Battlegroup (NBG) should be mentioned.

All in all, the consistent Finnish policy line has been that of inclusiveness: all the Baltic states – and not only Estonia – have been getting the full Finnish support for their European aspirations (Visuri 2001, 213). To a large extent, these policies can be seen as complimentary to the last of the three security strategies, namely strengthening common norms and institutions. This is a policy that has been much appreciated by all the Baltic states that have been eager to strengthen their national identities and security against Russia through close cooperation and integration with Europe (Arnswald and Jopp 2001, 33).

The bilateral dynamics between Finland and Estonia

When turning our attention to the bilateral dynamics between Finland and Estonia, the first and somewhat paradoxical characteristic we must grasp is the relatively recent nature of the relationship. Unlike Russia or the wider European dynamics that have been at play for Finland for decades, even centuries, the question of a particular Baltic policy is much more recent. As Visuri (2001, 208) has noted, up to the late 1980s Finland hardly had any systematic Baltic policy in place. To be sure, such a thing had existed during the first part of the twentieth century but the process had been disconnected by the forced annexation of the Baltic states into the Soviet Union at the beginning of the 1940s.

A certain watershed in Finnish–Estonian relations, however, took already place in 1964 with the visit of Finnish President Kekkonen to Estonia. The visit included a speech at the University of Tartu, delivered in Estonian, which Kekkonen used to show his moral support to Estonia's cultural distinctiveness. The visit also paved the way to the opening of a ferry boat connection between Helsinki and Tallinn, a move that resulted in increased contacts

between the two nations. Lilja and Raig (2006, 18) have even gone as far as to argue that the speech and the events that followed it were in fact one nail in the eventual coffin of the Soviet Union (the former President of Estonia Lennart Meri seemed to concur with this assessment, see Oplatka 2007, 243–247). That said, none of this should be construed as Kekkonen or Finland plotting for Estonia's eventual independence. In fact, the reverse was very much the case with Estonia's permanent incorporation taken as an immutable fact in Finland (Lilja and Raig 2006, 202).

Therefore, a full-blown Baltic policy and relations with Estonia were clearly only possible with the radical weakening and eventual dissolution of the Soviet Union. But the first moments of the new Baltic policy were hardly problem-free for the country as Finland and especially the then President Mauno Koivisto was forced to take a stance on the delicate issue of the Baltic–Soviet conflict at the turn of the 1990s. At first, the stance was that of caution, essentially urging the Baltics to tone down their aspirations – a policy also advocated by Germany and the United States at the time – but the rapid disintegration of the Soviet Union during the last months of 1991 forced the Finns to unequivocally support the cause of independence for the Baltic states (Archer 1999, 55; for an interesting comparison concerning the Finnish stances in early 1920s and 1990s, see Roiko-Jokela 1994). Since then – as was already mentioned – the support for the Baltic independence has become one of the leading objectives of Finnish foreign and security policy (see also Visuri 2001, 210).

The second characteristic worthy of note is the essentially asymmetric nature of relations between Finland and Estonia. At least initially at the beginning of the 1990s Estonia was clearly the poor cousin or Finland the at times overweening big brother and eager teacher. To be sure, this dynamic between the two is nothing new: Already in the 19th century the Finns envisaged themselves in the same role (for an interesting discussion of the historical roots of Finland's role as the big brother, see Lehti 1998). At the same time, the Finns have at times failed to grasp that the relationship is asymmetrical also in other respects. As Zetterberg (2006, 64) has argued, often Estonians see their relationship with Finland as more important than vice versa. This has resulted in situations when Finns have not fully appreciated their role as the most important

peer and partner of choice for Estonia. More recently, however, the situation has become more balanced. Estonia has become a member of NATO and now it has been Finland's turn to come knocking on Tallinn's door for priviliged information (officially, of course, this has been seen as a positive thing, see Jõerüüt and Kääriäinen 2005). Also the full EU membership has opened up new avenues for Estonian foreign policy, diminishing Finland's role in the process (perhaps even excessively so).

In any case, the 1990s witnessed a rapid development of economic and political links between Finland and Estonia. In the process Finland has become the biggest trading partner and the second largest source of foreign direct investments for Estonia. Also the political ties are intensive with frequent visits taking place between the countries. A good indication of the intimacy of the relationship is the fact that the Finnish Foreign Minister Alexander Stubb invited his Estonian counterpart Urmas Paet to join him on a tour of Middle Eastern countries in May 2009.

