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## Preface

Andres Kasekamp

The past year has been an exciting one for Estonia politically: we witnessed the election of a new President of the Republic, Toomas Hendrik Ilves (the founder of the Institute and a contributing author to past issues of the Yearbook), in September 2006, parliamentary elections in March 2007, and a dramatic face-off with Russia over the relocation of a Soviet war monument in Tallinn, featuring massive cyber attacks. At the same time, the country has experienced a booming economy that has been growing in double digits.

The past year has also been a stimulating one for the Estonian Foreign Policy Institute. The Institute was commissioned to undertake studies concerning some of the most pressing global issues which will determine our future, but until recently were absent from the conventional international relations agenda: energy security and climate change. In addition to conducting research for the Foreign Affairs Committee of the Riigikogu (Estonian Parliament), the Institute was for the first time selected to produce a briefing paper for the Foreign Affairs Committee of the European Parliament on the European Neighbourhood Policy.

As well as tackling a wider array of new non-traditional subjects, the Institute has also broadened its geographical scope. It co-organized a conference in Tokyo with the support of the Japan Foundation and carried out a research project in Jordan together with local partners within the framework of the Euro-Mediterranean Study Commission. We are thus attempting to genuinely engage with global affairs, rather than simply our own immediate region, which initially, out of sheer necessity, was the case. For more information on the Estonian Foreign Policy Institute and its activities, please visit our homepage at <http://www.evi.ee>.

As in previous years, one of the aims of the Institute's Yearbook has been to provide a forum for Estonian researchers to reach a wider audience and thus help build an international affairs community in Estonia. The overriding theme of most of the contributions to this fifth edition of the Yearbook concerns various aspects of security. Some of the security challenges for Estonia

analyzed here are familiar, some are new, and some are old security challenges in new shapes and forms. I hope that between these covers readers will find plenty of food for thought.



# Overcoming doubts: The Baltic states and the European Security and Defence Policy<sup>1</sup>

Andres Kasekamp & Viljar Veebel

## Introduction

Estonia, Latvia, and Lithuania have been staunch supporters of transatlantic security and European integration, but their attitude towards the Common European Defence and Security Policy (ESDP) and willingness to contribute in practical terms have turned positive only in the past couple of years. Previous Baltic scepticism and parallel pro-atlanticism have their historical and rational reasons, which have often not been appreciated among ESDP proponents in the EU. Several geopolitical and securital aspects that originally alienated the Baltic states from ESDP have started to lose their significance, but the Baltic states still see their security situation in the near future as requiring a lot more than ESDP alone can provide. Several questions need to be debated and analyzed to clarify and plan the role of ESDP in Baltic security. Among them:

1. The importance of Baltic regional cooperation and suitable allies for the Baltic states in EU and NATO;
2. Rethinking the principles of the use of mobile units for NATO, ESDP or third party missions;
3. Attention to the ESDP and field missions or civilian ENP activities;
4. The interests of the Baltic states in an updated European Security Strategy;
5. Finding the right balance between traditional defence and mobile capabilities.

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<sup>1</sup> This is a revised version of an earlier article published in Klaus Brummer (ed.), *The North and ESDP*. Gütersloh: Bertelsmann Stiftung, 2007.

Certainly, the Baltic states need to play a more proactive role in planning new European security priorities and activities -- opting out or remaining aloof is not an option in an integrating EU. The Balts also need to explain better their choices to their European partners.

The legacy of history has shaped the foreign and security policies of the Estonia, Latvia and Lithuania. They enjoyed two decades of independence before being annexed by the Soviet Union in 1940 as a result of the Non-Aggression Pact between the USSR and Nazi Germany which allocated them to the Soviet sphere of influence. During the Second World War they fell under Nazi rule before being re-conquered by the USSR. In the 1980s they were the first Soviet Socialist Republics to seize the opportunity provided by Gorbachev's reforms to recover their sovereignty. The legitimacy of the Soviet regime was successfully challenged by the Balts living memories of independent statehood, democracy and the market economy. After the recognition of their independence in 1991, the Baltic states achieved the withdrawal of remaining Russian troops from their territory in 1994. Nevertheless, throughout the 1990s Russia claimed that former Soviet republics formed a special category of states known as the 'near-abroad' over which Russia still had special influence.

Having struggled hard to win their freedom from the Soviet Union, the Balts were acutely aware of the need to preserve their newly-won sovereignty. The three are determined to avoid the mistakes of the 1930s when their diplomatic isolation led to their absorption by a hostile neighbour at the outbreak of the Second World War. The need to anchor themselves firmly in the Euro-Atlantic community was the lesson drawn.<sup>2</sup> The entire process of EU and NATO accession was couched in terms of a 'return to the West' from which they were forcibly cut off for half a century.

### The Baltic states in the European Union

The Baltic states' strategy in the EU accession negotiations which lasted from 1998 to 2002 was to be the best pupil in the class. With Estonia having started negotiations one year earlier, this stimulated the Latvians and Lithuanians to try to catch in the race to successfully close negotiation chapters. Unlike some other candidate countries, such as Poland, which could be confident that they would be included in the next enlargement, the Balts were in a more precarious geopolitical position and poorer starting position as

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<sup>2</sup> See Kai-Helin Kaldas, "The evolution of Estonian security policy," in Andres Kasekamp (ed.), *The Estonian Foreign Policy Yearbook 2006*. Tallinn: Estonian Foreign Policy Institute, 2006, pp. 95-117.

former republics of the USSR and could only appeal to its success in fulfilling the 'objective criteria'. Baltic decision-makers clearly sensed that they did not have the luxury of time and that the window of opportunity might not stay open for long. The Balts were eager to distance themselves as quickly as possible from the Soviet legacy and from Russia's influence. This common understanding allowed the political elite to construct a remarkable consensus around the need to speedily implement the necessary reforms.

During the EU accession negotiations, the Baltic states maintained a primarily positive or neutral opinion about deepening integration and development of the high policy area, seeming to be happy with role sharing between NATO and EU. The Common Foreign and Security Policy (CFSP) in its first years was seen as just a secondary initiative next to NATO and OSCE security tools. However, in the debates in the Convention on the Future of Europe, the Balts often took positions defending inter-governmentalism and the status quo, being afraid that the draft constitution might lead to a 'super state'. In this they were close allies of the British. This favouring of intergovernmental positions also applied specifically to CFSP and ESDP where there was a strong reluctance to countenance any further deepening.<sup>3</sup> Underlying this position was the explicit anxiety that NATO could be weakened and the unstated fear that the old EU member states might force the Balts into some unacceptable accommodation of Russia. In addition to the natural anxieties of small states, the historical experience of the Baltic countries made them particularly wary of further integration creating more powerful EU institutions. The most common refrain of Baltic eurosceptics has been 'why join a new union after having struggled so hard to achieve independence from another union'. Their recent negative experience inside the Soviet Union made Balts more sceptical than other candidate countries regarding grand blueprints for 'ever closer union'. It has been easy to score emotional points in the debates on EU membership by drawing superficial parallels with the some of the bureaucratic excesses of the EU with the absurdities of the USSR. Indeed, of the all the East European candidate countries, Estonia and Latvia were the two with the lowest level of support for EU membership in the referenda held in September 2003.

This initial stance of zealously guarding newly-achieved sovereignty was revised after the first months of actual experience of membership. The Balts re-learned the lesson that securing a reputation of being a 'good European' was important in achieving one's goals in the EU. Five factors played a role in reorienting the Baltic states from sceptics to enthusiasts of the community method. First, the fact that the fears prior to accession proved to be un-

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<sup>3</sup> Kristi Raik, "Does the European Union Still Matter for Estonia's Security Policy? Positioning Estonia in CFSP and ESDP," in Andres Kasekamp (ed.), *The Estonian Foreign Policy Yearbook 2003*. Tallinn: Estonian Foreign Policy Institute, 2003, p. 177.

founded. Second, the self-confidence that has been gained by participating in the daily activities of the Union. Third, the economic boom – the Baltic economies are the fastest growing in the EU. Fourth, the lack of coordinated EU responses to Russia. Fifth, rejection of the constitutional treaty by French and Dutch voters in 2005 which was widely interpreted as a negative appraisal of the enlargement and globalization. This overturned common assumptions regarding who are the chief beneficiaries of the EU.

Public support of the EU has grown since accession and in Estonia even reached a record high in 2007. All the mainstream political parties have been solidly pro-EU. The parliaments of the Baltic states have all ratified the Constitutional Treaty, with Lithuania actually being the very first EU member state to do so. While there was no overwhelming public support for the Constitutional Treaty, the three Baltic parliaments nevertheless all voted to support the Treaty without any significant debate. The Baltic states are now in favour of both widening and deepening the EU. They have always been strongly in favour of further enlargement in principle. All three governments have been staunch supporters of Turkish membership. This has partly been in gratitude for Turkish support of Baltic NATO membership, but also because Turkish membership would certainly strengthen the EU as a global security actor. They are also very supportive of Croatia and other Western Balkan countries' eventual membership and are particularly enthusiastic about promoting the candidacy of Ukraine.

European defence cooperation and peacekeeping missions are dealt with as separate issues by Baltic political parties. Defence cooperation and membership in NATO and EU are mostly debated in the framework of transatlantic cooperation and seen as an essential and positive part of national security. Most party programs parties set transatlantic partnership as the main national priority, which is not the subject of party policy debates. Most single-minded in this question are right-wing conservative parties, but even social democrats have not questioned the necessity of defence cooperation in public debates.

The second trend is that NATO has been supported from the beginning of re-independence, but the support to the EU (and ESDP) has been growing during 2004-2007 in all three Baltic states. Similarly to opinion elsewhere in the Union, support for the ESDP is high: 85% in Lithuania, 82% in Estonia, and 76% in Latvia.<sup>4</sup> In fact, it is the most popular EU policy. This, however, does not reflect knowledge of the workings of the ESDP, but rather the strong desire of the Baltic nations for security in the traditional sense. As ESDP field operations at the same time are not particularly popular, it shows that there is little public knowledge that operations are the crucial part of ESDP. The

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<sup>4</sup> *Standard Eurobarometer 66*. Brussels: European Commission, December 2006.

successful reconstruction mission on the territory of the former Yugoslavia could provide good publicity for ESDP among Baltic citizens, but people still tend to consider it as a NATO success. While the Baltic governments have overcome their initial reluctance regarding the further use of the community method in general, this statement applies to the ESDP only partly. Though the Balts are ready for a more integrated approach, they are not yet prepared for a supranational ESDP, i.e., they still wish to keep the right of veto in big decisions.

Peace enforcement and peace-keeping missions are debated in separate contexts. Here the first set of questions concerns restricted capabilities and rational use of existing capabilities. The second set of questions concern the status and purpose of peace enforcement missions, mainly concentrating on the participation in operation “Iraqi Freedom”, the US-led “coalition of the willing”. Many politicians and journalists have questioned the legitimacy and necessity of the mission. This topic has been raised by some opposition parties, while the governing coalition parties have solidly supported NATO and EU membership and all the missions that have thus far been undertaken. Public opinion generally is very supportive of the EU and NATO in all the three Baltic countries but has at the same time been more sceptical about the military missions conducted by the two organizations. However, public opinion is mostly only aware of and interested about the NATO mission in Afghanistan and the Iraq mission. Interestingly, casualties in missions have not had any significant influence on public opinion.

The military establishment in all three Baltic states is overwhelmingly sceptical about the EU as a security provider. While they recognize the tremendous potential of the EU’s economic strength, they still have doubts about the EU’s ability to exercise its soft power. NATO is seen as the only reasonable option as it operates in the military context. From the administrative side, Baltic governments often look at the financial bottom line. ESDP is often viewed as ineffective additional cost for taxpayers. Academics and independent experts mostly raise the question of national interests and the political logic behind the unconditional support to US and NATO missions.

### Baltic military cooperation

Unlike the Warsaw Pact countries, the Baltic states had no military establishment or diplomatic service of their own during the Cold War. These had to be built from scratch in the 1990s. While this meant that Baltic officers and officials suffered from a lack of experience, on the other hand, the Baltic states did not have to reform cumbersome bureaucracies with entrenched

interests. In line with the criteria for NATO membership, the Baltic states all increased their defence spending and pledged to maintain it at 2% of their Gross Domestic Product. The continuing societal consensus in committing scarce resources to this area is a remarkable testament to the strength of the attraction of the Euro-Atlantic community. NATO has provided air-policing which has been the single most visible and psychologically important security measure. Especially so since Russia military plans have continued to violate Baltic airspace, with a fighter jet even crashing on Lithuanian soil in 2005.

The prospect of NATO membership probably did more to promote Baltic cooperation than any other idea. The clear message from NATO was that practising cooperation among their own three countries was necessary in order to demonstrate their readiness and maturity for participation in the Atlantic alliance. While readying themselves for NATO membership, the Baltic states showed little practical interest in regional defence cooperation. There were historical and practical reasons for this. First, there was widespread belief that Baltic military cooperation is not sufficient against possible aggression and better use all the resources for international cooperation. There was also little historical tradition for Baltic defence cooperation from the times of first Baltic independence – all the Baltic states found their partners to be too small compared to the threats they faced. Furthermore, in the early 1990s all three states set economic recovery and growth as the priority and military cooperation was seen as quite secondary, and if no resources were available regional military cooperation did not develop.

Eventually, however, the following cooperation formats were built up with Nordic or NATO guidance and support. Starting from the mid-1990s, the three countries have developed an impressive number of joint military projects: the Baltic Battalion (BALTBAT), the Baltic Naval Squadron (BALTRON), the Baltic Air Surveillance Network (BALTNET), the Baltic Defence College (BALTDEFCOL), to mention the most significant. While these projects were all initially led by NATO or Nordic countries, after accession to NATO there has been an ongoing ‘baltification’ of the projects, i.e., Estonia, Latvia, and Lithuania taking responsibility for leading, staffing and funding the various projects.<sup>5</sup>

The very first project - the Baltic peace-keeping battalion (BALTBAT) – was established in 1994, but phased out in 2003.<sup>6</sup> In the beginning of 2007, the ministers of defence of the three countries agreed to establish BALTBAT 2 - a joint Baltic lightly armed infantry and reconnaissance battalion for in-

<sup>5</sup> See Margus Kolga, “Quo vadis Baltic defence cooperation,” in Andres Kasekamp (ed.), *The Estonian Foreign Policy Yearbook 2006*. Tallinn: Estonian Foreign Policy Institute, 2006, pp. 119-36.

<sup>6</sup> See Lauri Lepik, “Nordic-Baltic Defence Cooperation and International Relations Theory,” in Andres Kasekamp (ed.), *The Estonian Foreign Policy Yearbook 2004*. Tallinn: Estonian Foreign Policy Institute, 2004, pp. 143-69.

ternational missions, ready for the year 2010. According to plans, BALTBAT 2 will be mainly available for the planned NATO NRF-14. In BALTRON the navies of Estonia, Latvia and Lithuania each allocate one or two mine countermeasure vessels and one additional ship performs the tasks of a command and support platform. The Baltic Naval Squadron was created to minimize mine hazards, enhance security in Baltic territorial waters and help to deal with environmental damage in the territorial waters and economic zones of Estonia, Latvia and Lithuania. BALTRON's role is also to participate in international missions and exercises. The Baltic Airspace Surveillance Network (BALTNET) is establishing a Regional Airspace Surveillance Co-ordination Centre in Lithuania which receives, processes and displays radar data in the three Baltic states, initiates tracking and identification of all aircraft in radar coverage and co-ordinates the exchange of regional information with third parties. The Baltic Defence College (BALTDEFCOL) located in Tartu, Estonia is the first combined institution for military education in the Baltic states, helping to create a common background for the Estonian, Latvian and Lithuanian officers. The college was established with the aim to quickly develop a qualified officer corps in the Baltic states capable of leading the future development of the defence forces structures. The teaching staff of BALTDEFCOL currently includes representatives from twelve states and the teaching staff includes the representatives of NATO member states, as well as non-aligned countries with territorial defence traditions.

In addition to Estonian, Latvian, and Lithuanian cooperation, Lithuania has also been looking southwards, establishing joint initiatives with Poland. This is natural as Lithuania and Poland have strong historical and cultural links and Poland as a large country can offer more than collaboration with Latvia and Estonia. Lithuanian-Polish cooperation has been extended in a few instances to tripartite projects involving Ukraine as well, for instance the Lithuanian-Polish common peacekeeping battalion LITPOLBAT was extended in 2005 to include Ukraine, becoming POLUKRLITBAT.<sup>7</sup>

## Transatlanticism

For the Baltic states, maintaining the unity of the Euro-Atlantic community is of primary importance. For the Balts, it is axiomatic that only a strong transatlantic relationship can guarantee the security of the Baltic states while weaknesses and divisions within the Euro-Atlantic community lessen Baltic security. While NATO and EU enlargement proceeded in parallel, there was

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<sup>7</sup> Kestutis Paulauskas, "The Baltics: from nation states to member states," *Occasional Paper* no. 62. Paris: European Union Institute for Security Studies, p. 25.

no conflict of interest between supporting EU and US policies. This began to change in the Summer of 2002 when the US administration launched a campaign to secure bilateral agreements with partner countries excluding US troops from the jurisdiction of the International Criminal Court (ICC) to which the EU strenuously objected. This placed the Baltic countries in the undesirable position of potentially having to choose who is their best friend. The Baltic countries kept a low profile on the ICC bilateral accords and managed to resist American pressure by sheltering behind the EU position.

The Iraq war was the first big test during which the tensions came to the surface. In February 2003 the Eastern European NATO candidate countries signed a letter supporting the US line on Iraq, angering French President Jacques Chirac, who admonished the Eastern Europeans that they missed ‘a good opportunity to keep quiet’. The attitude of the Baltic states was perhaps put across most forcefully when Estonian Prime Minister Siim Kallas visiting the White House in September 2002 interrupted George W. Bush, saying you don’t have to tell us about what happens when democracies don’t stand up against dictators.<sup>8</sup> Clearly, the legacy of their own history informed the Baltic understanding of the Iraq crisis. The Baltic states needed little convincing to join the American-led ‘coalition of the willing’. All three countries dispatched troops and specialists to both Afghanistan and Iraq to participate in the post-war security operations. Though their resources are meager, they have been extremely eager to prove themselves faithful friends to the dominant power of the Euro-Atlantic pole. As Kallas put it, the Balts have a moral obligation to help the US when their assistance is called upon because the US has supported the Baltic states in the past. Or as numerous Baltic ministers and officials have repeatedly stated justifying their country’s participation in the Iraq mission, it is necessary to show that the Balts are not simply ‘security consumers’, but also ‘contributors’ to global security.

Unconditional transatlanticism has suffered since as a result of the US administration’s misjudgment regarding Iraq. The general trend from 2005 onwards was one of increasing scepticism towards unilateral American actions. The Balts have begun to stress a more treaty-based approach where they are ready to support initiatives within the NATO framework, but are cautious about American *ad hoc* initiatives and coalitions. However, since good relations with US are prioritized higher than possible costs in missions, all the Baltic governments continue to staunchly support US and NATO led missions.

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<sup>8</sup> Stephen Hadley, “Challenge and Change for NATO,” Address by US Deputy National Security Advisor, Brussels, 3 October 2002. <http://www.state.gov/p/eur/rls/rm/2002/14320.htm>



## Relations with Russia

After the restoration of independence, the relationship with Russia has remained cool or periodically even hostile. Russian politicians and officials have constantly attacked the Baltic states for alleged 'human rights' violations of ethnic Russians who have not automatically been granted Estonian or Latvian citizenship. These charges have been refuted by international organizations such as the EU and OSCE who have constantly monitored the Estonian and Latvian government's policies. Furthermore, the propagandistic nature of the accusations is evident when comparing Lithuania's relationship with Russia. Though Lithuania granted citizenship to all residents, it has not enjoyed notably warmer relations with Russia than Estonia or Latvia. The question of the Russian enclave of Kaliningrad has been vitally important to Lithuania. It remains the most highly militarized territory in Europe. On 4 July 2007 Russian First Deputy Prime Minister Sergei Ivanov threatened to move missiles into Kaliningrad in response to US plans for building missile defence installations in Poland and the Czech Republic.<sup>9</sup>

While it was widely anticipated that the accession of the Baltic states to the EU and NATO would help normalize the relationship with Russia, this has not proven to be the case.<sup>10</sup> It is evident that Russia has consciously been pursuing a strategy of driving a wedge between the old and new member states, appealing to the old member states to 'teach' the Balts and the Poles in particular how to 'maturely' deal with Russia.

A continuing area of contention between the Baltic states and Russia is the border treaties.<sup>11</sup> Only Lithuania has thus far managed to secure the ratification of its border treaty with Russia. However, this was made possible only because it was part of the package in resolving the EU-Russia dispute over visas and transit rights for Kaliningrad. Both Estonia and Latvia had initialized border treaties with Russia in the mid-1990s, however, Russia delayed signing them in the vain hope that it might prove an obstacle for Estonian NATO and EU accession. Membership evidently occasioned a shift in the Kremlin's thinking and the border treaty with Estonia was signed in May 2005. However, after the Estonian parliament made reference to the continuity of Estonian statehood in its law of ratification, Russia withdrew its signature from the treaty. At present the treaty

<sup>9</sup> Vladimir Socor, "Russia warns of missile-forward deployment in Kaliningrad Region," *Jamestown Eurasian Daily Monitor*, vol. 4, issue 131 (6 July 2007).

<sup>10</sup> See Vadim Kononenko, "'Normal neighbours' or 'troublemakers'? The Baltic states in the context of Russia-EU relations," in Andres Kasekamp (ed.), *The Estonian Foreign Policy Yearbook 2006*. Tallinn: Estonian Foreign Policy Institute, 2006, pp. 69-84.

<sup>11</sup> See Jevgenia Viktorova, "Conflict Transformation the Estonian Way: The Estonian-Russian Border Conflict, European Integration and Shifts in Discursive Representation of the 'Other'," *Perspectives*, issue 27 (Winter 2006/2007).

is in limbo with little prospect for a break in the impasse. A treaty between Latvia and Russia was also on the verge of being signed around the same time, but Russia maintained that an interpretive declaration by the Latvian parliament opened the possibility of territorial claims. After this blow to the process, the Latvian parliament authorized the government in early 2007 to sign the treaty without making any direct references to the continuity of Latvian statehood. The treaty was finally signed in Moscow on 27 March 2007. It now remains to be seen if and when the Russian Duma will ratify it.

On this issue, the role of the EU has been ambiguous. On the one hand, Estonia and Latvia clearly felt the EU's support for their position by putting the treaty on the EU-Russia agenda, but on the other, after Russia withdrew its signature from the treaty with Estonia EU support has certainly not been vocal. Though Estonian and Latvian politicians constantly referred to the question's European significance as the EU's external border, it was viewed from Brussels simply as an Estonian-Russian and Latvian-Russian 'bilateral issue'.

The interpretation of recent history has also been the cause of intense debate, with the Baltic states seeking an acknowledgement from Russia that they had been illegally occupied by the USSR during the Second World War, while Russian propagandists counter with accusations of Baltic collaboration with the Nazis. The invitation to the Baltic presidents to participate in the commemoration of the 60th anniversary of Victory Day in Moscow on 9 May 2005 occasioned much controversy.<sup>12</sup> History has not remained simply an academic matter, but has recently also been used to incite violence. The Estonian government's decision to relocate a Soviet war memorial from the city centre to a nearby cemetery sparked rioting and looting in Tallinn on 26 April 2007. During the following days the Russian authorities deliberately spread disinformation aimed at inflaming tensions and destabilizing the Estonian government. Russia increased pressure on Estonia with unofficial sanctions on Estonian goods and well-coordinated massive cyber-attacks against Estonian government internet sites. However, after the Kremlin sponsored youth organization *Nashi* blockaded the Estonian embassy in Moscow and attempted to physically assault the Estonian ambassador, the EU issued a strong statement calling on Russia to honour its international obligations.