By and large, the ties between Finland and Estonia are smooth and problem-free (but see more below). This is something that has been also noted by the respective politicians in the countries in question. For example, the Finnish President Tarja Halonen has recently expressed her deep satisfaction with the level and intensity of contacts that Finland enjoys with Estonia (Halonen 2007). As a sign of her personal appreciation of the country she has also taken classes in Estonian as well as being a frequent visitor to the country in a personal capacity. The Presidents of Estonia seem also to concur. For example, the current President Toomas Hendrik Ilves has noted that Estonia and Finland are like 'twin brothers' (Ilves 2007). Also the first post-Cold War president Lennart Meri stressed the deep ties that bind the two countries together (see Meri 2009, 47–56).

Indeed, it is not too much to say that for reasons of close ethnic, historical, cultural and linguistic proximity Estonia must be considered one of the closest partners for Finland. This is also something that has been acknowledged on the southern shores of the Baltic Sea as well. Especially Estonia's accession into the European Union in 2004 has acted as a catalyst for this commonality and it has resulted in attempts at identifying a common joint agenda between the countries. For example, already in

2002 the Foreign Ministers of Finland and Estonia wrote a joint article for the biggest dailies in Finland (*Helsingin Sanomat*) and Estonia (*Postimees*) outlining the need to arrive at a joint vision concerning common challenges concerning the post-enlargement Europe (Tuomioja and Ojuland 2002). This was followed a year later by a jointly commissioned intergovernmental report that was probing the possible impact of Estonia's EU membership on bilateral ties between the countries (Valtioneuvosto 2003). More recently, another report has been produced by the governments that has sought to chart in a more detailed manner the areas of convergent interests between Finland and Estonia, especially in the increasingly important EU context (Valtioneuvosto 2008).

But despite this fairly intensive search for a common ground, actual and concrete results have been fairly limited. There are, however, a host of good reasons for this state of affairs, the biggest of which stems from the existence of several clear differences between the countries. First, in terms of economic models, Finland has been a well-established Nordic (social democratic) welfare state with a high taxation and large degree of government regulation whereas Estonia has become one of the leading small-government liberals in Europe. In future it will be interesting to see what, if any, impact the severe financial and economic crisis will have on Finnish and Estonian economic policies: Will there be a convergence and who will be converging with whom?

In terms of security policy, Finland has chosen to remain non-aligned whereas Estonia has become a member of NATO and an active contributor to the US war in Iraq. Also in terms of foreign policy the two countries differ, especially when it comes to the question of Russia. Finland has pursued a pragmatic policy on Russia that has avoided the politicisation of possible problems and has put the emphasis on developing cooperation and links with the country instead. By contrast, Estonia has taken a much more overtly critical stance on Russia, viewing its development as a potential security threat not only to Estonia but all of the EU and has repeatedly called for a firmer Russia stance on the part of the Union. A clear example of these differences is the policies Estonia and Finland have adopted on Georgia. To date, the Finnish policy can best be described as benign neglect, unwillingness to develop an indigenous policy line that would have gone any

further than supporting the EU's common activities, especially the so-called European Neighbourhood Policy (ENP) and the Eastern Partnership (EaP) in the region.[2] By contrast, Estonia has developed a very active and distinct profile in Georgia, acting as a mentor prodding Tbilisi towards closer Euro-Atlantic integration. In this respect, the very active role of the former Prime Minister Mart Laar as the special economic advisor to the President Saakashvili as well as the sizable technical assistance and political support given by Estonia to Georgia should be noted.

All in all, when taken together, these three key differences in economic, foreign and security policies in fact account for the relatively modest number of actual achievements that in light of the other factors of common history and affinity should perhaps otherwise be expected.

Interestingly, while the bilateral ties are largely friction-free, the Estonian vector is not entirely void of complications for Finland. Mainly the possible problems stem from other factors not directly related to the bilateral dynamics between the countries. In this respect the role of Russia and especially the issue of a large Russian minority in Estonia (approx. 25 per cent of population) should be mentioned. This is not an old 'historical' minority, such as the Swedish-speaking Finns in Finland, but one that was put in place by Moscow's planned and combined policy of industrialisation, militarisation and eventual Russification of the Baltic states during the Soviet era.