These events cast a shadow over the EU-Russia summit at Samara on 17-18 May 2007. While the summit yielded no results and could thus be considered a failure, from the Baltic point of view it was just the opposite. For the first time, the EU highly publicly demonstrated solidarity in the face of Russian pressure on new member states. Sitting next to an exasperated Rus-

<sup>12</sup> See Eva-Clarita Onken, "The Baltic States and Moscow's 9 May Commemoration: Analysing Memory Politics in Europe," *Europe-Asia Studies*, vol. 59, no. 1 (January 2007): 23-46.

sian President Putin at the press conference, EC President Barroso stated that “a difficulty for a Member-State is a difficulty for all of us at the European Union. We are a Union based on principles of solidarity. [...] A Lithuanian, an Estonian problem is a European problem as well.”<sup>13</sup> This was a defining moment and undoubtedly strengthened the EU as well as Baltic faith and trust in it.

## European Neighbourhood Policy

The European Neighborhood Policy is seen as a suitable parallel capability for Baltic states in EU external affairs.<sup>14</sup> Here national interests and capabilities coincide, as there is a need to support post-Soviet republics in their transition and integration processes. The Baltic states have the ability to assist these republics and they also have national interests to assist Ukraine, Moldova and Georgia as efficiently as possible. All three Baltic ministers of foreign affairs have set the ENP as a top priority for their countries’ foreign policies. The Baltic states are putting much greater efforts into strengthening ENP than ESDP as they see that in the areas of greatest importance for them the ENP can achieve a lot more than ESDP.

For the EU-15, the Baltic states represent also necessary competence and resource for further integration process for Ukraine, Moldova and Georgia, as old EU members lack the experience of practical political and social transition and also have insufficient level of specialists able and willing to assist in target countries. The two most important target states for the Baltic states are Georgia and Moldova. Ukraine is also important target country but usually demands more human and financial resources than Baltic states are able to provide. Belarus mostly concerns Lithuanian interests, because of the common border. Lithuania has lobbied hard for an end to the EU’s policy of isolating Belarus and has tried instead to encourage active engagement with Belarusian civil society. The Baltic states mainly offer ENP countries border management support and civil servants training. Know-how transfer is mainly aimed to younger mid-level civil servants working in EU or NATO area. Financial support for neighborhood projects has doubled during the last two years. Further growth depends mainly on target countries ability effectively

<sup>13</sup> Press Statement and Answers to Questions during the Joint Press Conference with President of the European Commission Jose Manuel Barroso and German Chancellor Angela Merkel Following the Russia-European Union Summit Meeting, Samara, 18 May 2007, [http://www.delrus.ec.europa.eu/en/images/iText\\_pict/10/Transcript.doc](http://www.delrus.ec.europa.eu/en/images/iText_pict/10/Transcript.doc)

<sup>14</sup> See David Galbreath, “The Baltic States and the European Neighbourhood Policy: Maximizing the voices of small nations,” in Heli Tiirmaa-Klaar and Tiago Marques (eds.), *Global and Regional Security Challenges: A Baltic Outlook*. Tallinn: Tallinn University Press, 2006, pp. 102-26.

use additional experts and donations (for example administrative confusion in Ukraine and administrative capability in Georgia).<sup>15</sup>

Russia has also been extremely displeased at the role the Baltic states have had in strengthening the eastern dimension of the ENP. While the Baltic states have been eager to assist countries of the former Soviet Union by transferring their knowledge and experience of reforms and European integration, Moscow tends to view this activity in zero-sum game geopolitical terms of weakening its influence over the states in question. The Russian government was particularly irked by the role of Lithuanian President Valdas Adamkus along with Polish President Aleksander Kwasniewski in mediating a peaceful outcome after the electoral fraud in the Ukrainian presidential election of 2004. The Kremlin has since felt threatened by the 'colour revolutions' which have displaced semi-autocratic regimes with democratic rule in parts of the former Soviet Union and has sought to reassert its influence over its neighbours in the post-Soviet space.

### Energy security

One of the instruments for doing so has been the use of its power as the chief energy supplier to Eastern Europe. On 1 January 2006 Russia temporarily turned off the supply of natural gas to Ukraine and a year later threatened to do the same to Belarus. During the past year it became increasingly clear to the European Union that Russia is attempting to restore its status as a superpower through its control of energy resources. For the Baltic states, concerns about energy security as a matter for common EU policy came to fore in already 2005 when Germany and Russia signed a deal to construct a pipeline (Nord Stream) beneath the Baltic Sea purposely bypassing the Baltic states and Poland.

Besides the questionable economic rationale and environmental risks, the main cause of indignation was the lack of consultation and the lack of sensitivity of the German government to the vital interests of new EU member states. Historically, the Balts have good reason to be wary of Germans and Russians signing deals above their heads. In the wake of the 'Schröder-Putin Pact', the Balts have discovered the importance of EU solidarity. Baltic politicians suddenly began peppering their speeches with the hitherto rarely used term 'solidarity'. The Baltic states made the forging of a common European energy policy a priority in 2006. The major concern for the Baltic states is

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<sup>15</sup> See Andres Kasekamp and Heiko Pääbo (eds.), *Promoting Democratic Values in Enlarging Europe: The Changing Role of the Baltic States from Importers to Exporters*. Tartu: Tartu University Press, 2006.

that they are isolated from European energy networks because they were part of the Soviet system and remain dependent on Russia. The Baltic Sea pipeline only serves to heighten their isolation - a fact which could have detrimental security implications.

Russia has stopped supplying oil from its pipelines to the main facilities in Latvia (Ventspils) in 2003 and in Lithuania (Mazeikiai) in 2006, claiming that the pipeline needed repair. No target date has yet been given for reopening the pipeline. Justifiably, these actions make the Balts suspect political motives. Looking to become more self-sufficient in energy production, the state power companies of the three republics have undertaken a feasibility study for jointly constructing a new nuclear reactor at Ignalina in Lithuania. Poland has also been included in the project since it would facilitate connecting the Baltic states with existing European networks.

The most recent developments, such as the announced increase in Russian defence spending and Putin's bombastic Munich conference speech, ominously hint at a possible re-militarization of the Baltic Sea region. In connection with the construction of the Baltic Sea pipeline, the Russian military has announced plans for building more vessels for the Baltic Sea fleet, particularly submarines, which supposedly will have a role in guarding the construction of the pipeline. An even more serious long-term threat for the Baltic Sea region as a whole is the Russian decision to reroute its oil exports from Belarus to the harbour of Primorsk. The planned massive increase in the volume of shipments to 150 million tons annually would turn the Gulf of Finland and the Straits of Denmark into a second Bosphorus.<sup>16</sup> In this case, a serious tanker accident with an oil spill having catastrophic environmental consequences for the Baltic Sea is only a matter of time. One can easily imagine a scenario after such an oil spill in which Baltic Sea EU member states demand restrictions on tanker traffic which Russia would reject and be able to ignore by employing its new warships in the Baltic Sea to escort oil tankers protecting them against ostensible 'terrorist threats'.

## Participation in missions

Baltic strategies and participation in international defence and security organizations are overwhelmingly influenced by the historical lessons of World War Two. It is based on the belief that independent territorial defence and even integrated Baltic defence forces cannot safeguard independence in case of possible aggression. Furthermore, membership in international organiza-

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<sup>16</sup> Vladimir Socor, "Turning the Baltic Sea into a Second Bosphorus Oil Corridor?" *Jamestown Eurasian Daily Monitor*, vol. 4, issue 46 (7 March 2007).

tions and non-aggression treaties are not considered to be sufficient for sustainable security. After the reestablishment of independence, Baltic security doctrines and defence strategy represented purely realist thinking of international relations. Post-modern or institutional values faced strong resistance at both the ministerial and headquarters level. As Baltic threat perceptions in the 1990s were modern and realist, why would they need post-modern allies and obligations if the allies have nothing to offer for their security? The idea of neo-liberal 'security community' of the EU was often also seen as only an excuse not to offer real guarantees or support. After the accession to EU and NATO ideas of soft security and international obligations have found their way into Baltic security thinking.

The main pillar of Baltic security is membership in multilateral defence alliances and active participation in safeguarding global security. In practical terms the priority is to be ready to participate in multilateral peacekeeping and peace-enforcement missions. It is seen as the best guarantee for possible security assistance if the Baltic states would need it in the future. Accordingly, the Baltic states participate in missions of UN, NATO, EU, OSCE and coalition forces in Iraq. The main criteria in selection of missions are the priorities of the transatlantic alliance and US security needs. The EU is seen as important but still secondary as a security provider.<sup>17</sup> Capabilities are made available for other missions only in case the US and NATO does not need them. In 2007-2010 all three Baltic states plan to create additional capabilities to be able meet the needs of other security providers besides NATO.

EU ESDP was also often seen as an unreasonable ambition when NATO already exists. Several headline goals and little practical progress also discouraged the Baltic states to put their efforts into ESDP development. Furthermore, there were fears initially that ESDP could weaken or undermine NATO, the guarantor of Baltic security. Thus the most common mantra of Baltic defence officials was 'no duplication', i.e., the EU should not create new structures where NATO ones already exist. Here the Baltic states perhaps paid too little attention to the fact that most EU member states are also NATO members and have also had to find their way in this same dilemma. It mostly means developing national forces in a way that they are able to contribute to both organizations. Here the solution could be to try to negotiate a force and resource sharing model between NATO and EU in crisis situations.

The cautious approach of the Balts towards ESDP is partly accounted for by the exclusion of Baltic interests and ideas in the forming of ESDP. The Baltic states were not EU members in 1999 when the ESDP was born and in 2004 when Baltic states joined the EU, the old member states had already formed

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<sup>17</sup> Arunas Molis, "The Role and Interests of Small States in Developing the European Security and Defence Policy," *Baltic Security and Defence Review*, vol. 8, pp. 104-6.

their interests regarding ESDP, which were quite different from Baltic needs and capabilities. The introduction of the European Security Strategy in 2003 also did not cover all Baltic security interests and understanding of mutual obligations in security provision. While fully understanding the need for mobile forces and the fight against terrorism, they would also add the need for energy security and cooperation in territorial defence issues. The approach that 'traditional border lines and defence is history and not worth investment' was relevant inside the EU, but hardly understandable in the Baltic area where Russia has continued pressure on the Baltic states, even increasing it after accession. At the same time the old member states have shown little interest in Baltic problems with Russia, viewing them as bilateral issues.

During the last 15 years after independence and the coming five years, building up territorial defence was and will be sacrificed to make more resources available for NATO and EU mobile needs. This has led to a situation where none of the three Baltic states have any fighter planes or tanks and only minimal air-defence and anti-tank systems to defend their territory. They are also unable to provide 'host nation support' for possible NATO forces in their territory. At the same time special centres and training programs have been created for preparation of peace-keeping forces.

The Baltic states did not show interest for the first EU international missions and had for example no initiative to participate in the first ESDP mission Artemis. One of the reasons for passivity was the lack of capabilities and skilled specialists for long distance and hot climate missions. During the 1990s new personnel was trained and used at the same time (mainly in the Balkan area).

Starting in 1995 more than 6000 Baltic soldiers have participated in peacekeeping missions under the UN, NATO or EU leadership. Participation started with UNPROFOR peacekeeping mission in Croatia and was followed with the missions in Bosnia and Herzegovina, Kosovo, Albania, Lebanon, Afghanistan and Iraq. In 2007 Estonia and Lithuania are more focused on the ISAF mission in Afghanistan, Latvia on the OIF mission in Iraq. The Baltic states have not taken on independent or tripartite missions, but always participated jointly with other EU and NATO members. The first exception to this approach was Lithuania's decision to lead a Provincial Reconstruction Team (PRT-4; Ghowr Province) in Afghanistan. The Balts' main partners have been the UK, USA, the Netherlands and the Nordic countries, particularly Denmark. In 2007 the main attention is paid to ISAF mission in Afghanistan, OIF mission in Iraq, KFOR mission in Kosovo and formation of NATO Rapid Response Forces and EU Battlegroups. Participation in other operations is marginal. The rapid growth of participation of all Baltic states in external missions has been remarkable, for example Lithuania's contribution has increased fivefold in three years - Lithuania had 60 men on missions in 2004, but already over 300 men by the beginning of 2007.

The Baltic states have parliamentary mandates to participate in the International Security Assistance Force (ISAF) mission in Afghanistan at least to the end of 2007. The Baltic states have not formed their own unit in the mission, but participate in cooperation with USA and UK forces. Lithuania was the first to join the mission already in October 2002; Latvia and Estonia joined in early 2003. The Baltic states contribute a de-mining unit, observation unit, reconstruction team, medical specialists and logistic support unit. All the Baltic states plan to increase their mobile forces in the ISAF mission approximately 50%. Lithuanian soldiers are located in Regional Command West in Changkharan, Estonian forces in Regional Command South in Helmand together with UK and Danish forces and Latvian forces together with Dutch forces in Deh Rahwod. Estonia has in Afganistan 80 soldiers, Lithuania has contributed 115 soldiers and Latvia 9 soldiers (mainly medical specialists). Estonian troops have suffered two fatalities in the ISAF mission.

Operation Iraqi Freedom (OIF) is the most debated assistance mission in Baltic states' media, as it is neither a NATO nor EU official mission. As a US military priority, OIF is firmly supported by Baltic governments, but heavily criticized by several opposition parties, because of its unclear legal status. However, most critical left-wing parties and small parties are not represented in national parliaments. Though the Baltic political establishments have staunchly supported the Iraq mission, public opinion has been similar to that elsewhere in the EU, i.e., highly skeptical. Latvia had the biggest contribution to OIF mission from the Baltic states: 125 troops under Polish command in southern Iraq. Lithuania has contributed 50 troops under Polish command. Estonia has contributed 35 infantry troops under US command in Baghdad. Both Estonia and Latvia have suffered losses in Iraq: Estonia has lost 2 soldiers and Latvia 3 soldiers. In June 2007 Latvia terminated its mission in Iraq (at the same time announcing an upgrading of its participation in Afghanistan). Lithuania has also raised the possibility of withdrawing their troops from Iraq in 2007 as the UK and Denmark under whom the Lithuanians serve have announced troop reductions.

All three Baltic states are contributing to the Kosovo Force (KFOR) since 1999. Prior to KFOR, the Baltic states were also participating in SFOR and IFOR. In the SFOR mission in Bosnia and Herzegovina Lithuania has participated with 700 soldiers, Latvia with 600 and Estonia with 400 soldiers. For KFOR Estonia provided military police which worked together with Italian carabinieri and an infantry unit (EstPatrol) under Danish command. The unit is located in Pristina and consists of 3 staff officers and 22 troops. Latvia contributes a support unit for law and order maintenance and border control, which is located also in Pristina. Lithuania is contributing infantry platoon (Task Force Falcon) which is providing monitoring, verifying and securing missions. The Baltic states have mandates to participate in KFOR to the end of 2008.



The European Union Force Operation Althea (EUFOR-ALTHEA) in Bosnia and Herzegovina is the main ESDP field mission where the Baltic states participate. For the Baltic states it was long step forward in defence policy, as the earlier dominant thinking was that most forces must be kept available for possible NATO needs. The main challenge to participate in EUFOR-ALTHEA was finding additional resources, either by further professionalization of defence forces or additional training to paramilitary forces.

In missions thus far, Baltic teams have mainly concentrated on explosive ordnance disposal, military observation, cross-service providing, human intelligence, military police close protection, support element and special operation forces. Concerning future ESDP missions in Kosovo and Afghanistan, the Baltic states are certainly willing to maintain the existing force presence. The political will exists to increase Baltic participation, but the major question will be the ability to recruit additional specialists to Baltic defences forces.<sup>18</sup>

*Table 1. Baltic states in ESDP missions:*

Period	Mission	Baltic contribution
<b>Completed operations</b>		
05.-12.2003	EUFOR/CONCORDIA Macedonia	Communication officers
06.-12.2003	ARTEMIS Congo	No participation
12.2003 – 12.2005	Police operation (EUPOL Proxima) Macedonia	Policemen
07.2004 – 07.2005	EUJUST THEMIS in Georgia	Political advisors
<b>Uncompleted operations</b>		
01.2003	Police operation (EUPM) Bosnia	Police forces
01.2004	Support mission in Sudan (AMIS II)	No participation
12.2004	Military mission EUFOR/ALTHEA	Police forces and troops Estonia 1, Latvia 1-2, Lithuania 1
04.2005	Police operation Kinshasa (EUPOL )	No participation
06.2005	EUSEC DR Congo	No participation
07.2005	(EUJUST Lex) in Iraq	No participation
09.2005	Observation mission Indonesia (AMM Aceh)	No participation
11.2005	Border surveillance in Moldova	Borderguards and border police Estonia 2
12.2005	Border surveillance (EUBAM Rafah) Palestine	Financial donation
01.2006	Police mission (EUPOL COPPS)	No participation
07.2006	EUFOR RD Congo	No participation

<sup>18</sup> Margus Kolga, "New challenges to the Estonian defence system after accession to the Alliance," in Heli Tiirmaa-Klaar and Tiago Marques (eds.), *Global and Regional Security Challenges: A Baltic Outlook*. Tallinn: Tallinn University Press, 2006, p. 58.

## Preparing for rapid deployment

The Baltic states did not earmark any forces for the Helsinki Headline Goal, but followed with interest the Anglo-Franco-German initiative of Battlegroups. Initially the interest was mainly negative and mixed with hope that the concept will be abandoned or fictional and EU states prefer development of NRF. The Baltic states fervently hoped to avoid potential competition between ERF and NRF concepts.

The Baltic states have offered their capabilities for both NATO Response Force (NRF) and EU Battlegroups. In the NRF the Baltic states are included in a rotation system offering mine-clearing, medical assistance and infantry platoons. On the question of EU Battlegroups, the Baltic states' positions' have evolved positively during the past couple of years. During the build up of the Battlegroups the Baltic states asked not to include their forces, but re-decided later to join.

As in ISAF and OIF also in Battlegroups, the Baltic states do not form one group, but joined different Battlegroups. Estonia has joined the Nordic Battlegroup which includes Sweden, Finland, Norway, and Ireland. The military strategic command of the force is provided in cooperation with the UK. The Battlegroup should be available for the period January to July 2008. Estonia plans to contribute 45-50 troops. Latvia and Lithuania have chosen a different Battlegroup led by Germany and also including Poland and Slovakia.

Baltic interest at the launch of the Battlegroups concept was lessened by the dependence on Russia and Ukraine for airlift capabilities, which could create a situation where potential missions close to the borders of Russia or Ukraine would only be possible with their approval. When leaving aside the Transdnestrian conflict, Georgian border problems, Armenian-Azerbaijan tensions, and other potential hotspots in the post-Soviet space because of the above-mentioned airlift dependence, mainly Balkan, Middle Eastern and African destinations will remain.

Both Middle Eastern and African target countries are important for the main big contributors in the Battlegroups who have economic interests in the regions and necessary military experience. The Baltic countries, however, do not have economic or political interest or appropriate military equipment for missions in African or Middle Eastern states, but do see the potential need for ESDP missions in Europe in the former Soviet space. The Balts are more willing to contribute to missions that are closer to home. Missions in Africa seem far away and incomprehensible to Balts. Having very little interaction with the African continent historically it is difficult for the Balts to grasp the significance of their role. There is also very little contact on the ground. No Baltic embassies exist on the African continent, though all have plans to establish embassies, starting with Cairo. ESDP missions in Africa have often

been viewed suspiciously as operations involving the interests of former colonial powers. With the need for the new member states to contribute to the EU's Development Cooperation assistance, there will be gradually be increased interest towards Africa. In the first instance, however, Development Cooperation is being focused on the countries of the former Soviet Union (Georgia, Moldova, and Ukraine) and Afghanistan. Estonia's military cooperation is more active within the framework of NATO and with Georgia and Ukraine and to lesser extent with Western Balkans countries (Croatia, Macedonia, Albania).

The main problem for Baltic states inside Battlegroups is the missing airlift ability and re-supply ability. The problem is biggest in Nordic Battlegroup as also other Nordic countries have no strategic airlift ability and also no funds for its development.<sup>19</sup> Other goals of HG 2010, like establishment European Defence Agency, creation of European Aircraft Command, improving forces compatibility and standardization caused little debate or interest in the Baltic states.

But when evaluating the pros and cons of ESDP, the Baltic states still end up with a long line of obligations and costs on one side and missing resource assistance and needed political support in relations with Russia on the other side. Accordingly, ESDP and European Security Strategy can no longer reflect only the interest of core Europe and ask all the member states to contribute, but needs several adjustments to follow also the interests of new member states.

The need for rapid deployment of forces in peace support missions in distant places has increased the pressure for the transformation of European armies. The Baltic states initially employed concepts based on territorial defence, but have now turned to integrate benefits of cooperative and collective defence offered by EU and NATO into their defence systems. Only Latvia has gone as far as to create a purely volunteer professional army. The Lithuanians are considering moving gradually in that direction. The strongest resistance to this idea has been in Estonia where it has been a source of tension between military headquarters and the ministry of defence and occasioned heated public debate during the March 2007 parliamentary election campaign. No similar institutional rivalry exists between the Baltic ministries of defence and ministries of foreign affairs. Both are strongly supportive of NATO and view ESDP as a secondary alternative, which must be kept open next to NATO.

The Baltic states continue to follow the doctrine that NATO already has enough capabilities for territorial defence, but needs additional resources for mobile international missions against asymmetrical threats. To meet in-

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<sup>19</sup> Jan Joel Anderson, *Armed and Ready? The EU Battlegroup Concept and the Nordic Battlegroup*. Stockholm: Swedish Institute for European Political Studies. Report No. 2, 2006.

ternational needs, Baltic states are building up new mobile capabilities. By the year 2010 the Baltic states plan to double the amount of their mobile units. The Baltic states will continue to keep their special capabilities: mine-clearing, border control, naval mine clearing and medical support. This positive plan can face several threats: first, Baltic defence ministers have also in the past introduced overly optimistic plans to increase amount of mobile units, but due to the unattractiveness of the defence forces, i.e. lack of human resources, their plans have not been realized. Second, in the period of rapid economic growth and lowest unemployment rate ever, in 2006-2007, Baltic defence forces are losing professionals to private sector companies and at the same time are having great difficulties in recruiting new specialists. The rapidly growing number of missions poses a challenge for Baltic capacities. One can clearly observe an overstretch of Baltic resources, particularly human resources. One manifestation of this was that the Balts did not contribute militarily to the Lebanon mission in 2006.

### Building coalitions within CFSP and ESDP

The Baltic states' low interest towards ESDP is also caused by problems in alliance-building for decision-making and field missions. On top of the situation where the Baltic states regional cooperation is weak, Estonia, Latvia and Lithuania often find themselves marginalized during debates. The Baltic states would prefer partners who also understand the interests of vulnerable small states, with modern security thinking, low budgetary possibilities, limited global ambitions, prioritizing defence solidarity and located preferably in the Baltic Sea area.

The Nordic countries' understanding of regional threats and needs represent post-modern security thinking, the concept of territorial defence and a soft approach towards Russia. They are also not eager to offer military solidarity or help for the Baltic states in a potential crisis situation and prefer to stress their neutrality. Poland, the Czech Republic and Hungary have comparable historical experience, they share some security concerns with the Baltic states and represent a moderate modern view of defence policy. The main difference with the Baltic states is that they do not have a powerful and hostile neighbour. Cooperation with several of the old core EU member states is complicated because of their different global ambitions, post-modern security thinking, lack of solidarity with distant border area problems and criticism of transatlantic security doctrines.

The EU member state sharing the most similarities with Baltic security and defence priorities, except geographical location, is Greece. Prioritization of

survival and territorial integrity, need for EU foreign policy support against aggressive heavyweight neighbour, viewing NATO as the main security provider, and weak cooperation with other member states characterizes Greek security policy.<sup>20</sup> For both the Baltic states and Greece finding a common language with the UK and USA inside the NATO framework often seems much easier than debates with core European countries inside CFSP/ESDP.

In the situation where few member states share the same interests as the Baltic states, it is important for them to build alliances within the ESDP, otherwise there is the danger that after the adoption of the enhanced cooperation model, the Baltic states could be marginalized. Nevertheless, leaving aside the purely military component of ESDP, the Baltic states are actively participating and cooperating in special CFSP/ESDP institutions such as the PSC, EUMS, and CIVCOM.

### Concerns about the future of ESDP

The availability of rapidly deployable units is not the central question for the Baltic states, when choosing whether to support ESDP development. First, the Baltic states are discouraged by the fundamental problem that the security interests of EU member states diverge significantly. Europe is still lacking a shared “strategic culture”, having both an implementation and vision deficit.<sup>21</sup> The problem also appears at the practical level - Mediterranean problems do not much concern Nordic and Baltic countries and at the same time Mediterranean countries have little interest regarding Baltic Sea security concerns. The Baltic states tend to note when CFSP/ESDP is not acting in their favour, but at the same time do not pay enough attention to fact that other member states have their burden in other regions.