The issue has been becoming more complicated over the years but already at the beginning of the 1990s the issue was gaining in significance. The starting gun in this respect can be seen the autumn 1992 when influential Russian analyst Sergei Karaganov advocated using the ethnic Russians residing in Russia's 'near abroad' as a tool of Russian foreign policy in the region (Smith 2001, 161). Since then, the issue of Russian minorities and especially the claims of their ill-treatment has been a mainstay on Moscow's foreign policy agenda. In the first instance, the biggest problem-case seemed to be Latvia that had a very difficult relationship with Russia during the 1990s (Moshes 1999). More recently, however,

[2] But as things stand now Finns are on the move, opening a new Embassy in Astana in autumn 2009 as well as preparing an Action Plan for Eastern Europe, Southern Caucasus and Central Asia at the Foreign Ministry.

Estonia has become the main target of Russian actions and criticism, as exemplified by the intense crisis over the location of the so-called Bronze Soldier war memorial in April–May 2007.

Traditionally, the Finnish stance has been that the Estonian (and Latvian) policies concerning the citizenship and minority issues have been satisfactorily handled both in the domestic Baltic as well as the wider European, including the EU and the OSCE, context (for a discussion of these policies, see Arnswald 2000, Chapter VI). It was precisely the crisis over the relocation of the monument that forced also Finland to admit that the issue is more complicated than that. The intense political crisis that followed the relocation of the Bronze Soldier monument showed to Finland that the issue is not confined to the domestic politics of the Baltic states alone but has a wider foreign policy dimension to it that essentially affects also Finland and the whole of the European Union as well. In this respect, it was interesting to see that after a short period of initial hesitation that bore all the trademarks of traditional Finnish neutrality, Finland unequivocally took the side of Estonia in the conflict both condemning the Russian actions during the crisis as well as urging the rest of the European Union to show solidarity towards Estonia (Haukkala 2007). Here the key role played by the Foreign Minister Ilkka Kanerva should be mentioned. It seems it was his own personal initiative and convictions that were the driving force behing the surprisingly active Finnish stance.

The Finnish policy during the conflict is especially notable when examined against the backdrop of the three security strategies discussed above. It seems evident that recently Finland has not shied away from taking sides in Baltic–Russian conflicts in a manner that can be seen as a violation of the second security strategy of non-provocative behaviour towards Russia. It seems that there is an increased awareness of the close-interconnectedness between Finland's position as an EU member and its own Baltic and Russian policies.[3] In this respect it is highly telling that

[3] Interestingly, a host of political analyses written by senior Finnish Ambassadors seems to give support to this interpretation. The Foreign Minister Alexander Stubb instructed his Ambassadors to write two-page commentaries concerning the ramifications of the conflict in Georgia in early autumn 2008. The biggest Finnish daily *Helsingin Sanomat* published excerpts of the analyses on its pages that all seem to point to the interpretation offered above. See Huhta and Vasama (2008).

when 'forced' by the events to take sides, the traditional Finnish neutrality and political caution have been thrown into the winds by siding so clearly with Estonia.

Having established this, one should also note that the issue of ethnic minorities is not only potentially divisive, however. A more constructive agenda can be identified over the question of Finno-Ugric minorities in Russia. Umut Korkut (2008) has suggested that the EU context opens up avenues for Finland and Estonia to take this agenda forward together in a constructive manner. Whether this will indeed be the case remains largely still to be seen – especially when one keeps the Russian stance on these issues in mind – but it is encouraging to think that also a more positive joint agenda could emerge between Finland and Estonia concerning the question of minorities in the future.

Conclusions

The post-Cold War era has witnessed a veritable renaissance of Finnish–Estonian relations. It seems as if the harsh and artificial disconnect of the Soviet era has been overcome very rapidly and with ease. This article has sought to shed light on the other side of the process, namely Finland's relations with Estonia. Here we may note how Finland's relations with the country have expanded and matured fairly rapidly. Trade has been growing at a fast pace and people-to-people contacts have been mushrooming. Also Finnish industries have been able to acquire a strong position in the Estonian market.

None of this should be taken to mean that the relations are perfect or entirely void of hiccups. Political spats have been occurring and they will also occur in the future. For example, in September 2008 a minor row ensued between Presidents Halonen and Ilves after the former had commented on Estonia suffering from post-Soviet trauma which resulted in the latter coming out strongly saying that it is not the habit of Estonia to assess the psychological status of its EU partners. What is more, the exchange resulted in an active debate in Estonia concerning the ways in which the two countries have handled their Russia relations, with Finland being reprimanded for being essentially too

'Nordstreamian' in its stance concerning Russia (Ulkoasiainministeriö 2008). But the eruption of small conflicts like this is more a sign of the essential closeness and intimacy of relations than anything else. As a father of two sons myself I know from experience that it is indeed the loving brothers that can in fact fight the most intense fights there are.