Second, the Baltic states do not share the enthusiasm that the EU needs ESDP to play a greater role in the global arena and are more concerned about regional questions like energy security and border management. Baltic interest here is not to hinder the development of the EU’s global ambitions, but merely to balance it with the regional security concerns of new member states.

Third, financial reforms seem unavoidable before the Baltic states can take on more commitments in ESDP. The situation where motivation for a mission and intervention comes from certain countries but the costs have to

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<sup>20</sup> See Ioannis Parisi, “Greece and ESDP,” in Klaus Brummer (ed.), *The South and ESDP: Greece, Italy, Portugal and Spain*. Gütersloh: Bertelsmann Stiftung, 2007, pp. 11-20.

<sup>21</sup> Klaus Brummer, “Introduction,” in Klaus Brummer (ed.), *The South and ESDP: Greece, Italy, Portugal and Spain*. Gütersloh: Bertelsmann Stiftung, 2007, p. 5.

borne by all the participants is highly demotivating, especially for member states having no neo-colonial interests or global ambitions. The solutions can be either 'European assets', like transport planes and special equipment, too expensive and complicated for small states, financed by the EU budget or the model for common funding of ESDP. Clear and central funding would ensure greater public support for additional Baltic participation in ESDP missions.

Fourth, the EU's institutional inability to coordinate a capability-sharing model with NATO. When left alone to choose between NATO and ESDP, the Baltic states tend to prioritize NATO. EU core countries tend to view this as an absence of loyalty, rather than putting more effort into solving this dilemma, especially as capability sharing is not a specific Baltic problem, but common for most joint EU/NATO member states.

Last but not least, the need for a more communitized policy-making model for ESDP. The dominance of decision-making by E-3/EU (France, Germany, UK and High Representative) or G-6, may project the interests of the main financial contributors, but still represents only a minority of EU citizens. To bring small states more into field actions, they need first to be taken into the decision-making process. The Baltic states originally supported the intergovernmental model for CFSP/ESDP, but have recently adjusted their approach and are now supporters of the community method.

## Conclusion

The Baltic states have used their military capacity mainly on NATO and have little left for ESDP missions. However, this does not mean that they are negatively inclined towards ESDP. It is clear that there is a growing trend towards more positive attitudes and more proactive engagement with ESDP in the Baltic states. Part of the problem has been the lack of suitable EU missions. Therefore, the Balts have concentrated on the Battlegroups. The Baltic states are working simultaneously along several lines to add more to ESDP: the creation of a new mobile joint battalion, the increase in the budgetary resources allocated for civilian assistance and participation in Battlegroups are just some of the initial signs. Limited military capabilities are also compensated with greater interest for ENP target countries assistance where the Baltic states can play an important role in conflict prevention and the construction of sustainable peace.

Nevertheless, it is still obvious that being so small, the Baltic states can not be represented in every ESDP mission and activity. Thus they will continue to focus on developing niche capabilities like mine-clearing, medical support and border-management. Furthermore, the Baltic states understandably tend

to concentrate their attention on the geographical areas where they have the most experience and requisite competence, i.e. primarily the former Soviet Union and other previously communist-ruled countries.

Baltic participation in ESDP could accelerate and be more meaningful if the old member states would better appreciate that the Baltic states do not have the same 50 years “peace and prosperity” experience as Western Europe, but still need time to overcome traditional threats from Russia. While the Baltic states try more and more to understand and follow ESDP values, the next step for fruitful cooperation could be that old member states start to reflect more Baltic interests in the next European Security Strategy and thus a common security strategy will become common also in practice.





## **The European Neighbourhood Policy: From “is” to “ought” and back**

Ahto Lobjakas

The European Neighbourhood Policy (ENP) is in danger of becoming a blind alley for the European Union’s European neighbours. The ENP is increasingly being associated with attempts to frustrate its members’ aspirations to join the EU. This tendency insidiously undermines Article 49 of the Treaty of the European Union, which assures all European countries of a chance of membership, and will in the longer run stunt the effectiveness and efficacy of the ENP and erode the EU’s own global moral authority.

What duty, if any, does the European Union owe to the European neighbourhood? Curiously enough, given that a only a few years ago the EU completed its largest-ever enlargement and its “new” and neighbourhood is now commonly acknowledged to be of great strategic significance to the union, this is a question no serving EU official in Brussels would willingly want to contemplate in public.

The reasons for this are not difficult to establish. The question as it stands is straightforward only in the most deceptive of manners. For EU decision-makers at all levels, with the proviso that they represent the union and not one of its member states, it opens up a Pandora’s box of a multitude of politically extremely sensitive known unknowns (to paraphrase Donald Rumsfeld) – and even this is probably an understatement.

Enlargement, it currently seems, has had its day, politically speaking. Although officially a resounding success – and there is economic data to support this verdict – it is now a commonplace that it, or its management, stands responsible for the collapse of the EU Constitution, signed by all member states in December 2004 but all but finished off by the French electorate at a referendum in June 2005. Any further talk of future enlargement is now an anathema in much of continental Europe, not just in France, but notably also in Germany, the Netherlands, and Austria.

The demise of the popularity of the idea of enlargement has had an inevitable knock-on effect on the membership aspirations of the countries in

the EU's new neighbourhood, possibly damaging them beyond recovery. The ordeals of the EU's remaining candidate countries presents a cautionary tale. Turkey was made a candidate in December 1999 and a promise was made in June 2003 at an EU summit to eventually take in all of the Western Balkan countries. Presently, and in the foreseeable future, only Croatia stands a credible chance of making the cut. What follows is likely to be a protracted and frustrating struggle for all other candidate countries. Anyone outside that circle is extremely unlikely to qualify before the current European political landscape rearranges itself on a tectonic scale.

There are signs the would-be candidates among the ENP nations are taking the hint. The presidents of the two leading hopefuls – Ukraine and Georgia – both have said they've told their governments to tone down the rhetoric and refrain from pressing their respective cases for EU membership. Both leaders have publicly acknowledged that they've been given to understand that in the current political climate in the EU a relentless pursuit of EU membership could do that cause more harm than good.<sup>1</sup>

### A bridge or a cul-de-sac?

It is arguable that the enlargement that brought the EU's current neighbours to its borders has also put paid to any realistic hopes of their ever joining the union. Although the official rhetoric in Brussels is wont to focus on the "opportunities" created by the presence of the new neighbours, the actual policy being pursued has more than a passing resemblance to a policy of containment. More precisely, the policy applied appears to be one of containment by ambiguity – the official "line" of the European Commission as well as the European Council (representing the EU's now 27 member states) has for some years now been that the European Neighbourhood Policy does not address the issue of EU membership. Whilst this studiously neutral formulation allows the proverbial glass to remain half-full, it also purposely removes all dynamism from the wider relationship between the EU and the ENP countries which an accession perspective could otherwise provide.

The EU's policy of non-committal rules out any and all timelines. It is understood in Brussels that the ENP is here to stay for the medium to long term, which in EU parlance could translate into 15-25 years. Tongue in cheek, this appears to be the timeframe being contemplated by the current enlargement commissioner Olli Rehn, who told a seminar in Brussels in

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<sup>1</sup> For Ukraine see <http://www.rferl.org/featuresarticle/2007/03/058fa4ca-8f55-4e8e-a4af-265908f3d8b2.html>; for Georgia <http://www.rferl.org/featuresarticle/2006/11/e709c840-fcb4-4d7f-a69e-52331e23683a.html>

March 2007 that "a large eastern or southeastern European country" could join the European Union "around" 2033.<sup>2</sup> For connoisseurs, there's just the whiff of a frisson of recklessness about Rehn's phrasing. At one level, he is dropping a hint about the length of the highly hypothetical course left to run for the ENP for the frontrunners, at another he allows himself to appear to speculate that Ukraine, a non-candidate, might beat the candidate Turkey. In any case, today's EU policy makers appear assured that their lighthearted predictions won't be tested during their political lifetimes. Olli Rehn himself will be 71 and the EU about 75 in 2033. The commissioner was incidentally speaking on the eve of the Union's 50th anniversary.

The ENP in a sense resembles an unfinished bridge thrown by the EU across the political and temporal chasm that separates accession-minded ENP countries from their goal, but one which the EU appears to have no intention of ever finishing. The bridge was begun in a different era, it now seems. Although the ENP may skirt the issue of membership, it builds on an concept of meliorism, which was strongly present in 2003 only to disappear afterwards. Its beginnings are in a veiled promise that if the political and economic reforms prescribed by the EU are allowed to progress without hindrance, the countries in question are guaranteed to move closer to the union. There is implicit in the initial conception of the ENP the assumption that its target nations would not be standing still. This too has now changed. The ENP in its earliest incarnation shares the basic teleology that applied to previous candidates and continues to apply today, in theory at least, to Turkey and the others.

## Article 49

The ENP as it was conceived by the European Commission of Romano Prodi openly draws upon the promise inherent in Article 49 of the Treaty of the European Union, the Union's current founding treaty (in the absence of a constitution), which stipulates that "[a]ny European State ... may apply to become a member of the Union."<sup>3</sup> There is a reference to Article 6.1, which introduces the added qualification that all applicants must adhere to "the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law, principles which are common to the Member States."<sup>4</sup> Article 49 also makes it clear that the final decision rests with the

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<sup>2</sup> <http://www.rferl.org/featuresarticleprint/2007/03/efc86490-03d1-4446-a778-f9126ecfd70d.html>

<sup>3</sup> [http://eur-lex.europa.eu/en/treaties/dat/12002M/htm/C\\_2002325EN.000501.html](http://eur-lex.europa.eu/en/treaties/dat/12002M/htm/C_2002325EN.000501.html)

<sup>4</sup> *ibid.*

member states. Currently, as it reads, without an explicit definition of "Europe" being in evidence, Article 49 leaves the door open to all applicants as long as they are not formally disqualified by means of a unanimous EU decision ruling them individually "non-European". This has happened once, in 1987, when the European Council, representing the EU's member states, turned down Morocco's application on the grounds that it was not considered a "European country." Incidentally, Morocco is now a member of the ENP.

Article 49 appears to imply that any prospective applicant is "European" until proven otherwise, putting the burden of proving an applicant's "non-Europeaness" on the EU. Procedurally, this must be done on an individual basis, similarly to the way applications need to be lodged by each country separately. There does appear to be some room for regional generalisations, but their sustainability is questionable given that the requisite legal grounds have never been clearly elucidated, and political practice is often contradictory. For example, Morocco's failure has led the European Commission to informally extend that disqualification to the rest of the southern Mediterranean countries. What criteria the Commission proceeds from in its assessment is not immediately obvious, however. Geographically, Spain's enclaves Ceuta and Melilla are located on the North African coast, but are nonetheless EU territory. Meanwhile, Israel's eligibility to apply for EU membership should it wish to do so appears to be generally acknowledged as a matter of course.<sup>5</sup> Turkey, a Muslim, Mediterranean country, has been a membership candidate since 1999.

On the other hand, all of the Western Balkan countries were jointly given a prospect of membership at Thessaloniki in June 2003. That pledge is commonly assumed to cover the entire region and is not seen as being limited to whatever entities existed at the time as sovereign states. In 2005, the European Commission issued a communication entitled "A European Future For Kosovo" – which makes it clear, among other things, that although Kosovo's status remains undetermined, it "will not return to the situation before 1999."<sup>6</sup> Thus, Kosovo is clearly seen to be covered by the EU's 2003 promise to the Western Balkans.

To return to Article 49, the main hope it holds out for the ENP countries, currently being discouraged from hoping to join EU, stems from the conceptually far-reaching implication that the EU's borders are not coextensive with those of "Europe." The only interpretation permitted by the wording of Article 49 is that the EU currently is – or at the very least may legitimately be held to be – something less than Europe. The primacy Article 49 accords

<sup>5</sup> see for example <http://www.publications.parliament.uk/pa/ld200607/ldhansrd/text/70305w0003.htm>

<sup>6</sup> [http://eur-lex.europa.eu/LexUriServ/site/en/com/2005/com2005\\_0156en01.pdf](http://eur-lex.europa.eu/LexUriServ/site/en/com/2005/com2005_0156en01.pdf)

to the notion of "Europe" over the EU would also appear to remove at least some of the latter's moral authority to decide on its borders with any absolute finality. As long as there remain "European" countries outside the EU, they retain a claim to a stake in that decision.

This clearly gives the current ENP member countries a very strong legal – and moral – case to continue aspiring for EU membership – which is something that has not passed unnoticed. For example, in October 2006, Ukraine's ambassador to the EU, Roman Shpek, said that all that Ukraine presently wants is an acknowledgement by the EU that it does qualify under Article 49 as a European country – "nothing more, for the time being."<sup>7</sup> In spite of agreeing officially to refrain from accession-related rhetoric, Ukraine continues to test less direct approaches, notably attempting (so far unsuccessfully) to have its new partnership accord with the EU named an "association agreement." That is the format used by the EU for its 10 new eastern European member states before they were officially recognised as candidates.

## Anti-Article 49

The implications of Article 49 have clearly been troubling EU decision-makers. This has been highlighted by a number of telling developments, all containing as a common thread something that could be described as an attempt at "rollback." The provenance and motivation of that tendency falls outside the purview of the current article, but may safely be assumed to be a reflection of the controversies stirred up in the aftermath of the round of enlargement in 2004.

The first development in question is semantic in nature – at least on the surface. When the idea of a neighbourhood policy was first unveiled in March 2003 by the European Commission, the concept was entitled "Wider Europe – Neighbourhood: A New Framework for Relations with Our Eastern and Southern Neighbours."<sup>8</sup> By May 2004, the title had mutated to "European Neighbourhood Policy."<sup>9</sup> The change of wording appeared to lay down a none-too-subtle challenge to Article 49. The "neighbourhood" became that of "Europe's," suggesting an attempt to project the EU and Europe seen as coextensive.

More substantively, where the March 2003 European Commission paper strove to build links and draw parallels with, and perhaps even seek inspira-

<sup>7</sup> <http://rfe2.rferl.org/featuresarticle/2006/10/2606da5a-9a39-4378-bbda-86c110d78d57.html?npage=2>

<sup>8</sup> [http://ec.europa.eu/world/enp/pdf/com03\\_104\\_en.pdf](http://ec.europa.eu/world/enp/pdf/com03_104_en.pdf)

<sup>9</sup> [http://ec.europa.eu/world/enp/pdf/strategy/strategy\\_paper\\_en.pdf](http://ec.europa.eu/world/enp/pdf/strategy/strategy_paper_en.pdf)

tion from the process of enlargement, subsequent pronouncements on the ENP have studiously given it a very wide berth. The 2003 "Wider Europe" communication mentions enlargement on seven separate occasions. The document cautions that having completed the current round of enlargement the EU must "avoid drawing new dividing lines in Europe." It explicitly evokes Article 49 and proffers the observation that "enlargement has unarguably been the Union's most successful foreign policy instrument" in securing political and economic reforms – also arguably ENP goals *par excellence*. While the membership aspirations of the "non-European Mediterranean partners" are ruled out, "other cases" – those of "European countries who have clearly expressed their wish to join the EU" are said to "remain open."<sup>10</sup>

In contrast, the 2006 communication – whose stated aim is to "strengthen" the ENP – severs all links to enlargement. It mentions enlargement twice, both times merely to state that the ENP "remains distinct" from it.<sup>11</sup> It does not foreclose the prospect of further enlargement, but attempts to separate enlargement from the ENP: "for our partners, considerably enhanced cooperation with the EU is entirely possible without a specific prospect of accession and, for European neighbours, without prejudging how their relationship with the EU may develop in future, in accordance with Treaty provisions."<sup>12</sup> This is a classic statement of the currently prevailing doctrine of the ENP as a self-contained, "closed" policy instrument. It stands in clear contrast to the 2003 communication, which makes explicit the ENP's initially conceived conceptual link to enlargement and also maps out the next logical steps for any future aspirants for membership: "any decision on further EU expansion awaits a debate on the ultimate geographic limits of the Union."<sup>13</sup> That was the high point of what may be described as an "open-ended" conception of the ENP.

## The borders of Europe

The third crucial development since 2003 is the inversion of the role played by the notion of the "borders of Europe" in determining the fate of ENP countries' membership aspirations. Establishing where the borders of Europe lie is crucial to determining what comes after the ENP for its putatively "European" members – more "ENP time" or candidate status and eventual membership. Between the years 2003 and 2007, the debate on the "borders

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<sup>10</sup> [http://ec.europa.eu/world/enp/pdf/com03\\_104\\_en.pdf](http://ec.europa.eu/world/enp/pdf/com03_104_en.pdf)

<sup>11</sup> [http://ec.europa.eu/world/enp/pdf/com06\\_726\\_en.pdf](http://ec.europa.eu/world/enp/pdf/com06_726_en.pdf)

<sup>12</sup> *ibid.*

<sup>13</sup> *Ibid.*

of Europe” (or more precisely the debate on the debate) has undergone a wholesale transformation, if not a U-turn.

In late 2002, the then president of the European Commission, Romano Prodi, actively called for a debate on the borders of Europe.<sup>14</sup> Prodi warned in his speech that public opinion in the EU will not be easily persuaded to support further eastwards expansion, but held out the prospect of a steady convergence of the ENP with the EU to a point of where both sides share “everything but institutions.” Prodi added the strongly worded commitment that eventually “no European state that complies with the Copenhagen criteria [...] will be denied” the prospect of EU membership.<sup>15</sup> To date, Prodi remains the last major EU figure to utter a call for a genuine debate on Europe’s borders. For understandable reasons, briefly broached above, the enlargement in 2004 and 2006 brought with it a change in the public mood in the European Union, which quickly turned against further expansion.

At one level, this has to do with a perceived incompatibility between the “widening” and the “deepening” of the union, a problem alluded to already by Prodi in his December 2002 speech on “Wider Europe.”<sup>16</sup> Enlargement is also negatively associated with problems caused by immigration, a key public concern for many EU countries, but there may be less to this link than meets the eye. Spain, for example, besieged by tens of thousands of African immigrants, and at the same time home to increasing numbers of migrants from new EU member states as well as ENP countries, is one of the two EU countries to have approved the Constitution by referendum, doing so in 2005. Britain and Ireland, both also targets for hundreds of thousands of post-enlargement migrants, continue to support further EU enlargement. If there is a correlation between the fears accompanying enlargement and immigration issues, they seem clustered around the theme of integration – France and Holland have both experienced recent high-impact integration setbacks. Other major sceptics of enlargement, Germany and Austria, are also conspicuous by their presence on the list of countries struggling to accommodate large immigrant minorities. This problematic is, in any event, far removed from the ENP and the digression merely serves to underline how ENP countries’ aspirations have become tainted by association through no particular fault of their own. They have suffered simply as an upshot of the unfortunate coincidence that the expansion which brought them into immediate EU neighbourhood also hardened the public mood within the EU against accepting any more entrants.

Prodi’s exhortations notwithstanding, the “borders of Europe” debate

<sup>14</sup> <http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/02/619&format=HTML&aged=0&language=EN&guiLanguage=en>

<sup>15</sup> *ibid.*

<sup>16</sup> *Ibid.*

nevertheless remained dormant, overtaken by events, only to resurface in a wholly recast form in 2006. Paradoxically, it then became the subject of attempts at resuscitation by sceptics of further enlargement, leading among them Germany and France. Chancellor Angela Merkel was looking to launch such a debate ahead of the German EU presidency in late 2006, and the call was taken up by the new French President Nicolas Sarkozy in late spring 2007.<sup>17</sup> The sceptics appear keen to capitalise on the current mood and force through a minimalist version of Europe, limiting it to the current EU, possibly admitting of only one easy and relatively uncontested exception – that of Croatia.

In a startling reversal of fortunes, it is the supporters of enlargement that now must scramble to put off such a debate, fearing irreparable damage to their cause. The EU enlargement commissioner Olli Rehn has been sending out this message since the summer of 2006, resorting to one and the same form of words, presumably for ease of reference and repetitive impact – warning that any dividing lines would now be drawn in “indelible Indian ink.” Such divisions, Rehn prophesies, would be here to say, erecting a new “Velvet curtain” on the EU’s eastern borders barely half a generation after the fall of the “Iron curtain”.<sup>18</sup>

For the time being, in early summer 2007, an uneasy truce prevails between the supporters and opponents of enlargement, largely as a result of the European Union’s preoccupation with constitutional concerns. It is felt across the political spectrum that any distractions would only serve to prolong that struggle. The supporters of a new treaty are using the enlargement debate as a ploy to marshal the sceptics to yield, issuing constant warnings that further expansion without treaty reform is impossible. Constitutional sceptics in the EU tend to support enlargement, and vice versa.

However, it appears likely that as soon the constitution debate is settled, a Germany no longer held back by an EU presidency’s obligation of neutrality, allied with France and other similarly minded countries, will turn its attention to finally sealing off the constitutional borders of Europe.

Opponents of enlargement were not strong enough to force the issue onto the agenda in 2004 when the EU’s constitution was first adopted, abortively, as it turned out. The now moribund text retained Article 49 of the earlier Treaty of the European Union in the shape of its Article I-58, which stipulates that “[t]he Union shall be open to all European States which respect the values referred to in Article I-2, and are committed to promoting

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<sup>17</sup> for Germany see for example <http://www.euractiv.com/en/agenda2004/merkel-eu-needs-rethink/article-155193>; for France see *The Daily Telegraph*, “Sarkozy’s EU vision spells trouble for Britain,” 24 May 2007.

<sup>18</sup> see for example <http://rferl.org/featuresarticle/2006/12/e7d5a27e-1121-4237-8d50-5d078c230c1a.html>



them together.” The values referred to in Article I-2 are, as before, the EU’s basic values as exemplified by the Copenhagen criteria.

A mandate to negotiate a new, whittled-down “Reform Treaty,” was adopted by EU leaders in June 2007. As the new text stands, it already offers some evidence of a further crumbling of the pro-enlargement position. The mandate for a so-called Intergovernmental Conference, tasked with settling the finer details of the text of the new treaty, now specifies that Article 49 will have an extra sentence inserted into it, stipulating that “[t]he conditions of eligibility agreed upon by the European Council shall be taken into account” when decisions on further enlargement are taken.<sup>19</sup> This was done at the insistence of the Netherlands. The insertion would allow any member state to refer a candidate country’s record on meeting the Copenhagen criteria to the European Court of Justice – further complicating the process of accession.

The sceptics are meanwhile also exploring other avenues in a bid to turn the current *de facto* freeze on further expansion into a longer-term *fait accompli*. France and Austria have led the way in establishing unilateral safeguards designed to do just that. The governments of both countries have announced that future enlargements will be put to referenda, and similar ideas are gaining ground in the Netherlands.<sup>20</sup> Again, Croatia is commonly understood to be exempt from these *ad hoc* deterrents whose main target is unmistakably Turkey.

Although the progenitors of these new unilateral constraints may have not given much thought to the implications of the move beyond Turkey, it is arguable that once Turkey’s entry is blocked, a formidable and possibly insurmountable precedent against all further enlargement will appear. Exceptions remain conceivable, one possible example being Moldova, whose accession in suitably ideal circumstances should, for different reasons, raise few objections in either Vienna or Paris. But this would be an exception to prove the rule that implies that ENP countries as such are ineligible for EU membership. This is because exceptions must inevitably be based on criteria derived from the contingent national self-interest of diverse EU member states, stemming from a combination of highly contingent variables such as their geographical location, linguistic circumstance, relative size and political influence – and not on established and transparent standards of convergence embodied in mechanisms for well-ordered cooperation such as the ENP.