Having said this, it is worth keeping in mind that despite these achievements the future of Finnish relations with Estonia as well as other Baltic states is conditioned by another superstructure, namely that of geo-strategic circumstances and especially the role of Russia. Writing just before the turn of the millennium, Clive Archer (1999, 65) could note how the political debate about the Baltic states was largely framed in terms of Finland's relationship with Russia and NATO. A decade later the same observation would seem to hold. Therefore, the future development of Finnish–Baltic ties is to a large extent dependent on the developments in Russia and in the wider institutional structures in Europe.

It seems clear that in the face of an increasinly assertive Russia, the main factor safeguarding the positive Finnish–Estonian dynamics is the essential political solidarity generated by the Western European institutions, notably the EU and NATO. Yet the question remains, whether this will be the case also in the future, especially if Western actors will be faced with an increasingly powerful and assertive Russia (for a discussion, see Haukkala 2009). In this respect, and despite the positive achievements and the momentum of the past two decades, it is not entirely inconceivable that the gains could be undone and we could witness some kind of 'a return to the future' scenario in the Baltic region. If this should be the case, then we can expect Finland to revise its priorities and policies as well. To be sure, there is no need to be overly alarmist and this danger should not by any means be exaggerated. That said, it is imperative that small states such as Finland and Estonia keep these things in mind. Therefore, we should not write the centrality of Finland's three security strategies off quite yet.

References

Archer, Clive (1999), 'Nordic Swans and Baltic Cygnets', *Cooperation and Conflict*, 34(1): 47–71.

Arnswald, Sven (2000), *EU Enlargement and the Baltic States: The Incremental Making of New Members*. Programme on the Northern Dimension of the CFSP, Vol. 7 (Helsinki and Berlin: The Finnish Institute of International Affairs and Institut für Europäische Politik).

Arnswald, Sven and Jopp, Mathias (2001), *The Implications of Baltic States' EU Membership*. Programme on the Northern Dimension of the CFSP, No. 14 (Helsinki and Berlin: The Finnish Institute of International Affairs and Institut für Europäische Politik).

Browning, Christopher S. (ed.) (2005), *Remaking Europe in the Margins: Northern Europe after the Enlargements* (Aldershot: Ashgate).

Forsberg, Tuomas and Ojanen, Hanna (2000), 'Finland's new policy: Using the EU for stability in the North', in Gianni Bonvicini, Tapani Vaahtoranta and Wolfgang Wessels (eds), *The Northern EU: National Views on the Emerging Security Dimension*. Programme on the Northern Dimension of the CFSP, No. 9 (Helsinki and Bonn: The Finnish Institute of International Affairs and Institut für Europäische Politik): 115–29.

Halonen, Tarja (2007), *Tasavallan presidentti Tarja Halosen puhe Viron presidentin Toomas Hendrik Ilveksen valtiovierailun juhlaillallisilla 14.3.2007*.

Haukkala, Hiski (2007), 'Poliittisen ja institutionaalisen solidaarisuuden rooli Viron ja Venäjän välisessä patsaskiistassa', *Kosmopolis*, 37(3): 78–86.

Haukkala, Hiski (2009), 'A Close Encounter of the Worst Kind? The Logic of Situated Actors and the Statue Crisis Between Estonia and Russia', *Journal of Baltic Studies*, 40(2): 201–213.

Haukkala, Hiski (forthcoming), *EU–Russia Strategic Partnership: The Limits of Post-Sovereignty in International Relations* (London & New York: Routledge).

Huhta, Kari and Vasama, Tanja (2008), 'Diplomaattien tunnustukset', *Helsingin Sanomat*, 5 October 2008, D1–2.

Ilves, Toomas Hendrik (2007), *President Ilves: Estonia and Finland are like twin brothers*, Press Release, 22 November 2007, available at http://www.president.ee/en/duties/press_releases.php?gid=104602

Jõerüüt, Jaak and Kääriäinen, Seppo (2005), 'Viron ja Suomen puolustusyhteistyö', *Helsingin Sanomat*, 3 May 2005.

Korkut, Umut (2008), *Eager, Pragmatic or Reluctant: Can Common Finno-Ugric Ethnic and Linguistic Links Substantiate Intra-EU CFSP Co-operation?* CASE Network Studies & Analyses, No. 367/2008, available at

http://www.case.com.pl/upload/publikacja_plik/21351204_sa367.pdf
Lehti, Marko (1998), 'Suomi Viron isoveljenä: Suomalais-virolaisten suhteiden kääntöpuoli', in Kari Immonen and Tapio Onnela (eds), *Suomi ja Viro: Yhdessä ja erikseen* (Turku: Turun yliopisto, kulttuurihistoria; Olavi Paavolainen -seura): 84–115.
Lilja, Pekka and Raig, Kulle (2006), *Urho Kekkonen ja Viro* (Helsinki and Jyväskylä: Minerva).
Lucas, Edward (2008), *The New Cold War: How the Kremlin Menaces both Russia and the West* (London: Bloomsbury).
Meri, Lennart (2009), *A European Mind. Selected Speeches by Lennart Meri the late President of Estonia* (Tallinn: Lennart Meri European Foundation).
Moshes, Arkady (1999), *Overcoming Unfriendly Stability: Russian–Latvian Relations at the End of 1990s*. Programme on the Northern Dimension of the CFSP, Vol. 4 (Helsinki and Bonn: The Finnish Institute of International Affairs and Institut für Europäische Politik).
Oplatka, Andreas (2007), *Lennart Meri: Virolle eletty elämä* (Helsinki: Tammi).
Pursiainen, Christer (2000), 'Finland's Policy Towards Russia: How to Deal with the Security Dilemma?' *Northern Dimensions, The Yearbook of Finnish Foreign Policy 2000* (Helsinki: The Finnish Institute of International Affairs): 63–84.
Roiko-Jokela, Heikki (1994), ''Baltian maiden itsenäistyminen ja Suomen ulkopolitiikka', *Ulkopolitiikka*, 31(3): 4–17.
Smith, David J. (2001), *Estonia: Independence and European Integration* (London and New York: Routledge).
Tuomioja, Erkki and Ojuland, Kristina (2002), 'On the threshold of changes – joint article by Foreign Ministers Tuomioja and Ojuland', English translation, *Helsingin Sanomat*, 9 October 2002.
Ulkoasiainministeriö (2008), *Suomi ulkomaisissa tiedotusvälineissä 2008* (Helsinki: Ulkoasiainministeriö).
Vaahtoranta, Tapani and Forsberg, Tuomas (1998), 'Finland's Three Security Strategies', in Mathias Jopp and Sven Arnswald (eds), *The European Union and the Baltic States: Visions, Interests and Strategies for the Baltic Sea Region*. Programme on the Northern Dimension of the CFSP, Vol. 2 (Helsinki and Bonn: The Finnish Institute of International Affairs and Institut für Europäische Politik): 191–211.
Valtioneuvosto (2003), *Suomi ja Viro Euroopan unionissa*. Valtioneuvoston kanslian julkaisusarja 11/2003.
Valtioneuvosto (2008), *Suomen ja Viron yhteistyön mahdollisuudet 2008*. Valtioneuvoston kanslian julkaisusarja 7/2008.

Visuri, Pekka (2001), 'Finland and the Baltic States', in Bo Huldt, Teija Tiilikainen, Tapani Vaahtoranta and Anna Helkama-Rågård (eds), *Finnish and Swedish Security: Comparing National Policies* (Swedish National Defence College and the Finnish Institute of International Affairs): 204–25.

Zetterberg, Seppo (2006), *Samaa sukua, eri maata. Viro ja Suomi - Historiasta huomiseen*. 2nd edition (Helsinki: EVA).

About the Authors

Esko Antola is the Director of Centrum Balticum, an independent policy-oriented think tank on Baltic Sea issues located in Turku, Finland. He was previously the Jean Monnet Chair ad personam on European Institutions at the University of Turku. He has published extensively on European integration topics and is one of the most widely cited experts on EU affairs in Finland. He is currently engaged in projects on Baltic Sea politics.
(esko.antola@centrumbalticum.org)

Hiski Haukkala is Special Adviser at the Unit for Policy Planning and Research at the Ministry for Foreign Affairs of Finland. He currently also serves as President of the Finnish International Studies Association. He obtained his PhD in international relations from the University of Turku. From 2000 to 2008 he worked as a researcher at the Finnish Institute of International Affairs (UPI). His book, *The EU-Russia Strategic Partnership* (Routledge Advances in International Relations and Global Politics) will be published in 2010.
(hiski.haukkala@formin.fi)