<sup>19</sup> [http://www.consilium.europa.eu/ueDocs/cms\\_Data/docs/pressData/en/ec/94932.pdf](http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/94932.pdf)

<sup>20</sup> <http://www.europesworld.org/EWSSettings/Article/tabid/78/Default.aspx?Id=1047be84-e94b-4981-84c7-5754489dbb2d>

### Absence of leverage, absence of stability

The fact that the ENP is surreptitiously acquiring a "glass ceiling" has consequences not only for the neighbours but the EU itself, too. In the absence of a comprehensive and cogent policy for its potentially – and arguably latently – *European* neighbourhood, the EU is giving up much of its leverage in the region. If enlargement has been the EU's most successful foreign policy tool – an observation recently repeated by the EU's ex-Commissioner for external relations, Chris Patten – then its success has largely been predicated on the conditionality which it introduced into the relationship between the EU and the candidate countries. Progress towards EU membership was made conditional on the progress of political and economic reforms. This conditionality could, of course, only prove effective in an environment where eventual EU membership was posited as an irreducible end goal of the process.

Turkey's recent prevarications supply an object lesson in the operation of conditionality as an incentive. The "privileged partnership" outlined as an alternative to full EU membership has led to a slackening of the pace of reforms and a hardening of Ankara's stance on questions as varied as the future of Cyprus and energy cooperation with the EU.

Reforms – defined as convergence with the EU's own legal, political and economic standards – come at an obvious political price for the countries in question. In less than stable environments, EU membership, and measurable advances towards it, have proven to be sufficiently attractive deliverables to mobilise sustainable public support to reforms. Without the carrot of eventual membership, the EU doesn't have the luxury of keeping the stick of conditionality. Put in another way, without the carrot, dancing to the EU's stick risks coming at an irrationally high price for any ambitious non-EU leader.

To be sure, the newly-instituted European Neighbourhood Policy Instrument, the nearly 12-billion euro budget line for the ENP countries between 2007-2013, does contain a 300-million "governance facility" intended to reward those individual ENP nations which excel at reforms promoted by the EU.<sup>21</sup> However, the incentive value of the "governance facility" remains minuscule and is dwarfed, among other things, by the income ENP countries such as Ukraine and Georgia receive from energy transit.

Rising energy prices clearly contribute to the political and economic autonomy of those ENP countries involved in oil and gas transit, further reducing the leverage available to the EU. Financial assistance, until recently a powerful lever for the EU, is losing significance within the context of today's energy prices. Energy transit is turning into an increasingly important source of income for key ENP countries, especially flagship reformers Ukraine and Georgia. Short of disastrous reverses in democratic state building in either

<sup>21</sup> [http://ec.europa.eu/world/enp/pdf/country/0703\\_enpi\\_figures\\_en.pdf](http://ec.europa.eu/world/enp/pdf/country/0703_enpi_figures_en.pdf)

country, the EU – the world’s largest energy importer – will not be in a position to decline their services.

As intimated by the Turkish example, the ramifications of disappearing leverage go beyond the issue of political and economic transformation. Apart from loss of global face, the EU is also potentially vulnerable to a whole plethora of problems should reforms in an ENP country fail and/or political cooperation with the EU be withheld. These range from energy security issues to combatting illegal immigration, drugs trafficking and international terrorism. Such eventualities appear the more likely the slower or less successful the reform process. The EU could soon find itself facing a vicious circle – reforms are necessary for continued cooperation, but may not prove sustainable without a membership prospect.

And then there’s Russia, always vying for leverage in ENP countries. Again, the more obvious the limits of the EU’s commitment to ENP countries, the more difficult Russian overtures would be to fend off by ENP countries. If so, then this would not bode well for the countries concerned and would also serve to further complicate relations between the EU and Russia.

Ultimately, the ENP’s failure in the longer term could create real instability on the EU’s borders, which would inevitably affect the Union itself. Only self-confident, developed, and democratic Moldova and Georgia are likely to be able to resolve problems such as, respectively, Transdnistria, and Abkhazia together with South Ossetia. Any reverses in either country’s development would feed into their relations with the separatist regions.

Again there is the Russia factor, but in this instance in an even ruder form. Moscow has repeatedly demonstrated its penchant for manipulating separatist conflicts in Georgia and Moldova. Any deterioration in the conflicts in Transdnistria, Abkhazia and South Ossetia would in its turn unavoidably contribute to the poisoning of relations between Russia and the EU, not to mention their effect illegal immigration, the trafficking of drugs and weapons, fighting organised crime, etc.

### **A weak ENP weakens the EU**

A hamstrung ENP, without clear goals and one primarily aimed at the containment of membership aspirations rather than their creative release will inevitably have an adverse effect on the EU itself.

There is already ample evidence that the ENP has become a playground for EU member state private rivalries, contributing to internal divisions and eventually undermining important elements of the already ailing Common Foreign and Security Policy (CFSP). Geographical proximity, cultural links,

and/or geopolitical considerations today appear to be the main contributing factors determining individual ENP countries' credit-worthiness in member state calculations of self-interest.

This is evident, among other things, in the manner how the EU's "southern" member states have sought to exploit the ENP to advance the interests of the EU's Mediterranean neighbours – with whom they feel a greater affinity than the eastern neighbours. Thus, on the website of its EU representation, France openly claims credit for modifying the ENP, initially intended for the eastern neighbours, to encompass the southern Mediterranean as well.<sup>22</sup> The endless funding struggles are another aspect of the same tension. Up till now, the EU's southern flank has managed to ensure far greater funds for the so-called Barcelona process, launched in 1995, which until 2005 had earmarked more than 10 billion euros for the needs of the 12 "non-European" Mediterranean neighbours.<sup>23</sup> In comparison, Ukraine received 1.3 billion between 1991-2004.<sup>24</sup> Commission officials admit that under the new joint ENPI budget line the Mediterranean neighbours will get roughly two thirds of the money, but point out that there is parity in per capita terms. Apart from having a negative impact on the cogency of ENP, these East vs South wrangles serve to help cement existing divisions within the EU.

Arbitrary favouritism also exists at individual ENP member state level. Poland is clearly keenest when it comes to its large neighbour Ukraine, France is more interested in countries where French is traditionally spoken, Romania has disputes with Ukraine, but takes a close interest in Romanian-speaking Moldova. In the absence of an overarching policy framework with clearly formulated and enforced goals and standards, 'neighbourhood nepotists' have a free hand, undermining the ENP nations' control over their own destinies, giving the ENP a bad name and encouraging insidious competition among EU member states.

Finally, yet again, internal EU divisions on the ENP dovetail and reinforce divisions afflicting the EU's Russia policy. In calculations affecting the ENP and its individual target countries larger EU member states clearly give precedence to considerations pertaining to their interests vis-a-vis Russia. Perversely, the ENP in its particulars is in danger of becoming just another policy lever contested by member states keen to direct the EU's Russian policy. This applies equally to those EU member states which, intent on placating Moscow, argue for a less pro-active ENP; and those, who preferring the EU to assume a tougher stance, look for ways to utilise the ENP to prod and occasionally provoke Moscow. Conversely, this state of affairs hands Russia considerable leverage over the ENP activities.

<sup>22</sup> [http://www.rpfrance.eu/article.php3?id\\_article=644](http://www.rpfrance.eu/article.php3?id_article=644)

<sup>23</sup> [http://ec.europa.eu/europeaid/reports/brochure-barcelona10\\_en.pdf](http://ec.europa.eu/europeaid/reports/brochure-barcelona10_en.pdf)

<sup>24</sup> <http://www.ebrd.org/pubs/funding/ukraine.pdf>

Overall, the ENP as it currently stands adds another element of instability to the already tottering CFSP. Also at stake is the EU's ambition to project itself as a "soft power" alternative to the United States. The success – or otherwise – of the ENP carries with it sizeable stakes in terms of the EU's global prestige and influence. Perversely, the union's already enfeebled leverage in its neighbourhood is further undermined by a need to portray the selfsame neighbourhood's fortunes as a success story. If the ENP begins to stutter and its charges to fail, the EU's global credibility will take a severe blow.

### Soft morals

But the EU is also vulnerable in a deeper, moral sense. A neighbourhood policy without clear goals and a clear teleology establishing how these can be reached limits the union's ability to recognise and reward achievement. Much good work is fatally undermined, untoward practices go unpunished and the EU's own moral standing is compromised. Much of this is because the ENP in its current stunted form does not avail either the EU or its participants of an overarching set of standards by which to adjudicate their behaviour. Because the EU is unwilling to cap the ENP with a membership offer, it needs to keep its distance in order to keep its hands clean, so to speak.

In fact, the EU has put itself in a position where it actively needs to discourage references to anything like its own standards. To be sure, its own standards are still very much out of reach for all eastern neighbours, and comparisons made on this basis are at best pointless. But more immediately, the EU itself must avoid comparisons with earlier precedents, candidate countries and ex-candidate countries, from whose performance at any given point a direct line could be drawn to membership requirements. The standards the EU tries to enforce by means of the ENP are ultimately its own, but it cannot say in so many words lest it admit membership as a legitimate goal of the process.

In the absence of cumulative standards anchored in a clear teleology, the EU finds itself forced not only to withhold positive differentiation – in terms of acknowledging degrees of closeness to EU membership –, but is similarly unable to mete out negative differentiation. Contractually, all ENP countries are on a par with one another, and hence Azerbaijan's hereditary strongman Ilham Aliyev with all the shortcomings of his domestic record habitually receives a reception in Brussels very similar if not identical to that of Georgia's Mikheil Saakashvili, who, whatever the shortcomings of *his* record, heads an administration born out of free and fair elections.

Analogously, but perhaps with greater strategic geopolitical import, the

EU is unable to come out in support of Ukraine's president Viktor Yushchenko in his power struggle with prime minister Viktor Yanukovich. Whatever the failings of either man, Yushchenko is the one unequivocally willing to integrate his country into Europe. Yet the EU must prevaricate, lest it commit itself to a step too far – acknowledging Ukraine's membership could be on the agenda. Meanwhile, all the EU can do, is to appeal to a vague notion of constitutional legality which it itself cannot be seen to define. Put in another way, keen to keep its distance, the EU accepts and encourages home-grown solutions for problems in ENP countries. This preference for the rule of law writ small means the EU prefers to eschew an adjudicating function and accept constitutionally legal decisions, solutions and outcomes, provided their variance from international norms is not too great and/or obvious. The EU's acceptance of such circumstances naturally means, by extension, granting them a certain legitimacy. That legitimacy is all the greater as it is afforded by an EU which views itself with some justification as one of the most progressive global actors.

That the EU has tied its own hands when it comes to telling right from wrong has real enough effects for the choices made by its neighbours. True, the EU has always been reluctant to get directly involved in third countries' internal matters, whatever the countries' status, but it is arguable that membership prospects alone have decisively checked internal developments in countries like Slovakia, Romania, Bulgaria and even Serbia. All have at some stage flirted with "non-European" paths, solutions and leaders, but the fear of jeopardising their ultimate accession chances has been enough to bring them back into line.

In countries where a membership prospect has not materialised, pro-Western, pro-EU leaders are faced with a choice between trying to "tango alone" or enhance their chances of clinging to power by rationally respecting the exigencies of their domestic, "constitutionally legal" circumstances, and thus often compromise European values. The damage can easily go beyond cutting democratic corners or taking electoral liberties by the governments involved – it can also have farreaching implications areas such as political and media freedoms and human rights.

The EU prefers to operate a "twin track" policy on human rights with non-candidate third countries, which effectively isolates political contacts from rights considerations. Both are said to be separately and independently important and as a result the latter cannot easily be brought to bear on the former. "Dialogue" is always preferred to sanctions by official Brussels. If the EU is relatively comfortable with this state of affairs, it is because its highest ambition within the ENP framework is stability – a desired end state beyond which it does not want to look. Stability, however, is bound to remain an elusive goal in a region already beset by a number of frozen conflicts and

increasingly reclaimed by a resurgent Russia.

The EU's responsibility, moral and otherwise, is not limited to its neighbours, though. First, by tolerating questionable instances of constitutional legality in its neighbourhood, the EU becomes complicit in such countries' drive for international respectability and colonise the international normative structures of right, allowing them to cultivate the impression that as representatives of legitimate political traditions they have something as valuable to contribute to the global political discourse as the EU or any other democratic western powers. Azerbaijan is a prime example of this tendency within the ENP, although its most evocative exponents hail from Central Asia. In this very real sense, the EU's moral responsibility extends beyond the ENP.

Secondly, the EU's practices with regard to the ENP corrode its own moral foundations. The EU has always prided itself on being an actor that is in a very fundamental way guided by moral choices, a set of basic, European values, which underpins all rhetoric of cooperation with third countries. These values have over time been subject to some definitional variation, but can be safely be assumed to have found their clearest and uniquely institutionally tested expression in the so-called Copenhagen criteria. According to the criteria, applied to all applicants for membership, the political goods the EU values above all others are democracy, the rule of law, respect for human rights, and the protection of minorities.<sup>25</sup>

The vision the EU expounds is essentially a Kantian one, where an agent's moral worth is established by means of self-identification with other agents of equal moral worth. The ENP as it currently stands errs against this vision in two fundamental ways. Firstly, as has already been pointed out, the EU acknowledges as agents of equal moral worth regimes which in fact do not qualify as such. And secondly, by denying its Kantian vision to other European countries left potentially permanently outside its borders as a result of wholly arbitrary historical circumstance (e.g. occupation by the Soviet Union in the early 1920s instead of 1940, as is the case, respectively for Ukraine and the Caucasus, and the three Baltic countries), the EU undermines that selfsame vision. It is arguably essential for the integrity of such a vision that it be universal and not subject to contingent and arbitrary exceptions and exclusions. A Kantian EU cannot exist side by side with a Hobbesian neighbourhood without both sides ending up the losers.

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<sup>25</sup> [http://ec.europa.eu/information\\_society/activities/atwork/\\_documents/dgenlargementbrochure/sld005.htm](http://ec.europa.eu/information_society/activities/atwork/_documents/dgenlargementbrochure/sld005.htm)

## Conclusion

Perhaps the greatest collective weakness of the eastern ENP countries is that they lack a common identity. A shared post-Soviet mindset may be their shared fate, but does not qualify as something they themselves want to build on. EU attempts to bind them together as a "neighbourhood" or invent for them sub-regional distractions such as the "Baltic Sea Synergy" initiative unveiled earlier this year are at best contrived and at worst simply underscore the obvious – the only identity almost all of these countries acknowledge as their own is a European one. There is one other potential contender, increasingly being promoted by the former colonial master Russia, but if that post-colonial alternative identity ever takes hold, it won't be through free choice. The Russian alternative can only succeed over the metaphorical dead body of the ENP.

The ENP as it exists today is a stopgap solution. It is a space of studied radical ambiguity, and as such condemned to be forever unstable. Every attempt to question the ambiguity, to banish it, to clear things up, is perforce a step away from the ENP as we today know it – either towards EU membership, or something else.

The challenge for the EU is to find ways for its neighbours' European identity to be realised in a manner that respects the basic political realities in EU member states. What is today a vicious circle of stunted ambitions and stumbling reforms must be turned into a virtuous one with goals, rewards and, if necessary sanctions, all comprehensively and cogently tied together into one comprehensive whole. It seems inescapable that that edifice must have some sort of EU membership prospect as its pinnacle and keystone.

That the EU's transformative power in its neighbourhood requires a membership prospect is slowly being recognised in at least some quarters of the EU. Sweden's foreign minister – and ex-prime minister – Carl Bildt is one exponent of this view. "The door must remain open, otherwise the [EU's] soft, transforming power might reverse," Bildt told a European Policy Centre (EPC) seminar in February 2007. A few days later, the EU special representative for the South Caucasus, Peter Semneby, told another EPC seminar in Brussels that the debate on the links between the ENP and EU membership – any such link is, of course, currently officially denied – shows the ENP needs "new carrots."

It seems self-evident that with some political vision and courage, ways can certainly be found of assuring eastern ENP countries of eventual membership – not within five or ten years, but, say, within a generation. This prospect must be coupled to transparent benchmarks – to wit, the Copenhagen criteria, and the rest will follow. Until that happens, for second class European countries to live up to first class European standards will require something akin to a miracle.



## **Estonia and disarmament: Between geopolitical constraints and strategic socialization**

Matthieu Chillaud

Frequently evoked but seldom defined, disarmament is commonly misperceived and may be deceitful to the extent that it is usually connected to high politics of great powers or to international contemporary concerns. Indeed, during the last years, disarmament and more specifically the term of ‘Weapon of Mass Destruction’<sup>1</sup> were both recurrently mentioned in the vocabulary of the media. Furthermore, the vagueness of its content contributed to an exclusive association between war against terrorism and disarmament issues. Nonetheless, the concept of disarmament has always existed – it is as old as war – and has constantly involved all states regardless of size. One must acknowledge that if one were to skim through all the literature on the foreign policy of Estonia, one would arrive at the conclusion that it is indeed fair to say that disarmament issues have hardly been ever used as an instrument in order to analyse the foreign policy of such a small power. Nevertheless, the study of disarmament turns out to be very useful in the case of Estonia since it reflects precisely its primary strategic concerns. We argue indeed in this article that disarmament<sup>2</sup> has been used by Estonia as a means to minimize its geographic hyper-sensitiveness while anchoring its security either by membership in various international organisations or by some *ad hoc* arrangements.

Since the most important reasons that explain Estonia’s basic security policy must be found in its geography – its perception being directed against a Rus-

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<sup>1</sup> This concept is used to describe a massive weapon (biological, chemical or nuclear) with the capacity to indiscriminately kill large numbers of people. Nevertheless, there are substantial differences between these three kinds of weapons.

<sup>2</sup> For the purposes of this article, ‘disarmament’ will be understood in a broad sense as covering all measures – ‘hard’ and ‘soft’ – that involve constraints on military activities. Confidence-building measures are also dealt with. Since we shall deal with Estonia as a ‘subject’ and not as an ‘object’, the withdrawal of Russian troops in 1994 will not be examined because it did not concern the disarmament of Estonia.

sia seen as being primarily warlike –, its diplomacy of disarmament has always been shaped around spatial strategic preoccupations. Besides, its ‘westernization’ has evidently involved its strategic agenda and indirectly its diplomacy of disarmament, its socialization by the integration of western standards orienting it to an alignment on almost all the non-proliferation regimes and treaties

Conceptually measures designed to limit arms and military activities divide into two categories: arms control and disarmament. Arms control measures place political or legal constraints on the deployment and/or disposition of national military means. Their aim is to reduce the risk of inadvertent war by improving the capacity of adversaries to formulate more accurate assessments of each other’s intentions, and by restricting their range of available military options. Disarmament measures seek to reduce the level of national military capabilities or to ban altogether certain categories of weapons already deployed. Today, ‘arms control’ is often used interchangeably with ‘disarmament’<sup>3</sup>. Disarmament measures can take various forms. It can be part of interstate ceasefire arrangements, it can be imposed upon defeated countries by peace treaties or it can take the form of sanctions. Agreements can be unilateral, bilateral or multilateral. If disarmament is unilateral, there is usually no legally binding agreement and the announcement may be seen, rather, as a political commitment or a norm of conduct. Such measures reflect a state’s policy choice to reduce or renounce certain military capabilities and/or actions without seeking equivalent concessions from its actual or potential rivals. The main practical feature of such measures is their reversible and thus potentially temporary nature; elements of international execution, verification and enforcement are by definition also lacking. The concept of unilateral disarmament is open to debate on the grounds of genuineness of purity of motive. As we shall see, the concept of unilateral disarmament which may have a strong propagandistic element, and at worst may amount to pseudo-commitments offering no more than a pretence of good will, has been championed by Russian diplomacy particularly with the Baltic states. Bilateral and multilateral disarmament is a less flexible concept than the unilateral variety because it requires a more specific and binding legal framework.

Confidence and Security Building Measures (CSBMs) are a form of arms control. Arms control places political or legal limits on the scope and range of national military policies. CSBMs are clearly aimed at this purpose. Unlike other forms of arms control, however, CSBMs seek to influence perceptions rather than capabilities, dealing with the assets of circulation of information between adversaries, rather than with the *sensu stricto* distribution of military capabilities.

Last, but not least, when disarmament measures are intimately related to

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<sup>3</sup> See Jozef Goldblat, *Arms Control. The New Guide to Negotiations and Agreements*, London, Sage publications, PRIO/SIPRI, 2002, 2<sup>nd</sup> ed., pp. 3-18.

geographical issues, one usually speaks about territorial disarmament. This disarmament technique has most typically been associated with the end of inter- or intra-state hostilities and with the provisions of ceasefires, armistice arrangements or peace treaties. Some of these measures have been designed to reduce or eliminate ‘flash points’, such as areas along borders<sup>4</sup>. Nowadays, contemporary shapes of territorial disarmament are mainly multilateral in the framework of international organizations and deals with the concept of confidence-building and in a lesser extent conventional disarmament. In the case of Estonia, the country is particularly concerned by this form of disarmament mainly because it shares a border with Russia, a country which has repeatedly attempted to use its western Baltic neighbours as buffer states between itself and the ‘warlike’ Western countries.

Estonia has been concerned about disarmament measures since the beginning of its statehood, attempting to set up some geographic disarmament measures soon after the Treaty of Tartu. Subsequently, Estonia showed a keen interest in disarmament within the League of Nations, even though it took care not to jeopardize its security if it were to disarm without any symmetry in the Soviet Russia. Later, Estonia, while integrated to the USSR, functionalised the issue of the establishment of a Nordic Nuclear Weapon Free Zone in order to promote its autonomist demands. After it regained its independence, Estonia fitted as best as it could into the disarmament regimes of the Conference for Security and Cooperation in Europe (CSCE). Concurrently, Estonia became party to more and more multilateral disarmament treaties.

## Disarmament measures within the Treaty of Tartu

The 1920 Treaty of Peace between Russia and Estonia<sup>5</sup> – the first signed by the Soviets with a western neighbour – established a ‘neutralized’<sup>6</sup> area around the border between the two states: they committed themselves not

<sup>4</sup> See A.S. Nanes, ‘Demilitarization and Neutralization Through World War II’, in R. Dean Burns (ed.), *Encyclopaedia of Arms Control and Disarmament*, vol. II, New York, 1993.

<sup>5</sup> Text available on [http://web-static.vm.ee/static/failid/150/tartu\\_rah\\_u\\_eng.pdf](http://web-static.vm.ee/static/failid/150/tartu_rah_u_eng.pdf)

<sup>6</sup> While this treaty provided for measures that would clearly fit the definitions of demilitarization, it referred to the process as ‘neutralization’. From a politico-strategic perspective demilitarization and neutralization have two different and complementary logics. The first forbids the setting up of military installations in a given territory with the implicit aim of preventing wars there. The second, without necessarily banning military installations, explicitly and unambiguously seeks to exclude the territory from military conflict. If such military objects remain, a neutralized area may not be strictly speaking demilitarized, and a demilitarized area is not *ipso facto* neutralized either. See M. Chillaud, *Territorial Disarmament in Northern Europe: The Epilogue of a Success Story?*, SIPRI Policy Paper n°13, August 2006.

to exceed a specified number of troops in the area. The treaty prohibited the two states from having warships in the Pskov and Peipus lakes. As a step towards neutralization of the Gulf of Finland, the two countries undertook to reduce the number of their warships in that area.

### **Article III**

(...)

2. The portion of the territory of Esthonia to the east of the Narova, the River Narova itself, and the islands in the midst of the stream, as well as the zone to the south of Lake Pihkva, which is situated between the boundary above mentioned and the line of villages, Borok-Smolni-Belkova-Sprechtitschi, will be, from a military point of view, considered as neutral until 1 January 1922.

Esthonia undertakes to maintain no troops of any kind in the neutralized zones other than those which are necessary for the frontier service and the maintenance of order, and of which the strength is laid down in Annex 2 of the present Article; not to construct fortifications or observation posts, nor to constitute military depots, nor to deposit any kind of war material whatsoever with the exception of what is indispensable for the effectives allowed for; nor to establish their bases or depots for the use of any kind of vessels, or of any kind of aerial fleet.

3. Russia for her part undertakes not to maintain troops in the region of Pskov to the west of the line: western bank of the mouth of Velikaja, the villages of Sivtseva, Luhnova, Samulina, Schalki and Sprechtitschi until 1 January 1922, which are indispensable for the frontier service and for the maintenance of order and for the effectives provided for in Annex 2 of the present Article.

4. The contracting parties undertake to have no armed vessels whatsoever on Lakes Peipus and Pihkva.

### **Annex 2**

The two contracting parties undertake:

1. To withdraw their troops within their respective frontiers in the sector situated between the Gulf of Finland and the mouth of the River Schtschutschka, within the twenty-eight days following the ratification of the Treaty of Peace.

2. To withdraw their troops with all their material and stores from the neutralised zones, in which, in accordance with the Points 2 and 3 of Article III, no troops are allowed to be maintained, except those which are necessary for frontier duty and for maintenance of order, within the forty-two days following the ratification of the Treaty of Peace.

3. To withdraw, in execution of Point 4 of Article III, the armed vessels of Lakes Peipus and Pihkva within the forty-two days following the ratification of the Treaty of Peace, or to remove their artillery, mines and mine-laying apparatus, and every kind of munitions of war.

4. To maintain for frontier duty in the neutralised zones (in which the maintenance

of troops is forbidden) only forty men per verst during the first six months following the ratification of the Treaty of Peace, and afterwards only thirty per verst. On the condition the placing of barbed wire the whole length of the frontier is authorised. The number of men for the maintenance of order in the interior should not exceed five hundred in each zone.

5. Not to maintain vessels on Lakes Peipus or Pihkva for the customs defence, except patrol-ships armed with guns of a maximum calibre of 47 millimetres, with a maximum of two guns and two machine guns per vessel. The number of these patrol-ships should not exceed five.

The narrow strip of land along the border was to be ‘neutralized’ until 1 January 1922, because the two countries sought to win time in order to reorganize their respective armies and also to avoid possible incidents which might degenerate into war.

The agreement to ‘neutralize’ the borders of Estonia, Latvia and Finland, as well as the Gulfs of Riga and Finland (according to the article VI ‘*Should the Gulf of Finland be neutralised, the two contracting parties undertake to accede to this neutralisation*’), was unusual for Soviet Russia during an epoch when the Allies wanted to set up a ‘cordon sanitaire’<sup>7</sup>. Soviet Russia was also reminded of the Crimean war, and especially of the attack of the Franco-British squadron in the Åland Islands: the enemy’s troops were only a stone’s throw away of St Petersburg. Moreover, it was directly on the initiative of the Soviet Russia that the article V related to the principle of neutrality was established. Actually, from a Soviet perspective, it was essential to avoid a counteroffensive by the White Army, which was based *inter alia* in Estonia and Latvia<sup>8</sup>. However, for Russia this was a threat that would materialize essentially on its own territory; it was particularly interested in neutralization of the gulfs of Finland and Riga if this could avoid assistance to the White Army from France and the UK.

The article VII (*‘The two contracting parties undertake to prohibit the presence on their territory of any troops with the exception of those of their own*

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<sup>7</sup> Though in French it originally denoted a barrier to stop the spread of disease, its use in English is almost always metaphorical and political, and refers to attempts to prevent the spread of a dangerous ideology. French prime minister Georges Clemenceau first used the phrase as a metaphor for ideological containment when he urged the newly independent states that had broken away from Russia to quarantine the spread of communism to Western Europe.

<sup>8</sup> The 1920 peace treaty between Soviet Russia and Latvia was similar in these respects to the treaty between Russia and Estonia. The clauses of demilitarization were even more detailed in the peace treaty between Russia and Finland signed in Tartu in 1920. For instance, under Article 6, Finnish warships over a certain tonnage, submarines and naval aircraft were debarred from certain coastal waters. Furthermore, Finland was not allowed to build naval ports or maintain naval vessels on its Arctic seaboard. Article 12 contained an expression of will (also found in the Soviet peace treaties with Estonia and Latvia) to strive for the neutralization of the Gulf of Finland and the whole of the Baltic Sea.

*government (...) [and] to disarm those military and naval forces within their territory which did not belong to one of the contracting parties (...)*)” starts off with problems arising out of the activities of foreign troops on the territory of each state. It was mutually agreed that all foreign naval and land forces would have to be disarmed, their supplies ‘neutralised’ and immobilised and their members barred from entering the services of the contracting parties.

### Disarmament during the inter-war era

The League of Nations, which provided a unique opportunity for small states such as Estonia, to participate in international politics, presented the issue of disarmament as one of the most significant international concerns. Because of its geographic proximity to Soviet Russia, Estonia was particularly enthusiastic to defend the idea of disarmament. However, the Soviet diplomacy of disarmament turned out to be really propagandistic, and later on, Estonia’s position as a buffer state between USSR and Nazi Germany steered it to a more realistic path.

As a result of the French refusal to discuss the armament issue at the Genoa Conference<sup>9</sup>, the Soviets proposed a disarmament conference in Moscow, ‘as a further step toward the pacification of the Baltic States’. On 14 June 1922, Maxim Litvinoff, acting as the People’s Commissar Foreign Affairs invited Poland, Latvia, Estonia and Finland for a conference to fix a proportionate reduction of armaments. The Russian note, emphasizing the financial burden of armaments, stated that Russia was eager to consult its neighbours on the earliest possible occasion with a view to eliminating this burden. Nevertheless, for the Baltic states such a conference was pointless as long as the Soviet Russia had not fulfilled its obligations, entered into by the peace treaties with them. Even though they were sceptical about the success of this conference, they were keen on the idea to formalize the ‘neutralization’ of the Baltic Sea which was one of the purposes of the treaties signed with Finland, Estonia and Latvia.

Estonia, Latvia, Finland and Poland, gathered in Tallinn on 9 October 1922, to discuss the general policy of the Baltic states and the disarmament conference between Russia and the Baltic states, to be held in Moscow in December 1922, at which a general policy of round-table discussion was established. Finally the Russian invitation was accepted. The conference was opened at Moscow on 2 December 1922 at which the Soviets proposed to reduce its army by

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<sup>9</sup> The 1922 Genoa Conference was the first international conference after World War I in which Germany and Soviet Russia were accepted on a par with other nations. The purpose of the conference was to formulate strategies to rebuild central and eastern European economies.

200,000 men in the next eighteen months. Acting jointly with the other Baltic states, Estonia proposed its plan on the limitation of armaments. Because the Baltic states considered an armed attack, by Soviet Russia, as the most likely threat, they suggested a general compact of non-aggression, and an arbitration treaty for the exchange of the armament reduction. Soviet Russia agreed to a discussion of this proposal and thus the work of the conference was confined to formulating a compact of non-aggression, drafting arbitration agreements and general schemes for reductions of armies.

Nonetheless, the Conference was bound to fail. Indeed, the Poles refused to include the plan of concrete reduction of armies in the treaty unless a compact of non-aggression and arbitration was also incorporated, and the Soviets insisted that they would not sign the treaty unless the plan of concrete reduction of armament was incorporated<sup>10</sup>. Furthermore, the Soviets visualized full disarmament of the Baltic countries and only a partial disarmament of Soviet Union<sup>11</sup>.

Afterwards, sceptical of the genuine motives of the Soviet diplomacy of disarmament, Estonia relied on the League of Nations. It is fair to say that the unwillingness of Estonia to get tied to security guarantees from the Soviets (on 20 September 1926, Lithuania had signed a non aggression treaty with the USSR) could not be explained other than by its preference to discuss issues, particularly disarmament, within the League of Nations.

At the Conference of Disarmament in 1932<sup>12</sup>, Estonia succeeded in coordinating its position with the Latvian and the Scandinavian delegations<sup>13</sup>, rejecting any imposed reductions of military personnel. The principle that the army of a small country should not be reduced below the level imperative for the protection of the country's independence was strongly emphasised. Estonia drew the League's attention to the country's vulnerable geographical position owing to the common border with the Soviet Union and the threat of possible aggression<sup>14</sup>.

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<sup>10</sup> G. Hosomo, *International Disarmament*, Société d'imprimerie d'Ambilly-Annemas, 1926, pp. 46-48.

<sup>11</sup> É. Sobolevicius, *Les États baltes et la Russie soviétique*, Paris, Thèse pour le doctorat de droit, PUF, 1930, pp. 112-3.

<sup>12</sup> In 1925 the League of Nations set up a preparatory commission to determine what arms should be limited and how this could be accomplished. The Disarmament Conference opened in Geneva in 1932, and was attended by League of Nations members, as well as by the US and USSR. Disagreements over the definition of categories of war materials, which had obstructed the progress of the preparatory commission, continued to obstruct the conference. Adjourned several times and reconvened only sporadically, it ceased to meet after May 1937.

<sup>13</sup> R. Putins Peters, 'The Baltic States and the League of Nations: A Study of Opportunities and Limitations', *Journal of Baltic Studies*, vol. 10, no. 2 (1979): 108.

<sup>14</sup> V. Made, 'In Search of Abstract Security: Estonia and the League of Nations', in E. Medijainen & V. Made (eds.), *Estonian Foreign Policy at the Cross-Roads*, Helsinki: Kikumora Publications, 2002, p. 27.

Among all the multilateral disarmament treaties, Estonia became party to the Convention on the Non-Fortification and Neutralization of the Åland Islands of 20 October 1921<sup>15</sup> and to the Protocol for the Prohibition of the Use in War of Asphyxiating, Poisonous or Other Gases and of Bacteriological Methods of Warfare in 1928, the first ratified by the Riigikogu on April 1923 and the latter in 1931. Although Estonia was not party to all disarmament treaties, some of them had indirect effects on its security, the best example being the Washington naval treaty<sup>16</sup>. In February 1926, Tallinn approached Great Britain for the purchase of sloops or minesweepers. When London answered that, according to the treaty of Washington, the sale of such vessels was not allowed, Estonians argued that the vessels that they sought to acquire were not ‘vessels of war’ in the Washington sense. Nevertheless, Great Britain refused and the sale to Estonia did not go through<sup>17</sup>.

### Estonia in a Nordic Nuclear Weapon Free Zone

In the early 1980s, the old idea to set up a Nuclear Weapon Free Zone (NWFZ) in Northern Europe was more than ever acute.<sup>18</sup> So far it had remained unre-

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<sup>15</sup> Signed on 20 October 1921 the Convention on the Non-Fortification and Neutralization of the Åland Islands reaffirmed the demilitarization of the islands and established their neutralization with this formulation: ‘*In time of war the zone described in Article 2 shall be considered a neutral zone and shall not, either directly or indirectly, be put to any form of use linked to military operations*’. It is noteworthy that in 1992 Estonia made a *Declaration of Continuity Concerning the Convention on Non-fortification and Neutralization of the Åland Islands*. Apparently, the declaration was signed on the request of UN General Secretary (Estonia’s response to his inquiry). It is not in principle a legally binding document. Moreover, it would have been useless to make such statement if the purpose were to reaffirm the principle of continuity since Estonia had recognised that all the conventions signed under the auspices of the League of Nations were still in force.

<sup>16</sup> The Washington Naval Treaty of 1922 limited the naval armaments of the US, UK, Japan, France, and Italy.

<sup>17</sup> D. J. Stoker, ‘Unintended Consequences: the Effects of the Washington Naval Treaties on the Baltic’, *Journal of Baltic Studies*, vol. 31, n°1 (2000): 191.

<sup>18</sup> The original idea to create a Nordic Nuclear Weapon Free Zone (NNWFZ) dates back to 1957, when Soviet prime minister Bulganin sent a note to the Danish and Norwegian governments stating that if either nation accepted nuclear weapons on its soil it would be considered by Moscow as a *casus belli*, and meanwhile inviting them to consider the idea of a nuclear free zone in the area. The latter option was tempting for many people in the Nordic countries. The two neutral countries saw it as an excellent means to reinforce their own active policy of neutrality, while some politicians in Norway and Denmark saw a chance to show their public opinion that it was possible to reconcile belonging to NATO with measures of nuclear disarmament. Moscow aimed to weaken NATO by exploiting Nordic pacifism and raising the popular profile of the anti-nuclear cause. The Soviet Union further hoped that such a NNWFZ would set off a chain reaction in the other small NATO countries where pacifist militancy was strong. This explains the USA’s equally strong resistance at the time to the zone initiative.



alised, however, some new initiatives disclosed that the establishment of such a zone was possible. Hitherto the main difficulty was to 'balance' the framework of the NWFZ: indeed as such, the proposal had too little to offer to NATO to the extent that if NATO were to accept to 'subtract' Norway and Denmark, there would have been no similar 'subtractions' in the Warsaw Pact countries. Besides, the two neutral countries, Finland and Sweden, while giving some keen signals to the Soviets initiatives, demanded the removal of short-range soviet missiles from the Baltic Military District. In November 1981, Brezhnev responded *sotto voce* that some Soviet territories could be adjoined to the NWFZ without being formally part. Baltic dissidents used this as an opportunity to propose the inclusion of the Soviet Republics of Estonia, Latvia and Lithuania in this zone. On 10 October 1981, 38 residents of Estonia, Latvia and Lithuania proposed in a 'Open Letter to the Heads of the Governments of the USSR, Iceland, Norway, Denmark, Finland and Sweden Concerning the Establishment of a Nuclear-Free zone in North Europe' the insertion of the three Republics – 'countries' as written in the letter – in the zone.

The peoples and the governments of North Europe are at present considering various aspects of the idea of establishing a nuclear-free zone in North Europe, as expressed by the Chairman of the Presidium of the Supreme Soviet of the USSR. Herewith we propose to supplement the above idea by including the Baltic Sea and the Baltic countries - Estonia, Latvia, and Lithuania - in the above-mentioned nuclear-free zone.

The extension of the nuclear-free zone to the Baltic Sea and to the Baltic countries would be logical because the area in question is actually part of North Europe. Moreover, this would render a possible future treaty all the more important because it would be a brilliant example of an equal and balanced disarmament.

The extension of the nuclear-free zone to the Baltic Sea and to the Baltic countries would also be in the interest of the small Scandinavian and Baltic nations, more particularly by contributing to their future survival. (...)

We consider it natural and acceptable to all nations that an agreement concerning a nuclear-free zone in North Europe would ban the production and stationing of nuclear weapons as well as stationing and movements of any means (ships, aircraft, missiles) designed to carry nuclear warheads in the appropriate territories of the High Contracting Parties and in the Baltic Sea.

We hope that the NATO and the Warsaw Pact Powers will be able to guarantee the ban on nuclear weapons in the nuclear-free zone in North Europe, including the Baltic Sea and the Baltic countries. Such a ban on nuclear weapons in one area would be an important step towards the fulfilment of the greatest expectation of mankind - A COMPLETE DISARMAMENT<sup>19</sup>.

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<sup>19</sup> Quoted in R. Taagepera, 'Citizens' Peace Movement in the Soviet Baltic Republics', *Journal of Peace Research*, vol. 23, n°2 (1986): 184.

The letter reached the west in early 1982. The idea to include Estonia, Latvia and Lithuania as well, was even commented on by Zbigniew Brzezinski, former President Jimmy Carter's national security adviser, who wrote in March of the same year an article in the *Los Angeles Times* in which he pleaded for the inclusion of 'Baltic States within the Soviet Union' in a Nordic atom-free-zone<sup>20</sup>.

Because there was no real consensus between NATO, the Nordic countries and the USSR on the content of the project, the idea was still fuzzy. This idea to 'subtract' the Baltic States including them in a NWFZ was actually highly functionalized. One must acknowledge that the woolly feature of the idea seemed to satisfy the Soviets which could argue demagogically that the USSR championed again a strong diplomacy of disarmament, the Nordic countries, caught between their deep enthusiasm for peace and the demands of their own security, and reluctant to provoke their powerful neighbour by a flat refusal, and finally the Baltic States satisfied that the international community shows some concern about their fate. At the end of the 1980s, Gorbachev stated that the Soviet Union was going to dismantle all its short and middle range missiles deployed in the Baltic area. In October 1989, during an official visit in Helsinki, the Soviet leader stated that the Soviet Union was about to withdraw unilaterally some nuclear missiles from its submarines in order to smooth the progress of an NWFZ: 'We are ready to conclude with the nuclear powers and the Baltic Sea rim countries an agreement which would effectively give the Baltic the status of a denuclearized sea'<sup>21</sup>. Actually, even if no concrete follow-up actions were taken, one must acknowledge that the idea to set up such a zone including the three Baltic States was very functional for the Baltic nationalists. Ironically, the Baltic leaders used smartly the Soviet terminology of a Baltic Sea as 'a sea of peace' in order to justify their demands. Indeed, their independence movement could 'soften' them in a 'peaceful framework'. By instance, when the Popular Fronts of Estonia, Latvia and Lithuania met in Tallinn in 1989, they issued a joint statement that the Baltic nations 'aspire for sovereignty in a neutral, demilitarised Balto-Scandia'<sup>22</sup>.

Nevertheless, even after the break-up of the Soviet Union, some Russian officials stated that this kind of zone would be still relevant. In particular, they saw a denuclearized Eastern Baltic with non-allied states as a far more positive alternative to NATO enlargement to the Baltic States. As Admiral V. Kuroyev put it, a system of international relations should be created for the Baltic which would 'be based on good neighbourliness, on partnership and directly

<sup>20</sup> Z. Brzezinski, 'A More Punitive Policy Toward Poland is Needed', *Los Angeles Times*, 21 March 1982.

<sup>21</sup> Quoted in F. Nieto, 'Satisfaction à Helsinki. M. Gorbatchev a mis un point final à la 'controverse' sur la neutralité finlandaise' *Le Monde*, 28 October 1989.

<sup>22</sup> Quoted in P. Vares, 'Dimensions and Orientations in the Foreign and Security Policies of the Baltic States,' in A. Dawisha and K. Dawisha, (eds.), *The Making of Foreign Policy in Russia and the New States of Eurasia*, London, M. E. Sharp, 1995,

*or indirectly on principles of non-participation in military alliances aimed at other parties. Also important would be the consent of all the Western countries to the recognition of the Baltic Sea as a nuclear weapon free zone and that the access of both nuclear-powered and nuclear-armed vessels to Baltic waters would be prohibited*<sup>23</sup>. With a phraseology typically worthy of the Soviet time, Moscow wanted to set up a zone which would become a buffer area, where it will be needless for the Baltic States to join NATO. Concomitantly to the Russian tries to establish such a zone, Belarus proposed the establishment of a nuclear-weapon-free zone in Central and Eastern Europe ‘from the Black Sea to the Baltic Sea’<sup>24</sup>. All these suggestions grew out of concern that the eastward expansion of NATO could lead to the establishment of western tactical nuclear weapons on the territories of the former members of the USSR or the Warsaw Pact. However, NATO declared in 1996 that it had ‘*no intention, no plan, and no reason to deploy nuclear weapons on the territory of new members nor any need to change any aspect of NATO’s nuclear posture or nuclear policy - and we do not foresee any future need to do so*’<sup>25</sup>. For that matter, Estonia is not inclined to station nuclear weapons on its soil.

## Disarmament measures within the OSCE

Since its creation, one of the aims of the new CSCE/OSCE<sup>26</sup> has been inter alia to strengthen co-operative security throughout the OSCE area. This concept implies the commitment by all participating States, individually and collectively, not to enhance their security at the expense of the security of other States. The OSCE oversees the Treaty on Conventional Armed Forces in Europe (CFE), the Vienna Documents on Confidence- and Security-Building Measures (CSBMs) and the Open skies treaty.

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<sup>23</sup> Speech by the Russian Navy Commander, Fleet Admiral V. Kuroyedov, at the Helsinki National Defence Course Association, 31 October 2000. Quoted in A. Juntanen, ‘Russia’s Geopolitical Interests in the Baltic’, B. Huldt, *et al* (eds.), *The New Northern Security Agenda. Perspectives from Finland and Sweden*, Helsinki and Stockholm, Strategic Yearbook 2004, Finnish National Defence College and Swedish National Defence College, 2003, p. 268.

<sup>24</sup> This proposal has since been repeatedly advanced by the governments of Belarus and Ukraine and even at the 51st (1996) UN General Assembly.

<sup>25</sup> Secretary General’s Statement to the Press, 10 December 1996. (<http://www.nato.int/docu/speech/1996/s961210m.htm>).

<sup>26</sup> The Conference on Security and Cooperation in Europe (CSCE) became the Organisation for Security and Cooperation in Europe (OSCE) in 1995.

*The Treaty on Conventional Armed Forces in Europe*

The Treaty on Conventional Armed Forces in Europe (CFE Treaty), signed in Paris on 19 November 1990, by the members of NATO and the Warsaw Pact, is a landmark arms control agreement that established parity in major conventional armaments (Treaty Limited Equipment/TLE) between East and West from the Atlantic to the Urals.

On 18 October 1991, the 22 CFE state parties at the Joint Consultative Group (JCG) in Vienna agreed that the territory of the three independent Baltic states would no longer be considered part of the Soviet Baltic Military District and thus no longer as part of the CFE area of application<sup>27</sup>. The statement by the chairman of the JCG noted that the Soviet equipment deployed in Estonia, Latvia and Lithuania would be counted in the Soviet ceilings and remain subject to the CFE inspection regime until withdrawn from the Baltic States. National forces raised by the three independent Baltic States would not be subject to CFE limits. Assuming that the impending dissolution of the USSR would complicate ratification, the US and USSR ambassadors agreed bilaterally that the three Baltic states should not be parties to the treaty<sup>28</sup>. Nevertheless, the Soviet forces on Baltic territory should be subject to CFE inspections and information exchanges. Estonia, as well Latvia and Lithuania, seemed satisfied with the arrangement. They wanted to get rid of the Soviet military presence and sought to insulate themselves from the reach of Soviet military power. They saw the CFE Treaty as an excellent tool to escape from the Soviet sphere. The exclusion of Estonia from the treaty was in a certain extent also an issue of sovereignty. Baltic leaders argued that they were neither signatories to the original agreement nor successor states to the Soviet Union, and they refused to participate in the May 1992 Tashkent conference<sup>29</sup>.

Subsequently, Baltic leaders appeared to be less reluctant towards the CFE regime and became aware of the potential benefits of the treaty regime. They realized that as treaty partners they would have been privy to regular information exchanges about the other parties' military forces and would have had the right to inspect military establishments in the Russia<sup>30</sup>. It seemed logical that entry into the CFE regime as new member would underscore its

<sup>27</sup> *Arms Control Reporter*, sheet 407.D.83, 1991.

<sup>28</sup> J. M. O. Sharp, 'CFE and the Baltic Rim', *The NEBI Yearbook 1998*, North European and Baltic sea Integration, Nordregio, Berlin, Springer, p. 425.

<sup>29</sup> Following the dissolution of the Soviet Union, the former Soviet republics within the treaty's area of application (with the exception of the Baltic states) met in Tashkent in May 1992 and determined their respective TLE limits from the total allocated to the Soviet Union.

<sup>30</sup> See M. Chillaud, 'Incertitudes stratégiques en Europe septentrionale. Les États baltes, l'OTAN et le Traité FCE', *Annuaire français de relations internationales*, Brussels, Bruylant, volume III, 2002. (<http://www.afri-ct.org/IMG/pdf/chillaud.pdf>).

sovereignty, offer additional security reassurances and, seen from Tallinn, a prerequisite to future entry into NATO<sup>31</sup>.

The flank agreement of May 1996 caused concern among Estonia and Latvia by allowing Russia to raise its ceiling for armoured combat vehicles in the Pskov region (from 180 to 600)<sup>32</sup>. Analysed as a betrayal of their interests by the NATO parties, the two countries considered that it was too harmful for their security not to be part of the treaty.

If the 1999 Agreement on Adaptation of the CFE Treaty moved away from the cold war philosophy (NATO and the Warsaw Pact) towards one of national limitations and is now open for any other European country, the 'old' CFE Treaty is still based on dialectics of blocs and by definition does not offer countries from either of the two organizations the possibility of accession. Although some adaptations to the treaty were set up at a later date, the Baltic States were excluded from joining it. It is a *de facto* closed treaty. As long as the 1999 agreement remains unratified, Estonia, as well Latvia and Lithuania, cannot join the treaty, although they have indicated openness to join the Adapted version of the Treaty, signed in November 1999, whenever the larger Russia-West controversy, that has delayed its entry into force, is resolved<sup>33</sup>.

Estonia has indeed demonstrated a keen interest in CFE, as expressed in Estonia's Annual Exchange of Information on Defence Planning 2000<sup>34</sup>:

*Despite the fact that Estonia is not yet a party to the Treaty on Conventional Armed Forces in Europe (CFE Treaty), Estonian security is strongly influenced by the CFE's regime and application. Estonia is seriously considering the issue of possible accession to the CFE Treaty in the future.*

This shows that the CFE regime is an element of Estonian security whether Estonia is a member of CFE or not. Secondly, it indicates that Estonia is in fact considering CFE accession.