Tomas Jermalavičius is a Researcher at the International Centre for Defence Studies in Tallinn. He holds a BA in political science from the University of Vilnius, a MA in war studies from King's College London and a MBA degree from the University of Liv-

erpool. He began his career at the Defence Policy and Planning Department of the Lithuanian Ministry of National Defence in 1998. He served as Deputy Director of the Institute of Defence Studies at the Baltic Defence College in Tartu (2001-2004) and later as Dean of the College (2005-2008). In the latter capacity, he was also Editor of the *Baltic Security and Defence Review*. His research focuses on the issues pertaining to the utility and uses of military power, the development of security scenarios for the Baltic Sea region as well as the defence industry and defence R&D.
(tomas@icds.ee)

Andres Kasekamp is Director of the Estonian Foreign Policy Institute since its founding in 2000 and Professor of Baltic Politics at the University of Tartu since 2004. He graduated from the University of Toronto and gained his PhD at the School of Slavonic and East European Studies, University of London in 1996. He has served as Editor of *Journal of Baltic Studies* and Chairman of the Open Estonia Foundation. His latest book is *A History of the Baltic States* published by Palgrave Macmillan (forthcoming in 2010).
(andres@evi.ee**)**

Anne-Marie Le Gloannec is Director of Studies at CERI (Centre d'Etudes et de Recherches Internationales), a research institute affiliated to the Fondation Nationale des Sciences Politiques (Sciences Po) in Paris. She obtained her PhD from the Institut d'Etudes Politiques de Paris. She has been visiting lecturer at a numerous European universities, including Johns Hopkins (Bologna), the University of Cologne, and the Freie Universität Berlin, and has been deputy director of the Centre Marc Bloch in Berlin. She has written several books, including *Berlin et le monde: Les timides audaces d'une nation réunifiée* (Autrement, 2007) and is currently completing *Europe in the World*. She is a regular contributor to the newspapers *L'Express* and *Le Figaro*.
(annem.legloannec@sciences-po.fr)

Ahto Lobjakas has been Radio Free Europe/Radio Liberty's Brussels correspondent covering European Union affairs since 2000. He is also a columnist for the major Estonian daily *Postimees*. After obtaining an MA from the University of Lund in 1994, he did two years of postgraduate studies at the University of Oxford. In 2008, the Circle of International Relations (RSR) at the University of Tartu awarded him their annual prize for the best commentary on international affairs in the Estonian media.
(ahto@skynet.be)

György Schöpflin was elected a Member of the European Parliament for Fidesz-Hungarian Civic Union, a member of the Group of the European People's Party, in 2004. He serves as a full member on the Parliament's Foreign Affairs Committee and its Subcommittee on Security and Defence. He was previously Jean Monnet Professor of Politics and Director of the Centre for the Study of Nationalism at the School of Slavonic and East European Studies, University of London. He has also worked at the BBC and Royal Institute of International Affairs. He has written several books, including *Nations, Identity, Power: The New Politics of Europe* (Hurst, 2000).
(gyorgy.schopflin@europarl.europa.eu**)**

Fabrizio Tassinari is a Senior Researcher and Head of the Research Unit on Foreign Policy and EU Studies at the Danish Institute of International Studies. He gained his PhD from the University of Copenhagen and worked between 2005 and 2008 as an Assistant Professor at the Department of Political Science at the University of Copenhagen and as a Fellow at the Centre for European Policy Studies in Brussels. His current research interests are state-building and democratization processes in the Balkans and Eastern Europe; regional security and cooperation in the Mediterranean, the Western Balkans, the Black Sea and the Baltic Sea; EU and NATO enlargement and the European Neighbourhood Policy; transatlantic relations; EU and U.S. re-

lations with, Russia and Turkey. He has recently published *Why Europe Fears its Neighbors* (Praeger, 2009).
(fta@diis.dk)

Bendik Solum Whist holds a MPhil degree in International Relations from the University of Cambridge. He is an associated researcher with the Fridtjof Nansen Institute in Norway, and his research interests include the EU-Russia relationship, the EU's energy and climate change policies, the Baltic Sea region and the High North. He is currently working on EU energy policy issues at the European Free Trade Association (EFTA) Secretariat in Brussels.
(bendik.solum.whist@gmail.com)