<sup>31</sup> Even though officially there is no link between the enlargement of NATO and the CFE Treaty. According to the Study of NATO Enlargement 'Therefore, from a legal point of view, NATO's enlargement per se has no impact on the Treaty'. *Study of NATO Enlargement*, Sept. 1995 (<http://www.nato.int/docu/basicxt/enl-9503.htm>).

<sup>32</sup> 'CFE Treaty Alterations Damaging to Estonia's Security', *Estonian Review*, vol. 6, no. 23 (June 1996): 3-9.

<sup>33</sup> See P. Dunay, 'Either Bring the Adapted CFE Treaty into Force or Do Not – But Face the Consequences', Institute for Peace Research and Security Policy at the University of Hamburg (ed.), *OSCE Yearbook 2003*, Baden-Baden: Nomos Verlag, 2004, pp. 259-288; Z. Lachowski, 'The Adapted CFE Treaty and the Admission of the Baltic States to NATO', Stockholm, SIPRI, December 2002. ([http://editors.sipri.se/pubs/CFE\\_Treaty\\_report.pdf](http://editors.sipri.se/pubs/CFE_Treaty_report.pdf)). Ratification by NATO Allies of the Adapted Treaty is awaiting Russia's compliance with adapted CFE flank provisions and continued fulfilment of its Istanbul summit commitments regarding withdrawals of Russian forces from Georgia and Moldova.

<sup>34</sup> *Estonia's Annual Exchange of Information on Defense Planning 2000*, p. 14.

The Estonian National Security Concept, adopted in 2001, which dealt with the period when the country was heading towards NATO and the EU accession, stated that<sup>35</sup>:

*The goal of the CFE Treaty is to increase transparency in states' military activities through limits on conventional forces, the mutual exchange of information and broad and thorough monitoring of the treaty (an important component of which are mutual inspections). Although Estonia is not a party to the CFE Treaty, Estonia's security is strongly influenced by the CFE regime and implementation. [...] Estonia will formulate its position on accession to the CFE Treaty after the details of the adapted treaty and accession principles have been determined.*

According to the National Security Concept of the Republic of Estonia (2004)<sup>36</sup>:

*Estonia is following the development of the Treaty [CFE] as well as the fulfilling of Treaty commitments, and is ready to start accession negotiations after the Treaty, as modified in 1999, becomes effective.*

The three Baltic states cannot join the treaty because the updated treaty, which supplants the original treaty's arms limits on the two former Cold War military blocs with national limits for each state-party, has not entered into force. None of the three Baltic countries currently have arms limits, leading Moscow to suggest that NATO is taking advantage of this loophole stockpiling huge amounts of weaponry along Russia's western border<sup>37</sup>.

Fallaciously, Russia linked the issues of NATO enlargement and the CFE treaty in the hope to avoid any foreign military deployment on the territory of the three Baltic states<sup>38</sup>. In March 2004, the Russian Ministry of Foreign Affairs argued that if NATO were to deploy some troops on the territory of the Baltic States, Moscow would '*analyse if it is not against the CFE Treaty*'<sup>39</sup> [sic!]. As the Baltic States are not party to the CFE treaty, it would be difficult for Russia to pretend that such deployment would violate it.

Since 1997 Russia has received successive political assurances that NATO

<sup>35</sup> *National Security Concept of the Republic of Estonia*, <http://web-static.vm.ee/static/failid/335/SecurityConcept.pdf>

<sup>36</sup> *National Security Concept of the Republic of Estonia (2004)* [http://www.vm.ee/eng/kat\\_177/4665.html#3](http://www.vm.ee/eng/kat_177/4665.html#3)

<sup>37</sup> W. Boese, 'Dispute Over Russian Withdrawals From Georgia, Moldova Stall CFE Treaty', *Arms Control Today*, September 2004, ([http://www.armscontrol.org/act/2004\\_09/CFE.asp](http://www.armscontrol.org/act/2004_09/CFE.asp))

<sup>38</sup> NATO has declared several times that it will not deploy substantial conventional weapons on the territory of its new members (see *Founding Act on Mutual Relations, Cooperation and Security between NATO and the Russian Federation*, Paris, 27 May 1997. <http://www.nato.int/docu/basicxt/fndact-a.htm>)

<sup>39</sup> 'Moscou contre le déploiement d'avions de l'OTAN dans les pays Baltes', *AFP*, 24 March 2004.

will exercise restraint in weapon deployments and capabilities on the territories of its new members and *a fortiori* on the Baltic states territories<sup>40</sup>. Nevertheless, some Russian diehards continued to express concerns about the admission to NATO of the three Baltic states in the extent that firstly they are not subject to CFE limitations and restraints and secondly they will station some NATO fighter jets. Although NATO contends that its expansion is not aimed at Russia, Moscow appeared unconvinced. Russian Defence Minister Sergei Ivanov declared that the Kremlin had ‘*no illusions about the reasons why the Baltic States were admitted into NATO and why NATO airplanes are being deployed there*’. Ivanov explained, ‘*It has nothing to do with a fight against terrorism and proliferation*’<sup>41</sup>. Russia voiced anxiety that this might be followed by further deployments like the presence of NATO armed forces or as a worst scenario, the creation of a NATO-US military base close to its borders<sup>42</sup>. In response, at the NATO-Russia Council (NRC) on 2 April 2004 NATO reiterated its previous pledges regarding the non-deployment of nuclear weapons and substantial conventional armaments on a permanent basis on the territories of the new members, as well as the Baltic states’ own promise to demonstrate military restraint and to promptly accede to the adapted treaty regime once it enters into force<sup>43</sup>.

On 26 April 2007 Russian President Vladimir Putin decided to adjourn *sine die* the application in Russia of the CFE Treaty. He steadfastly linked his unhappiness over the missile-defense plan in Poland and Czech Republic to a stinging criticism of the alleged failure by NATO nations to approve changes to the CFE treaty. ‘*I think it is necessary to announce a moratorium on Russia’s implementation of the CFE treaty until all NATO countries ratify it and start to strictly adhere to it, as Russia does today unilaterally (...) NATO newcomers, such as Slovakia and the Baltic states, despite preliminary agreements with the alliance, have not joined the CFE treaty altogether*’ the Russian president said, adding that the treaty has been implemented only at the level of information exchange and mutual inspections<sup>44</sup>.

Russian arguments, once again, appear untrue and fallacious since firstly NATO countries are willing to implement the new CFE Treaty and secondly

<sup>40</sup> See C. Kucia, ‘Baltics Deny Plans to Deploy NATO Nuclear Weapons’, *Arms Control Today*, October 2002 ([http://www.armscontrol.org/act/2002\\_10/balticsoct02.asp](http://www.armscontrol.org/act/2002_10/balticsoct02.asp)).

<sup>41</sup> Quoted in W. Boese, ‘NATO Expands, Russia Grumbles’, *Arms Control Today*, May 2004, [http://www.armscontrol.org/act/2004\\_05/NATO.asp](http://www.armscontrol.org/act/2004_05/NATO.asp). See also L. Hill, ‘Russia resents alliance in Baltic aerospace’, *Jane’s Defence Weekly*, vol. 41, no. 14, 7 April 2004 and S. Lee Myers, ‘Fighter jets’ roar stirs joy and anger’, *The International Herald Tribune*, 3 April 2004.

<sup>42</sup> L. Mandeville/P. Rousselin, ‘Sergueï Ivanov : “La Russie ne comprendrait pas que l’Otan installe des bases en terre balte”’, *Le Figaro*, 8 March 2004.

<sup>43</sup> Z. Lachowski, ‘Conventional arms control and military confidence building’, in *SIPRI Yearbook 2005*, Oxford University Press, 2005, p. 655.

<sup>44</sup> ‘Putin proposes moratorium on CFE treaty’, RIA Novosti, Moscow, 26 April 2007.

the Baltic States cannot join the CFE Treaty, whether the old one (it is a *de facto* closed treaty) or the new one (its entry into force depends precisely on Russian good will in Georgia and Moldova). Putin's decision must be analysed as an expression of annoyance with the U.S. plans for a missile shield in Eastern Europe. Moreover, as analysed in the introduction, a moratorium is by nature reversible and Russia has some strong interests to stay in CFE Treaty.

### *Confidence and Security Building Measures*

When Estonia joined the CSCE on 10 September 1991, it integrated all CSCE documents including CSBMs<sup>45</sup>. One of its first significant proposals was to integrate in the 1992 Vienna Document the authority of all states who have foreign troops on their territory without the permission of the host country, the right to obtain detailed information on these troops and to monitor them. If its proposal was not accepted, any alternative proposal must be considered in the context of the Estonian concern about the Russian troops on its territory and its eagerness to see them withdrawn from the country.

This form of arms control, in the 1990s, has been diverted from its initial philosophy by a Russia reluctant to accept the concept of 'regional arms control' and more keen on the concept of 'regional security cooperation', a security framework which, from a Russian perspective, would turn out to be a perfect ersatz of NATO. Logically, the primary concern of Estonia was not to depart from the principle of indivisibility of pan-European security and to avoid finding itself face-to-face with Russia.

When Moscow undertook some unilateral and multilateral security assurances and guarantees, no one was taken in by the real Russian intentions: keeping NATO away from its borders. On 5 September 1997, Russian Prime Minister Viktor Chernomyrdin, speaking at a conference organized by Lithuania and Poland in Vilnius, proposed a set of CSBMs for the Baltic Sea states with the aim of turning the region into a zone of low military activity in return for their remaining outside military alliances. In this package of measures there were *inter alia* a hotline between Russia's Kaliningrad military command and the Baltic states, mutual notification of large scale military exercises in the region, mutual naval visits, limits on naval exercises, and a Russian promise to hold only one defensive exercise in the Kalinin-grad region. Actually, the purpose was to prevent them from joining NATO.

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<sup>45</sup> The development of Confidence and Security-Building Measures has accompanied the CSCE process from the very beginning. The first confidence building measures were introduced by the Helsinki Final Act. They were designed 'to contribute to reducing the dangers of armed conflict and of misunderstanding or miscalculation of military activities which could give rise to apprehension, particularly in a situation where the participating States lack clear and timely information'.



Chernomyrdin said Russia would oppose inclusion of former Soviet republics in NATO, adding, '*Russia feels alarmed by the fact that the states of the Baltic region are mentioned in the Madrid declaration, even though they are mentioned in connection with future stages of expansion*'<sup>46</sup>. The Baltic states' response to Russia's attempt to keep them away from NATO was unenthusiastic. Latvian President Guntis Ulmanis said, '*The Baltic states cannot accept this. It could lead to a second annexation of Baltic by Russia*'<sup>47</sup>.

In connection with Lithuanian President Brazauskas's visit to Moscow in October 1997, President Yeltsin offered a set of security guarantees and co-operative projects to the Baltic states, in the shape of a 'Pact of Security and Regional Stability'<sup>48</sup>. The Yeltsin text said *inter alia*:

*On Russia's side, we have already declared that we guarantee the security of the Baltic States. In developing this initiative, we propose that such guarantees should take the form of a unilateral undertaking by the Russian Federation, reinforced, probably, concerning international law, by the conclusion of an agreement of good-neighbourliness and mutual security guarantees between Russia and individual Baltic states or between Russia and the three Baltic states together*<sup>49</sup>.

Afterwards, during his visit to Sweden in December 1997, the Russian president pledged to unilaterally cut Russian land and naval forces, chiefly in north-western Russia, by 40 per cent by January 1999<sup>50</sup>. At the same time he reiterated and strengthened the Chernomyrdin's proposal regarding CSBMs in the Baltic region and border areas.

Later Deputy Foreign Minister Alexander Aydeev elaborated more on the proposals. According to him, Russia envisages three stages of wide-ranging talks on the security, all of them related to confidence-building with the Baltic States<sup>51</sup>. Zdzislaw Lachowski argues rightly that '*the changes announced by the Russian authorities seem to be motivated as much by political interest and necessary military reform as by the very difficult financial situation of the Russian Federation*'<sup>52</sup>.

<sup>46</sup> *Jane's Defence Weekly*, 10 September 1997.

<sup>47</sup> *Arms Control Reporter*, 1997, p. 402.B-1.31.

<sup>48</sup> 'La Russie propose aux Baltes un pacte de sécurité régionale', *Le Monde*, 27 October 1997.

<sup>49</sup> Quoted in O. F. Knudsen, *Cooperative security in the Baltic Sea region*, Paris, Chaillot Paper n°33, November 1998.

<sup>50</sup> D. Williams, 'Yeltsin Vows 40% Cut in Russia's Baltic Forces', *International Herald Tribune*, 4 December 1997.

<sup>51</sup> Interview with A. Aydeev, 'La région de la Baltique, zone d'intérêt national pour la Russie', *Problèmes économiques et sociaux*, n°809, 25 Sept. 1998, p. 28.

<sup>52</sup> Z. Lachowski, 'Prospects for Arms Control Regional Security in the Baltic Sea Area', in P. Joenniemi (ed.), *Confidence-Building and Arms Control: Challenges Around the Baltic Rim*, Marienhamn, Åland Islands Peace Institute, p. 19.

Indeed, these propositions were to a certain extent fallacious. Nevertheless, they led to a more constructive approach between Estonia and Russia in the field of confidence-building. For instance, at the end of the 1990s, Estonia and Russia entered into a bilateral arrangement on additional evaluation visits and exchange of information. Its content was: one additional evaluation visit a year and an exchange of additional information in accordance with the CFE treaty information exchange format.

Since then Estonia has demonstrated a keen interest in CSBMs. The National Security Concept, adopted in 2001 states that:

*In working out its national defence system, Estonia follows the relevant international arms control and CSBM regulations and norms. (...)The Vienna Document supplements the Conventional Forces in Europe (CFE) Treaty by creating a means for the additional exchange of information about planned and implemented military activities and by providing an opportunity to verify exchanged information by way of mutual inspection visits. In addition, the Vienna Document regulates the possibility to hold consultations, observe military exercises and engage in other such mutual confidence building measures.*

The National Security Concept of the Republic of Estonia (2004)<sup>53</sup> deals with CSBMs and the CFE Treaty.

*Estonia supports all confidence and security building measures (CSBM) being implemented in the Euro-Atlantic region. (...). Estonia is following the development of the Treaty [CFE] as well as the fulfilling of Treaty commitments, and is ready to start accession negotiations after the Treaty, as modified in 1999, becomes effective.*

As for strategic doctrine of the Estonian army, it is said that in accordance with the National Military Strategy (2005):<sup>54</sup>

*International and, in particular, regional defence co-operation contributes to the acquisition of resources and the development of military capabilities that would otherwise be beyond Estonia's limited national means. For this key role, the defence structures must ensure their readiness (...) to participate in implementing Confidence and Security Building Measures (CSBM) and in the arms control process.*

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<sup>53</sup> National Security Concept of the Republic of Estonia (2004) [http://www.vm.ee/eng/kat\\_177/4665.html#3](http://www.vm.ee/eng/kat_177/4665.html#3)

<sup>54</sup> *National military strategy* (2005) <http://www.kmin.ee/?op=body&cid=369>

### *Open Skies Treaty*

Another treaty within the OSCE deals with confidence-building: the Open Skies Treaty. Signed in Helsinki on 24 March 1992, the treaty which entered into force on 2 January 2002, after Russia and Belarus completed ratification procedures<sup>55</sup>, is designed to enhance mutual understanding and confidence by giving all participants, regardless of size, a direct role in gathering information about military forces and activities of concern to them. Open Skies is one of the most wide-ranging international efforts to date promoting openness and transparency of military forces and activities. It permits each state-party to conduct short-notice, unarmed, reconnaissance flights over the others' entire territories to collect data on military forces and activities. Observation aircraft used to fly the missions must be equipped with sensors that enable the observing party to identify significant military equipment, such as artillery, fighter aircraft, and armoured combat vehicles.

Before Estonia joined the treaty in May 2005, it got some technical assistance from the US, the UK, Norway, Sweden and France in order to prepare its future monitoring flights<sup>56</sup>. The GCC granted one quota to Estonia.<sup>57</sup> The distribution of flight quotas has been a source of concern to the extent that the GCC asked the three Baltic states if they were interested to pool theirs (like the Benelux countries). They preferred to be granted only one quota even though a pool with Latvia and Lithuania would have given them the possibility of more overflights. Having no plane adapted to such missions, Estonia had to rent one in 2006, the first year when it used its quota.

### Contemporary disarmament issues

Having absolutely no ambitions to get some WMD, Estonia has logically signed all the treaties which are bent on the fight against proliferation. Hitherto, Estonia has indeed joined all the most significant multilateral disarmament treaties<sup>58</sup>. Amongst all the international organisations related to disarmament

<sup>55</sup> W. Boese, 'Open Skies Treaty Enters in Force', *Arms Control Today*, January/February 2002. [http://www.armscontrol.org/act/2002\\_01-02/openskiesjanfeb02.asp](http://www.armscontrol.org/act/2002_01-02/openskiesjanfeb02.asp).

<sup>56</sup> 'Prantslaste lennuk teeb Eestis vaatluslende', *Postimees*, 24 April 2005.

<sup>57</sup> Decision n°9/05, *Allocation d'un quota passif à la république d'Estonie*, 4<sup>ème</sup> séance de la 37<sup>ème</sup> session de la Commission consultative pour le régime Ciel ouvert, 18 July 2005.

<sup>58</sup> According to the 1969 Vienna Convention on the Law of Treaties, the status of a State's participation in treaties and organisations is defined in terms of its membership of and adherence to international organisations, treaties and agreements. A State Party fulfilled and implemented domestic legislative legal practices to bring about the legal application of the Treaty on the government and other entities to which the Treaty is applicable, such as formal approval by parliament or legislative

mament issues, Estonia is either a member (United Nations, International Atomic Energy Agency, Organization for the Prohibition of Chemical Weapons, Comprehensive Test Ban Treaty Organisation Preparatory Commission) or an observer (Conference on Disarmament). Estonia is a state party to the Convention on the Prevention and Punishment of the Crime of Genocide (Genocide Convention), the Geneva Convention, Relative to the Protection of Civilians Persons in time of War, the Antarctic Treaty, the Protocol I Additional to the 1949 Geneva Conventions, and Relating to the Protection of Victims of International Armed Conflicts and Protocol II Additional to the 1949 Geneva Conventions, and Relating to the Protection of Victims of Non-International Armed Conflicts, the Convention on the Physical Protection of Nuclear Material Convention on Prohibitions or Restrictions on the Use of Certain Conventional Weapons Which May Be Deemed to Be Excessively Injurious or to Have Indiscriminate Effects (with Protocols I, II and III), the Nuclear Proliferation Treaty (NPT), the Comprehensive Test Ban Treaty (CTBT), the Nuclear Safety Convention, the Convention on the Physical Protection of Nuclear Material, the Chemical Weapons Convention, the Biological and Toxins Weapons Convention, the Geneva Protocol. It signed the International Code of Conduct against Ballistic Missile and the Joint Spent Fuel Management Convention. Last, but not least, amongst the non-proliferation export controls, it is a member of the Nuclear Suppliers Group, the Australia Group and the Wassenaar Arrangement<sup>59</sup>. Non-proliferation issues concerning Estonia stem primarily from the field of export controls.

Estonia played an important role in the civilian and military nuclear programs of the former Soviet Union. Its major facilities were the Sillamäe Metal and Chemical Production Plant, which milled uranium ore until 1990, when it began to focus exclusively on rare-earth metal production, and the Paldiski training reactor facility, which had two research reactors (now dismantled) that were used to train Soviet naval personnel to work on nuclear submarines. Estonia received foreign assistance from a number of countries, particularly from Nordic countries, to improve conditions at radioactive waste sites associated with the nuclear complex<sup>60</sup>. It joined the NPT in January 1992 and concluded with the IAEA safeguards agreements on 1 December 2005<sup>61</sup>

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bodies, and the Treaty is formally declared to be applicable on the State Party, and the required legal instrument of ratification has been duly deposited with the depositary. A Signatory State refers to a State whose competent authority or representative has affixed its signature to a Treaty text thus indicating acceptance of the Treaty and a commitment not to undertake any actions that would jeopardize the purpose of the Treaty formal ratification.

<sup>59</sup> See the relevant appendix.

<sup>60</sup> See T. Jonter and L. van Dassen, 'Making Historical Surveys of States' Nuclear Ambitions: Experiences from the Baltic Sea', *Non-proliferation review*, vol. 12, n°1, 2005, pp. 225-270.

<sup>61</sup> The application of safeguards in Estonia under the NPT safeguards agreement, in force since 24

In the field of chemical and biological weapons, Estonia has already joined all the treaties and regimes of non-proliferation and there is no evidence to suggest that Tallinn possesses, or is pursuing such weapons. Finally, it does not possess or produce ballistic missiles and is a signatory to the International Code of Conduct Against Ballistic Missiles.

Estonia's export control system was first established in 1994 to reflect the country's commitment to the principles of the international organizations and agreements in which it participates. The law On Export and Transit of Strategic Goods was adopted by the Riigikogu on 6 April 1994. This law and other legislation passed the same year were based on the guidelines of the Australia Group, the Nuclear Suppliers Group, the Missile Technology Control Regime, and the now-defunct COCOM<sup>62</sup>. In 1999, new export control legislation and regulations were introduced that reflect regulations of the EU and international export control regimes<sup>63</sup>

As for the EU Code of Conduct, Estonia has constantly shown a very strong interest<sup>64</sup>. Estonia, with twelve other European states, made a statement on August 1998 according to which they undertake to '*align themselves to the criteria and principles*' of the EU code of conduct on arms exports. The 13 states declared that the non-legally binding code would '*guide them in their national export control policies*'. Since February 2005, Estonia has published its annual export on arms exports detailing activities the year before. The documents provide information on licences granted for the import, export and transit of military equipment and dual-use goods. They detail the category of the goods, their value and their destination<sup>65</sup>. Estonia has always supported the action of the EU in the field of disarmament (the European Security Strategy 'A Secure Europe in a better world', the Strategy against the proliferation of WMD, the Strategy to combat illicit accumulation and trafficking of SALW and their ammunition and the Security related export controls).

Last, but not least, Estonia has never really expressed any significant reservations within the United Nations in the field of disarmament. It became observer at the Conference on Disarmament in 2000, it joined in 1999 the

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November 1997, was suspended on 1 December 2005, on which date the agreement of 5 April 1973 between the non nuclear-weapon States of EURATOM, to which Estonia had acceded, entered into force for Estonia.

<sup>62</sup> COCOM is an acronym for *Coordinating Committee for Multilateral Export Controls*. It was established in 1947 to put an embargo on Western exports to East Bloc countries during the Cold War. It ceased to function on 31 March 1994 and was replaced by the Wassenaar Arrangement.

<sup>63</sup> [http://www.vm.ee/Export\\_Control/expconest.htm](http://www.vm.ee/Export_Control/expconest.htm)

<sup>64</sup> Under code's eight general criteria, EU members pledged to deny arms exports to states that may use the weapons for internal repression or aggressively against other states and to consider an importer's human rights record before approving an arms sale

<sup>65</sup> Estonian Ministry of Foreign Affairs, 'Export Controls', [http://www.vm.ee/eng/kat\\_153](http://www.vm.ee/eng/kat_153)

1992 register of Conventional Arms and in 2004 the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on Their Destruction. It is noteworthy that Estonia has wisely preferred to be sure that it will join NATO before signing this treaty. Traditional arguments by the military that antipersonnel mines can be an inexpensive and efficient method of slowing massive land invasion were persuasive. Finally, it turned out that being covered by NATO nuclear deterrence was the best substitute for landmines.

### Continuity and change in Estonia's strategic agenda

Usually, the role of small states, such as Estonia, in international politics is limited: to put it bluntly 'they execute rather than formulate policy'. In this sense, Estonia is less proactive than reactive. In the field of disarmament, one must acknowledge that this iron law of necessity is unquestionably true: Estonia always falls into line with its main strategic partners. In the case of the US, because of a deep transatlantic attachment, Estonia has never really kicked off any significant debate on the relevancy of American arguments, these latter apparently being the subject of no dispute, whether it concerned the American anti-ballistic program (Missile Defense/MD) or the war in Iraq<sup>66</sup>. Estonia has indeed supported the MD even though it implied unavoidably the termination of the ABM treaty. Moreover, the current controversy on the American ballistic missile system which will be set up in Czech Republic and in Poland has brought about no negative reaction from Tallinn<sup>67</sup>. Estonia has strongly defended the official position of NATO according to which the antiballistic shield must protect American and European territories against missiles from 'rogue' states and not from Russia. As for the alleged WMD in Iraq, because of a broad consensus within the political elite, no one had really questioned the pertinence of the American arguments. The vocabulary used by Estonia to justify its falling into line with the US was *mutatis mutandis*, identical to that used by Washington.

Actually, in the early 1990s, Estonia was obviously reluctant to consider arms control policies. It was not in its primary political agenda, mainly because the Estonian perception of arms control was biased by several factors. Firstly, Estonia had to make a fresh start in strategic issues and had to construct *ex nihilo* an army. Its primary purpose was to arm rather than to

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<sup>66</sup> The official reason for the military campaign was insufficient Iraqi cooperation with the UN weapons inspectors who searched for WMD.

<sup>67</sup> See Sven Mikser, 'Vastuoluline raketikilp', *Postimees*, 28 March 2007. The analysis of the issue, even though strongly inclined to accept American arguments, is, nevertheless, very comprehensive.

disarm. Secondly, Estonia had to cope with a massive presence of Russian soldiers on its territory (its primary aim was indeed to disarm them) and thought that its accession to the CFE Treaty would lend legitimacy to a prolonged Soviet/Russian army presence. Thirdly, Estonia's only arms control experience was with a Soviet Russia/USSR/Russia who had always been tempted to use the alibi of arms control to give a veneer of respectability to its power politics in the region. In view of its past historical experience with Russia, Estonia knows that it would be dangerously naïve to believe in agreements and guarantees, since whenever wars break out, Russia is bound to violate them. As seen from Tallinn, any arms control negotiations with Russia must begin with a strong assumption that it must create reciprocal obligations: encouraging the formulation of regional disarmament and arms limitation measures in order to create military stability in the region is good, but if it does not result in actual verifiable limitations or reductions, it is useless. Moreover, by principle, power politics and misperceptions do not stimulate arms control. Estonia remembers the disarmament negotiations, conducted under the auspices of the League of Nations in the 1920s and at the beginning of the 1930s, which became symbolic for their conspicuous failure. Fourthly, the ultra-US orientation of Estonia has contributed to distort this same perception. The US, strongly perceived as the 'champion' of its security, cannot jeopardize the Estonian security and it makes sense, from an Estonian perspective, to defend Washington utterly. Estonia has never expressed any disagreement with the American diplomacy of disarmament with the exception of the flank 1996 agreement when the US had given almost *carte blanche* to Russia to increase its ELT in the Pskov region. Nevertheless, despite of this 'betrayal', Estonia still expects that in return of its loyalty, Washington will support its security interests against Russia.

Subsequently, Estonia became aware that its strategic socialisation with the West required a more intensive involvement with disarmament issues. After having been reluctant to participate in disarmament and preferring to lag behind, Estonia became a zealous and staunch pupil in the international diplomacy of disarmament: it joined almost all of the non-proliferation regimes and treaties even though some of them have no direct bearing on its own security.

Treaty	Content	Signature	Entry into force	ratification by Estonia
<ul style="list-style-type: none"> <li>Treaty of Årthu</li> </ul>	Some measures deal with disarmament issues.	2 February 1920	30 March 1920	
<ul style="list-style-type: none"> <li>Convention on the Non-Fortification and Neutralization of the Åland Islands</li> <li>Declaration of continuity by the Republic of Estonia concerning the Convention on Non-fortification and Neutralization of the Åland Islands</li> </ul>	The purpose of establishing demilitarized or neutralized zones is to prevent acts of war from taking place within the zone of the Åland Islands.	20 Nov 1921	11 May 1922	3 April 1923  26 June 1992
<ul style="list-style-type: none"> <li>Protocol for the Prohibition of the Use in War of Asphyxiating, Poisonous or Other Gases and of Bacteriological Methods of Warfare</li> </ul>	The protocol declares that the parties agree to be bound by the prohibition on the use of these weapons in war.	17 June 1925	8 February 1928	28 August 1931
<ul style="list-style-type: none"> <li>Convention on the Prevention and Punishment of the Crime of Genocide (Genocide Convention)</li> </ul>	Under the convention any commission of acts intended to destroy, in whole or in part, a national, ethnic, racial or religious group as such is declared to be a crime punishable under international law.	9 Dec 1948	12 January 1951	21 October 1991
<ul style="list-style-type: none"> <li>Geneva Convention (IV) Relative to the Protection of Civilians Persons in time of War</li> </ul>	Geneva Convention (IV) establishes rules for the protection of civilians in areas covered by war and on occupied territories. This convention was worked out at the Diplomatic Conference held from 21 April to 12 August 1949. (Other conventions adopted at the same time: Convention (I) for the Amelioration of the Condition of the Wounded and Sick in Armed Forces in the Field; Convention (II) for the Amelioration of the Condition of the Wounded, Sick and Shipwrecked Members of Armed Forces at Sea; and Convention (III) Relative to the Treatment of Prisoners of War.)	12 August 1949	21 October 1950.	18 January 1993



<ul style="list-style-type: none"> <li>• Antarctic Treaty</li> </ul>	<p>Declares the Antarctic an area to be used exclusively for peaceful purposes. Prohibits any measure of a military nature in the Antarctic, such as the establishment of military bases and fortifications, and the carrying out of military manoeuvre or the testing of any type of weapon. The treaty bans any nuclear explosion as well as the disposal of radioactive waste material in Antarctica.</p>	<p>1 Dec 1949</p>	<p>23 June 1961</p>	<p>17 May 2001</p>
<ul style="list-style-type: none"> <li>• Treaty on the Non-Proliferation of Nuclear Weapons (NPT)</li> </ul>	<p>The treaty prohibits the transfer by nuclear weapon states (defined in the treaty as those which have manufactured and exploded a nuclear weapon or other nuclear explosive device prior to 1 January 1967) to any recipient whatsoever, of nuclear weapons or other nuclear explosive devices or of control over them, as well as the assistance, encouragement or inducement of any non-nuclear weapon state to manufacture or otherwise acquire such weapons or devices. It also prohibits the receipt by non-nuclear weapon states from any transferor whatsoever, as well as the manufacture or other acquisition by those states, of nuclear weapons or other nuclear explosive devices. The parties undertake to facilitate the exchange of equipment, materials and scientific and technological information for the peaceful uses of nuclear energy and to ensure that potential benefits from peaceful applications of nuclear explosions will be made available to non-nuclear weapon parties to the treaty.</p>	<p>1 July 1968,</p>	<p>5 March 1970</p>	<p>January 1992</p>
<ul style="list-style-type: none"> <li>• Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction</li> </ul>	<p>The convention prohibits the development, production, stockpiling or acquisition by other means or retention of microbial or other biological agents, or toxins whatever their origin or method of production, of types and in quantities that have no justification of prophylactic, protective or other peaceful purposes, as well as weapons, equipment or means of delivery designed to use such agents or toxins for hostile purposes or in armed conflict. The destruction of the agents, toxins, weapons, equipment and means of delivery in the possession of the parties, or their diversion to peaceful purposes, should be effected not later than nine months after the entry into force of the convention for each country. According to a mandate from the 1996 BTWC Review Conference, verification and other measures to strengthen the convention are being discussed and considered in an Ad Hoc Group.</p>	<p>10 April 1972</p>	<p>26 March 1975</p>	<p>21 June 1993</p>

• The Nuclear Suppliers Group	The Nuclear Suppliers Group is a group of nuclear supplier countries that seeks to contribute to the non-proliferation of nuclear weapons through the implementation of two sets of Guidelines for nuclear exports and nuclear-related exports.	1975	Estonia joined the NSG in 2004
<ul style="list-style-type: none"> <li>• Protocol I Additional to the 1949 Geneva Conventions, and Relating to the Protection of Victims of International Armed Conflicts and Protocol II Additional to the 1949 Geneva Conventions, and Relating to the Protection of Victims of Non-International Armed Conflicts</li> </ul>	The protocols confirm that the right of the parties to international or non-international armed conflicts to choose methods or means of warfare is not unlimited and that it is prohibited to use weapons or means of warfare which cause superfluous injury or unnecessary suffering.	12 Dec 1977	7 Dec 1978 18 January 1993
<ul style="list-style-type: none"> <li>• Convention on the Physical Protection of Nuclear Material</li> </ul>	The convention obligates the parties to protect nuclear material for peaceful purposes while an international transport.	3 March 1980	8 February 1987 6 April 1994
<ul style="list-style-type: none"> <li>• The Australia Group</li> </ul>	The Australia Group is an informal association that works on the basis of consensus. It aims to allow exporters or transshipment countries to minimize the risk of further proliferation of chemical and biological weapons.	1985	Estonia joined the Australia Group in 2004
<ul style="list-style-type: none"> <li>• Convention on Prohibitions or Restrictions on the Use of Certain Conventional Weapons Which May Be Deemed to Be Excessively Injurious or to Have Indiscriminate Effects (with Protocols I, II and III)</li> </ul>	The convention is an 'umbrella treaty', under which specific agreements can be concluded in the form of protocols. To become a party to the convention a state must ratify a minimum of two of the protocols. Protocol I prohibits the use of weapons intended to injure by fragments which are not detectable in the human body by X-rays. (The amendment to Article I of the original, 1981 convention was opened for signature on 21 November 2001. It expands the scope of application to non-international armed conflicts. The Amended Convention entered into force on 18 May 2004.) Protocol II prohibits or restricts the use of mines, booby-traps and other devices. Amended Protocol II, which entered into force on 3 December 1998, reinforces the constraints regarding landmines. Protocol III restricts the use of incendiary weapons.	10 April 1981	2 Dec 1983 Estonia is party only to 1981 Protocols I and III. (20 August 2000)
<ul style="list-style-type: none"> <li>• Protocol IV</li> </ul>	It prohibits the employment of laser weapons specifically designed to cause permanent blindness to unenhanced vision.		30 July 1998

<ul style="list-style-type: none"> <li>• Protocol V</li> </ul>	<p>Protocol V on Explosive Remnants of War, recognizes the need for measures of a generic nature to minimize the risks and effects of explosive remnants of war.</p>	<p>28 Nov 2003</p>	<p>12 Nov 2006</p>	<p>25 November 2006</p>
<ul style="list-style-type: none"> <li>• The United Nations Register of Conventional Arms</li> </ul>	<p>It is a voluntary arrangement established, under General Assembly resolution 46/36 of December 9, 1991, which called upon all member states to provide annually by May 31 of each year, to the Secretary-General, relevant data on imports and exports of conventional arms to be included in the Register</p>	<p>1 January 1992</p>	<p>Estonia joined the Register in 1999</p>	
<ul style="list-style-type: none"> <li>• Open Skies treaty</li> </ul>	<p>The treaty obligates the parties to submit their territories to short-notice unarmed surveillance flights.</p>	<p>24 March 1992</p>	<p>1 January 2002</p>	<p>24 March 2005</p>
<ul style="list-style-type: none"> <li>• The Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies</li> </ul>	<p>The Wassenaar Arrangement has been established in order to contribute to regional and international security and stability, by promoting transparency and greater responsibility in transfers of conventional arms and dual-use goods and technologies, thus preventing destabilising accumulations. Participating States seek, through their national policies, to ensure that transfers of these items do not contribute to the development or enhancement of military capabilities which undermine these goals, and are not diverted to support such capabilities.</p>	<p>12 May 1996</p>	<p>Estonia joined the Wassenaar Arrangement</p>	
<ul style="list-style-type: none"> <li>• Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (Chemical Weapons Convention, CWC)</li> </ul>	<p>The convention prohibits the use, development, production, acquisition, transfer and stockpiling of chemical weapons. Each party undertakes to destroy its chemical weapons and production facilities within 10 years of the entry into force of the treaty.</p>	<p>13 January 1993</p>	<p>29 April 1997</p>	<p>26 May 1999</p>
<ul style="list-style-type: none"> <li>• Comprehensive Nuclear Test-Ban Treaty (CTBT)</li> </ul>	<p>The treaty prohibits the carrying out of any nuclear weapon test explosion or any other nuclear explosion, and urges each party to prevent any such nuclear explosion at any place under its jurisdiction or control and refrain from causing, encouraging, or in any way participating in the carrying out of any nuclear weapon test explosion or any other nuclear explosion.</p>	<p>24 Sept 1996</p>	<p>not currently in force</p>	<p>21 June 1999</p>

		5 Sept 1997	18 June 2001	Signed but not ratified
<ul style="list-style-type: none"> <li>Joint convention on the safety of spent fuel management and on the safety of radioactive waste management</li> </ul>	<p>The Joint Convention applies to spent fuel and radioactive waste resulting from civilian nuclear reactors and applications and to spent fuel and radioactive waste from military or defence programmes if and when such materials are transferred permanently to and managed within exclusively civilian programmes, or when declared as spent fuel or radioactive waste for the purpose of the Convention by the Contracting Party. The Convention also applies to planned and controlled releases into the environment of liquid or gaseous radioactive materials from regulated nuclear facilities.</p>	3-4 Dec 1997	1 March 1999	12 May 2004
<ul style="list-style-type: none"> <li>Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on Their Destruction</li> </ul>	<p>The convention prohibits anti-personnel mines, which are defined as mines designed to be exploded by the presence, proximity or contact of a person and which will incapacitate, injure or kill one or more persons. Each party undertakes to destroy all its stockpiled anti-personnel mines as soon as possible but not later than four years after the entry into force of the convention for that state party. Each party also undertakes to destroy all anti-personnel mines in mined areas under its jurisdiction or control not later than 10 years after the entry into force of the convention for that state party.</p>	16 Nov 1999	1 January 2000	
<ul style="list-style-type: none"> <li>Vienna Document 1999 on Confidence and Security Building</li> </ul>	<p>The Vienna Document 1999 builds on the 1986 Stockholm Document on Confidence- and Security-Building Measures (CSBMs) and Disarmament in Europe and previous Vienna Documents (1990, 1992 and 1994). The Vienna Document 1990 provided for military budget exchange, risk reduction procedures, a communication network and an annual CSBM implementation assessment. The Vienna Documents 1992 and 1994 introduced new mechanisms and parameters for military activities, defence planning and military contacts. The Vienna Document 1999 introduces regional measures aimed at increasing transparency and confidence in a bilateral, multilateral and regional context and some improvements, in particular regarding the constraining measures.</p>	25-26 Nov 2002	Estonia joined the Code on 25 November 2002	
<ul style="list-style-type: none"> <li>The Hague Code of Conduct against Ballistic Missile Proliferation</li> </ul>	<p>The Code is meant to supplement the Missile Technology Control Regime (MTCR) but unlike it its membership is not restricted. Under the Code, States make politically binding commitments to curb the proliferation of WMD capable ballistic missiles and to exercise maximum restraint in developing, testing, and deploying such missiles. It also introduces transparency measures such as annual declarations and pre-launch notifications regarding ballistic missile and space launch programs.</p>			



# Combating the global threat of terrorism as part of Estonia's foreign policy<sup>1</sup>

Jaap Ora

## Introduction

The threat of international terrorism is one of the major determining factors of international relations and is likely to remain as such for the foreseeable future. Directly and indirectly it affects most of the spheres of international cooperation that Estonia regards as a priority. The threat of terrorism in Estonia is usually analysed as an element of these major themes of international politics. In this article I will make an attempt to separate the issue of terrorism from the usual topics of Estonia's foreign and security policy, and analyse it as a distinct issue. The aim of this exercise is to have a clearer picture of how the sphere of combating terrorism is conceptualised in Estonia, what is the assessment of the impact of terrorism on Estonia's international priorities, what is Estonia's practical contribution to combating terrorism and, finally, to examine the impact of terrorism on Estonia's foreign policy. This includes an assessment of further potential of Estonia as a contributor. The analysis focuses predominantly on foreign policy issues, leaving aside other major spheres, such as justice and home affairs.

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<sup>1</sup> The views expressed in this article are those of the author and do not necessarily reflect the views of the Estonian Ministry of Foreign Affairs. The author thanks his colleagues at the Estonian MFA for their comments and advice.

## General approach of Estonia to the terrorism issue

The basic approach to the terrorism issue in Estonia is dictated by two factors: the foreign and security policy priorities, and an assessment of potential national threat. The Estonian government takes the problem of international terrorism extremely seriously. Estonia's views regarding terrorism concur with those of its partners: it shares and pursues the policies of European Union and NATO and honours the role of international institutions - notably the UN, but also the Council of Europe and the OSCE. The long-term policy of Estonia is to condemn all forms of terrorism, regardless of the motives. The Estonian authorities work carefully to assess the terrorist threat and take measures to prevent it. Measures are also taken to prevent the activities in Estonia of any organisations listed internationally as terrorist organisations, and individuals associated with such organizations. Dealing with the international conditions conducive to the spread of terrorism is also considered a priority.

The current National Security Concept of Estonia, adopted in 2004, emphasises the principle of the indivisibility of security. The concept highlights the rise of new, unconventional threats, international terrorism among them. It also says: "In such conditions, no nation or region of the world is beyond danger". For Estonia also, many previously insignificant threats have become actual. The document goes on to emphasise the importance of quick and effective international cooperation in order to combat terrorism. On the other hand, it also states that international and domestic security threats and tasks are closely intertwined.<sup>2</sup>

Historically, the threat of terrorism in Estonia has been remote. Terrorism has had no role as a tool for any political force or group throughout the otherwise dramatic history of foreign occupations and national liberation. There is also no support in Estonia for the current, mainly al-Qaeda inspired international terrorism. According to the "Fundamentals of Counter-Terrorism in Estonia", adopted by the government in 2006, no terrorist group with intent to commit acts of terror has as yet been identified, nor are there any indications of the presence of individuals in Estonia who support terrorism.<sup>3</sup>

Yet, this assessment does not lead to a conclusion that Estonia is safe from the threat of terrorism. The same document emphasises the international nature of terrorism and the threat that it poses to the basic foundations of a democratic society, and notes that terrorist attacks against our allies and partners can weaken international security cooperation, and consequently the security of Estonia. It also notes that the probability that a terrorist attack

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<sup>2</sup> *National Security Concept of the Republic of Estonia (2004)*, [http://web-static.vm.ee/static/failid/067/National\\_Security\\_Concept\\_2004.pdf](http://web-static.vm.ee/static/failid/067/National_Security_Concept_2004.pdf).

<sup>3</sup> *Fundamentals of Counter-terrorism in Estonia*, <http://www.siseministerium.ee/?id=29744&&langchange=1>.

will be committed in Estonia will be higher than before. It is estimated that the probability that a terrorist act will be committed in Estonia, within the next 10-25 years, is average on a five-point scale. The document outlines the factors behind the increased risk. Al-Qaeda has threatened all the countries that support the United States with revenge for the war in Iraq. While currently no supporters of terrorism have been identified, the Estonian authorities have noted that radical religious groups associated with terrorist organisations have recently shown an increased level of interest in people living in Estonia. It will be easier for people to move around freely once Estonia joins the EU Schengen area. This will also increase the probability that radically-minded people will use this possibility to reside in Estonia.<sup>4</sup>

To sum up, Estonia senses acutely its vulnerability to terrorist attacks, even if not targeted directly against itself, but its partners. The domestic situation is currently benign, but in the medium and long term the risk is increasing. One of the characteristics of the current security situation is the asymmetric nature of risks. The negative effects of regional conflicts in the globalising world reach beyond their immediate area. In order to ensure a lasting peace and stability it is important to contribute to the resolving of these conflicts.

Very recently, the issue of cyber attacks has risen to high prominence.<sup>5</sup> Policymakers and security experts worldwide have taken a renewed look at the issues related to cyber crime and also the potential use of cyber attacks by terrorists. Estonia has called for international cooperation to clarify the legal issues related to cyber crime and cyber terrorism, strengthen the relevant international legal instruments and provide enhanced security against these attacks.

## Post-9/11 situation in the world and its impact on Estonia

9/11 caused justifiably serious reflection in Estonia. It was a massive attack against Estonia's closest ally, the United States. There had been awareness of terrorism as one of the "new security threats", but it had not been placed at

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<sup>4</sup> *Ibid.*

<sup>5</sup> In late April and May 2007 Estonia fell under a sustained and massive cyber attack targeting governmental and private web sites and selected critical information infrastructure. Estonia handled these attacks pretty well and no serious damage was caused. The attacks have been associated with an intimidation campaign conducted at this time in Russia against Estonia. Yet, due to the technical nature of this crime it is difficult to identify the perpetrators. The evaluation of how these attacks have affected Estonian and international risk assessments, although a significant issue, remains outside the remit of this article. The attacks caused a broad debate on how well technically advanced societies are protected against these kinds of attacks.

the top of the list. The reflection after 9/11 concentrated on certain issues: a) did 9/11 change the security situation radically; b) what were the implications for Estonia's security policy priorities, foremost the accession to the EU and NATO.

One of the conclusions was that 9/11 did not so much change the security situation, as our thinking of it. The terrorist attack underlined the seriousness of the threat, and confirmed the predictions, made previously, of many security analysts. Several conclusions were brought forward. First, it was stated, that the new situation did not require a change of Estonia's foreign policy priorities. On the contrary, it was argued that what had happened confirmed that Estonia's foreign policy priorities were sound, and the ongoing accession processes to NATO and the EU had to be continued. This was stated both by Foreign Minister Ilves<sup>6</sup> and by Deputy Under-Secretary of the MFA Harri Tiido. The latter argued in 2003: "There is no middle ground in the fight against terrorism, and coordination of activities in this fight is closest and best among allies. ... Small countries have a definite possibility of contributing to the anti-terrorist coalition via participating in the close exchange of information as well as in reducing the number of possible safe havens for terrorists".<sup>7</sup> Ilves emphasised also that deepening of the cooperation between the candidate countries and the EU members was in this situation extraordinarily important.<sup>8</sup>

To a great extent the foreign policy analysis of the years immediately after 9/11 focused on the future of NATO and Estonia's role in this organisation. NATO was seen as becoming more flexible and more dynamic. In this transforming organisation, efforts were required to ensure a role that would be beneficial both for Estonia and the alliance. Two important thoughts were brought forward. Ambassador Jüri Luik emphasised the need for Estonia to stay in the core of the alliance. Beside the major countries, this role would be available for smaller members who would offer their support in the most crucial sectors of the Alliance's activity. "Solidarity must be maintained and nurtured carefully, we must be useful for others, thereby increasing the will of other countries to be useful for us."<sup>9</sup> Foreign Minister Ilves emphasised another theme. According to him, smaller na-

<sup>6</sup> *Security in a changing world*. Toomas Hendrik Ilves, Minister of Foreign Affairs of Estonia, Address at the Middle East Technical University, Ankara, 18 October 2001, [http://www.vm.ee/est/kat\\_140/809.html](http://www.vm.ee/est/kat_140/809.html).

<sup>7</sup> Harri Tiido, *Security*, [http://www.vm.ee/estonia/kat\\_400/2080.html](http://www.vm.ee/estonia/kat_400/2080.html), published on 18 September 2003.

<sup>8</sup> *Välisminister Ilves: terrorismi vastu tuleb võidelda Euroopa Liidul ja kandidaatriikidel ühiselt*, Estonian Ministry of Foreign Affairs press release, 20 October 2001, [http://www.vm.ee/est/kat\\_42/199.html](http://www.vm.ee/est/kat_42/199.html).

<sup>9</sup> Jüri Luik, 'Eesti olgu NATO tuumikus', *Postimees*, 14.11.2002.



tions can play a decisive role in the process of achieving consensus among the members of the alliance.<sup>10</sup>

There was a mixed assessment on whether the world was less secure after the terrorist attacks. From one viewpoint, it was maintained that security had increased after 9/11. The attacks underlined the miscalculations and deficiencies of the measures taken to contain the terrorist threat. In the new situation, these issues were addressed in a more systematic way and with a high degree of urgency. In this sense the security situation had even improved<sup>11</sup>. On the other hand, the new situation contained a great degree of unpredictability and volatility. The asymmetric nature of the threats and the need to devise new measures to counter it made the future less certain. It was noted that joining NATO has not resolved our security problems forever. Estonia, along with the rest of the world must prepare for new threats.<sup>12</sup>

Analysing this exchange of views, it is evident that the leading foreign policy makers focussed mainly on what effect the new situation would have on our foreign policy priorities, first of all NATO. NATO membership was considered as the ultimate goal and highest “prize”, and therefore it was important to analyse how the new situation affected Estonia. It was not really about NATO membership, since there was a high level of confidence that this would be attainable. The main theme was thinking forward about Estonia’s future status in NATO, its contribution to the alliance, and about the alliance’s role in the world. A lot of attention was therefore paid to the possible international military operations in the areas where the terrorism problem was severe. This was followed by practical steps, as Estonia swiftly assigned its personnel to the operation “Enduring freedom” and later to ISAF (International Security Assistance Force). From there on, Afghanistan has developed into one of the country’s major foreign and defence policy priorities. A lot of attention was paid also to the counter-terrorism cooperation within the EU. There the focus was initially primarily on the cooperation between members and applicants in the sphere of justice and home affairs, fulfilment of the *acquis*, and domestic implementation of the counter-terrorism measures agreed on, within the EU and on a broader international scale.

Estonia sensed its potential for a wider international reach after its accession to the European Union and NATO. First of all, having secured a place in the two organisations, it acquired a real possibility to participate in their decision-making regarding relations with third countries and international organisations. This major change was characterised in a simple way by Foreign Minister Urmas Paet in 2005: “Earlier, our external relations were obvi-

<sup>10</sup> *Security in a changing world.*

<sup>11</sup> *Eesti välispoliitika julgeolekuaspektid. Välisminister Kristiina Ojulandi loeng Kõrgematel Riigikaitsekursustel 1. aprillil 2002*, [http://www.vm.ee/est/kat\\_46/1724.html](http://www.vm.ee/est/kat_46/1724.html).

<sup>12</sup> Toomas Hendrik Ilves, ‘Ajaloo kadu: julgeolekuruumi 21. sajandil’, *Postimees*, 19.11.2002.

ously directed primarily towards the member states of the EU and NATO. Now, being participants of the EU's Common Foreign and Security Policy, our foreign policy is directed towards countries not belonging to the EU and NATO. Our foreign policy horizon had broadened significantly [...] The change in our status has brought about also change of our interests.”<sup>13</sup> How this translates specifically into our participation in international efforts of combating terrorism, will be examined in the next section.

Terrorism is one of the new, global threats that have a major role in shaping the current international system. In this context, 9/11 was not so much a turning point or start of a new era, but rather an event, which confirmed the processes that had already been underway. Although the international community was aware of this type of risk, 9/11 provided a powerful demonstration of the magnitude of this new type of risk. Terrorism and the new global threats have affected the fundamental institutions and forms of cooperation essential for Estonia's security. NATO is transforming. The contours of its new role are in place and the member states are adapting to the new situation. The European Union has experienced a major split in the context of the Iraq conflict and learned its lessons from that. The issue of terrorism has brought new significant aspects to the relationship of Russia with the United States and also with major European-Atlantic institutions. Multilateral decision-making, notably in the UN, has been put under strain. These factors will influence Estonia's foreign policy decision-making in the coming years. As a result of the membership in NATO and the EU, Estonia is more secure than ever before. Within these organisations Estonia will be able to contribute to the shaping of the future security environment.

## Current priorities and missions

### *Fundamentals of combating the contemporary terrorist threat*

The acute problem of al-Qaeda terrorism has been with us for only just a few years. Combating international terrorism of this scale and nature requires a wide complex of measures, involving internal and external activities. Success is not guaranteed, because the few years' experience of a fight against a threat of this kind does not yet allow us to assume that we have all the right tools in place and that all the measures taken are effective. The work of law enforcement and security agencies is well advanced, as a lot of experience has been gained from combating the older, traditional forms of terrorism. Yet in the sphere of external activities there is still a lot to learn.

<sup>13</sup> Urmas Paet, 'Välispoliitika valitsegu rahvusvahelisi sündmusi', *Postimees*, 30.12.2005.

The measures of fighting al-Qaeda and al-Qaeda-inspired terrorism are based on some basic assessments. The first concerns the fundamental nature of al-Qaeda terrorism. The core ideology of al-Qaeda aims at a revolutionary transformation of international politics. As Paul Wilkinson states, their ideology is absolutist and hence “incorrigible”, i.e. there is no basis for diplomatic and political compromise.<sup>14</sup> As this core of terrorists can not be appeased or compromised with, the aim is to limit and, in the long term, eradicate it. At the same time the vital task is to limit the influence of this group, to limit the conditions that allow it to recruit new members and enjoy support. These two important tasks, fighting the radical core of jihadists, and reducing the conditions conducive to the spread of their support, comprise the broad basis for foreign and security policy activities of combating terrorism. At the one end of this range is hard-end military action against terrorist groups, at the other the broad activities of spreading the rule of law, good governance and fighting poverty. In the sphere of the broader action aimed at creating general conditions where terrorism can not thrive, progress will not be rapid. In many cases eradication of terrorism is only a component, and one of the expected results of a wider exercise of ensuring stability in certain countries or regions of the world.

### *Estonia's international priorities*

Most of Estonia's international cooperation in the sphere of combating international terrorism is carried out within the European Union. The United Nations is the main source of international law on combating terrorism. Estonia strongly supports the firm international legal framework set by the UN conventions. Estonia also participates in the further international efforts to reach a broad agreement in the UN on the basics of the international combat against terrorism, first of all the work on the Comprehensive Convention against Terrorism. The UN is an important forum for envisaging and developing a global strategy to combat terrorism. As NATO is the primary source of security for Estonia, the endeavours of the alliance in the sphere of combating terrorism are regarded as a high priority. In addition, two European forums, the OSCE and Council of Europe are significant bodies of cooperation in this sphere. Estonia participates in two crucial regional stabilisation efforts, in Afghanistan and Iraq.

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<sup>14</sup> Paul Wilkinson, *International terrorism: the changing threat and the EU's response*, Chaillot Paper No. 84. Paris: European Union Institute for Security Studies, October 2005, p. 14.

*Cooperation within the European Union*

Several EU documents of recent years have laid a basis for increased cooperation to combat terrorism. The EU Security Strategy from December 2003 states the indispensability of concerted European action against the terrorist threat.<sup>15</sup> In 2005 the Council adopted the EU Counter-Terrorism Strategy<sup>16</sup>, setting out the priorities and goals for the coming years. An Action Plan on implementing this strategy was first adopted in January 2006 and is reviewed annually. A major part of the EU Counter-Terrorism strategy covers Third Pillar cooperation, and consequently a large part of the recently adopted Fundamentals of Counter-Terrorism in Estonia is devoted to this sphere. Yet essentially the counter-terrorism work is a cross-pillar activity engaging many EU actors and instruments and spanning a number of policy areas. The strategy envisages work at national, European and international levels. It includes several fields of activity related to the external action. The key priorities of the EU Counter-Terrorism strategy include the work to combat radicalisation and recruitment and to develop a media communication strategy to explain the EU's policies better. The strategy also envisages promoting good governance, democracy, education and economic prosperity through Community and Member State assistance programmes, and to develop intercultural dialogue within and outside the union. The strategy foresees delivering technical assistance to enhance the capability of priority third countries. The strategy also emphasises added value that the EU provides by promoting international partnership: working with others beyond the EU, particularly the United Nations, other international organisations and key third countries, to deepen the international consensus, build capacity and strengthen cooperation to counter terrorism.

How can Estonia contribute in these areas? To start with, Estonia's interest is to see that the EU speaks with one voice in international forums. There is also a strong interest in the transatlantic consensus on the principles and means of combating terrorism. Estonia supports the development of all the strands of the EU's counter-terrorism strategy, and is interested in fast and effective decision-making based on the agreement between the member states. For historical reasons cited above, Estonia's experience in practical counter-terrorism measures, compared to some member states, is relatively limited, but is developing steadily. In foreign policy terms, Estonia's involvement in the regions where the problem of recruitment to terrorism is most acute, has so far been relatively limited. Yet, since the accession to the EU, Esto-

<sup>15</sup> *Secure Europe in a Better World – A European Security Strategy*, Brussels, 12 December 2003, <http://www.consilium.europa.eu/uedocs/cmsUpload/78367.pdf>.

<sup>16</sup> *The European Union Counter-Terrorism Strategy*, Brussels, 30 November 2005, <http://register.consilium.europa.eu/pdf/en/05/st14/st14469-re04.en05.pdf>.

nia's interest towards these regions has been increasing. Thus, an increase in Estonia's potential to contribute more to the EU's counter-terrorism efforts appears likely.

Within the last two decades, Estonia has gained experience in building up the law enforcement agencies and the judicial system in general, and also in drawing up legislation to counter terrorism. This experience can be utilized within the framework of the technical assistance offered by the EU to the priority partner countries. The potential areas of expertise could be the drafting of legislation within the sphere of finances, customs and immigration, as well as the implementation of these laws. This would involve the training of police, and development of law enforcement agencies in general. The availability of these resources would be determined on the basis of the analysis of the overall policy of assistance to third countries, on the requests from the EU for this type of contribution, and on an assessment process that identifies areas in which Estonia can provide the most effective assistance.

### *Promoting reform and resolving regional crises*

On a broader scale, promoting good governance, democracy, rule of law, education and economic liberalisation belong to the important foreign policy priorities of Estonia. Having gone through a transition based on these values, Estonia is interested in passing on its experience to other countries. So far, most of this kind of cooperation effort has been directed towards the EU's Eastern Neighbour countries, in order to assist them in their reform efforts. At the same time, Estonia's links are growing also with other regions, the stability of which is crucial if we want to see a world without terrorism. Afghanistan has been established as one of Estonia's development assistance priority countries. There is some experience of development cooperation with Egypt. As Estonia's foreign policy resources increase, we can also expect an increase in our efforts in these regions. The strategy for Estonia's development cooperation and humanitarian aid envisages an increase of the development cooperation means from 0.08 per cent of GDP in 2004 to 0.1 per cent in 2010.<sup>17</sup>

In recent years, Estonia has increased its focus on the international crisis areas, notably the Middle East. Estonia has been involved in the EU CFSP contribution to the Middle East peace process (including financial assistance to the EUBAM at the Rafah crossing point, and the EU Police Mission in the Palestinian territories), has offered financial assistance to handle the consequences of the armed conflict in Lebanon and is participating in the international peacekeeping effort in the region.

<sup>17</sup> *Eesti arengukoostöö ja humanitaarabi arengukava 2006-2010*, [http://web-static.vm.ee/static/failid/219/AH\\_strateegia\\_2006-2010.pdf](http://web-static.vm.ee/static/failid/219/AH_strateegia_2006-2010.pdf).

Afghanistan, already mentioned above, is assisted by Estonia in many ways. Estonia supports the goal of Afghanistan becoming a well-functioning and peaceful country, the elimination of poverty and the threat of terrorism. While Estonia is participating in NATO's ISAF operation, Estonia's civil representative in the Helmand province has been coordinating the first civil assistance project by Estonia to Afghanistan. Estonia has supported a proposed increase of the EU's involvement in the international efforts in Afghanistan. The EU assistance would be valuable in building up the rule of law and the judicial system of Afghanistan, and Estonia is prepared to participate in this effort.

Providing reform assistance and helping to resolve regional crises are endeavours that have their own value, and reducing the threat of terrorism can be one of the elements or the desired results of these efforts. For instance, Philippe Errera argues that encouraging reform in the Middle East should be done on its own merits, and not as a component of the fight against terrorism.<sup>18</sup> It is right that the ultimate aim of these endeavours is to help provide a meaningful life for all the people living in these regions, reduce the social ills and ensure hope for the future. It is a common observation that terrorism emerges in societies which suffer from longstanding problems like failing governance, poverty, lack of freedom etc. In the carefully considered opinion of today's policymakers, tackling these political and social problems will reduce the breeding ground of terrorists. Estonia's specific contribution to counter-terrorist efforts outside the EU is small, but it has a meaningful share in the broader efforts to ensure stabilisation and progress in the areas from where the terrorist threat originates.

### *The United Nations*

The United Nations is an important source of international law of combating terrorism and a forum for building up international consensus. Estonia has joined all thirteen UN conventions of combating terrorism<sup>19</sup> and calls upon all countries to join these conventions. A substantial part of the counter-terrorism work is going on in the bodies of the Security Council. Not being a member, Estonia is not directly involved in this work, but fulfils all the Security Council resolutions and has submitted numerous reports on it. Estonia's representatives participate in the Ad hoc Committee, created as a result of the General Assembly Resolution number 51/210 in 1996. The committee is mandated to produce the Comprehensive Convention against Terrorism. Despite working

<sup>18</sup> Philippe Errera, 'Three Circles of Threat', *Survival*, vol. 47, no. 1, (Spring 2005), p 77.

<sup>19</sup> Estonia has signed all thirteen and ratified twelve so far. The ratification of the last, International Convention for the Suppression of Acts of Nuclear Terrorism, will take place upon the introduction of some amendments into the Penal Code, which is currently underway.

for a decade, the member states have not been able to finally agree on the text of the convention. The work of the Ad hoc Committee would complement the existing conventions and fill the legal gaps (including the definition of terrorism). The text has been agreed on in most details, but not in some of the most difficult aspects, namely the scope of application of the convention. The countries belonging to the Organisation of Islamic Conference would like to exclude not only the armed forces of states, but also the activities of national liberation forces, from the convention. This disagreement stems from different interpretations of resistance to occupation and terrorism. Other states opposed this view, arguing that a terrorist act remains a terrorist act regardless of the purpose or motive of the perpetrator (e.g. acting in the name of the right of self-determination). Estonia regards it important to continue the efforts to agree on the convention, without diluting its content or the definition of terrorism. Another body of the UN where Estonia is represented is the working group of the Sixth Committee of the General Assembly.

## NATO

9/11 was the catalyst of NATO's transformation to adapt to the new security situation in Europe and on a global scale. NATO is considered the primary security guarantor for Estonia, thus the transformation of alliance is of utmost of importance. Afghanistan became the alliance's external mission, when the International Security Assistance Force was transferred to unified NATO command in August 2003. At the same time the Alliance was in the middle of the process of the transformation of its military capabilities. Since 2001 NATO has introduced a number of political initiatives and practical measures in many areas to help combat terrorism. The alliance has adopted the Military Concept for Defence against Terrorism and reinforced cooperation with partner countries in the field of combating terrorism. Since 2001 the alliance's naval forces have conducted anti-terrorist operations in the Mediterranean, known as Operation Active Endeavour. NATO forces have conducted antiterrorist operations in the Balkans. Other important initiatives include an enhanced package of anti-terrorist measures adopted at the Istanbul Summit in 2004, cyber defence, and improvements in the area of civil emergency planning.

Estonia's most important contribution in the NATO context is participation in ISAF in Afghanistan. Initially Estonia joined the US-led operation Enduring Freedom with a small number of personnel in 2002. Starting in 2003 Estonia's defence forces have been participating in ISAF. Since 2006 Estonian forces have served in the British-led Provincial Reconstruction Team (PRT) in the Helmand Province in Southern Afghanistan, and most

of Estonia's defence personnel is also located in Helmand. The number of Estonia's defence personnel has expanded to 130, making it by far Estonia's biggest international crisis response operation. The role of ISAF is to help stabilise Afghanistan and create conditions for self-sustaining peace. ISAF is not directly engaged in anti-terrorist operations, but in an indirect way provides a vital contribution to the stabilisation of Afghanistan and consequently to putting an end to the ability of terrorists to use the Afghan territory and its drug money. ISAF is currently the alliance's most important mission, and a strong collective effort of all the member states is required to ensure success.

In general terms, Estonia supports NATO's transformation to counter the contemporary threats, including terrorism, while Article 5 and the principle of collective defence remains the cornerstone of the Alliance.

### *OSCE*

The OSCE is an organisation based on dialogue. The added value of the organisation is the large number of member states and the wide geographical area covered by its activity. The foundation of counter-terrorism work is formed by a series of strategic documents adopted by the organisation: Bucharest Plan of Action for Combating Terrorism, Bishkek Programme of Action (2001), OSCE Charter on Preventing and combating terrorism (2002); Decision on Implementing the OSCE Commitments and Activities on Combating terrorism; Sofia Ministerial Statement on Preventing and combating Terrorism (2004). The organisation has adopted certain concrete measures relevant to countering terrorism, for instance the OSCE SALW<sup>20</sup> document adopted by the Council of Ministers, measures on the safety of containers, safety of travel documents, combating the use of internet for terrorist purposes. Estonia's representatives participate in the work of some bodies relevant for combating terrorism: the OSCE Forum for Security and Cooperation and the working group on non-military aspects of Security

### *Council of Europe*

This organisation's main purpose is the promotion of human rights and the rule of law, and it emphasises these values in combating terrorism. Estonia's representatives participate in the work of the Committee of Experts on Terrorism (CODEXTER), this being the main body dealing with questions of terrorism in the OSCE. One of the major achievements of the committee

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<sup>20</sup> Small Arms and Light Weapons



was the Council of Europe Convention on the Prevention of Terrorism, opened for signing in May 2005. This international agreement provides a legal framework to criminalise the incitement of terrorism as well as recruitment and training of terrorists.

### *Multinational coalition in Iraq*

Iraq is an example of the highly complicated nature of a transition from a totalitarian regime to governance based on democracy, the rule of law and respect for human rights. Estonia participates in the efforts to stabilise the country both with military and civilian means. It is part of the multinational coalition in Iraq, the mandate of which was extended in November 2006 by the UN Security Council until the end of 2007. The Estonian armed forces have been in Iraq since 2003. Currently, a 34-member light infantry platoon ESTPLA-14 and four staff officers are present in Iraq. The platoon has been involved in activities aimed at reducing the risk of terrorism in the country, which currently is at an alarmingly high level. The goal of the international mission is to ensure security and stability, in order to facilitate reconstruction efforts, and allow the Iraqi government to assume complete control in the country.

By participating in the mission in Iraq and helping the efforts to move towards peace and stability in Iraq, Estonia ensures the reduction of asymmetric risks and expresses its responsibility of tackling security problems beyond the immediate European neighbourhood. In addition to the military component, Estonia's contribution involves also a civil component. In 2005-2006 one Estonian instructor participated in the training of the Iraqi police force in Jordan, and since January 2007 one instructor participates in the rule of law mission EUJUST Lex. Estonia also contributes to the NATO Training Mission in Iraq. Through UNHCR Estonia has contributed financially, to assist in the handling of the refugee problem.

### Conclusion

Estonia's policy is based on the principle of the indivisibility of security – in the current international conditions, no country or region is beyond the danger of terrorism. Historically, terrorism as a security problem has been remote in Estonia. No acts of terrorism have so far been committed in the country. Yet there is high awareness in Estonia that the current international terrorism poses threat on the foundations of a democratic society. Terrorist

attacks against our partners weaken international security and threaten Estonia's interest. In the medium and long term, due to different factors, the risk of a terrorist attack being committed in Estonia will increase. It is estimated that the probability that a terrorist act will be committed in Estonia within the next 10-25 years is average on a five-point scale.

Estonia supports the international efforts to combat terrorism and condemns all forms of terrorism. Although Estonia's capability to offer specific contributions to concrete international counter-terrorism activities is currently relatively limited, it can potentially offer more in the medium and long term, for instance by offering technical assistance in building up the legislative and law enforcement system of third countries. Estonia's main contributions to countering the terrorist threat are its efforts to tackle internationally the conditions favouring the spread of terrorism, as well as efforts aimed at resolving crises in regions from where the problem of terrorism may spread. Estonia can offer most "value added" assistance in the sphere of promoting good governance, democracy, rule of law, respect for human rights and economic liberalisation. Concurrently, it is building up a meaningful capability for participation in international crisis response operations. Estonia has a strong interest in contributing to the building up of consensus in the sphere of European-Atlantic cooperation in combating the terrorist threat. It can be foreseen that Estonia will be active in promoting international efforts to combat cyber crime, including cyber terrorism.

It would be important for Estonia to highlight to its partners certain potential weaknesses in the political efforts to promote cooperation in the sphere of combating terrorism. The European-Atlantic community should avoid "bargains" with difficult partners who have a significant role in cooperation against terrorism. All willing partners must be engaged and their activities must be consistent with commonly agreed-on priorities. However, this should not lead to a situation where a country's contribution to terrorism is considered so important that deficiencies in its approach, regarding the rule of law and human rights, can be overlooked. It is of vital importance to remain vigilant, and maintain a sense of urgency, and thus political will, to deal with the threat terrorism. The passage of time since the last terrorist atrocity tends to decrease this sense of urgency, thus it is important that there would be no diminution in the efforts made to reduce the threat of terrorism both at the systemic and operational level.

Terrorism is a part of the complex of current global threats. The terrorism issue must therefore be viewed and responded to, within the overall framework of threat reduction. Yet, terrorism has shown its devastating potential and has to remain high in the order of priorities within this agenda. Estonia is correct in maintaining a high level of awareness regarding the issue and in constantly reviewing its policy of combating terrorism.

# Estonia's energy security and the European Union<sup>1</sup>

Andres Mäe

The objective of this article is to evaluate the energy security of Estonia within the framework of the European Union's (EU) policies and to make recommendations on how to better guarantee the energy security of Estonia and determine Estonia's interests in the emerging EU common energy policy. We seek to answer the following three questions:

- 1) how dependence on foreign monopoly suppliers can influence Estonia's foreign policy?
- 2) what Estonia can and should do to reduce the supply security risks arising from having a monopoly natural gas provider?
- 3) what are Estonia's interests in connection with common energy policy and energy market of the European Union?

The article is divided into three sections corresponding to the questions. Each section starts by giving an overview of the situation, then maps the possible risks and finally gives recommendations for diminishing them.

## 1. How could the foreign policy of Estonia be influenced by energy dependence on foreign monopolistic suppliers?

### *1.1 State of affairs*

Estonia's energy security is determined by the country's geopolitical situation and orientation, dependence on foreign energy suppliers and Estonia's own capacity to produce energy.

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<sup>1</sup> This article is a condensed and updated version of a paper commissioned by the Riigikogu (Estonian Parliament) Foreign Affairs Committee and completed in September 2006, [http://www.riigikogu.ee/public/Riigikogu/Valiskomisjon/Estonian\\_Energy\\_Security\\_2006.pdf](http://www.riigikogu.ee/public/Riigikogu/Valiskomisjon/Estonian_Energy_Security_2006.pdf) The members of the research group who carried out the study were Anna-Maria Galoian, Andres Kasekamp, Andres Mäe, Sulev Soosaar, Jaan Uustalu and Villu Vares.

### 1.1.1 Geopolitical situation and orientation

Because of increasing mutual political, economic and ecological interdependence caused by globalization, Estonia's energy economy and security are inevitably connected with our foreign and security policy. As a new member of NATO and the European Union, Estonia is one of the border states of both organizations with Russia – the most important and ambitious neighbour. Since the restoration of its independence, Estonia's relations with Russia have been tense. One of the reasons for that has been Estonia's determination to join the economic and security structures of the West, seen by Russia as inimical to its interests. The second reason is a difference of views concerning the discontinuation of Estonia's sovereignty for fifty years because of Soviet occupation and annexation.

After the enlargement of the European Union to Central and Eastern Europe, Russia has tried to show that new Member States, especially the Baltic States and Poland, are russophobic countries tangled in history and have no constructive role in European Union's relations with Russia. By this, Russia tries to diminish the effectiveness of Central and Eastern European states' participation in the shaping of the EU policies.

To a certain extent Estonia's attitudes supported this, for example its lukewarm attitude towards strengthening the EU common foreign and security policy, by trying to protect its own sovereignty first of all, and keeping the NATO priority as a security guarantee.<sup>2</sup>

Due to the experience gained after the accession – seeing how larger Member States prefer bilateral relations with Russia and ignore common interests of the European Union – Estonia has started to demand a common line of foreign policy from the EU, especially in relations with Russia. Although most of the Member States support this idea, the implementation of a firmer policy towards Russia is unlikely in the near future.<sup>3</sup>

Interruption of Russia's gas deliveries to Ukraine in the end of 2005 and in the beginning of 2006 was an event that forced the Member States of the European Union to discuss publicly the need for a stronger external policy in relations with Russia, consider widening the competence of the European Commission to the energy sphere and linking energy security to the common foreign and security policy.

### 1.1.2 Connection of energy systems with Russia

When the totalitarian system disintegrated, Estonia, like other Central and Eastern Europe countries that had been controlled by the Soviet Union, re-

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<sup>2</sup> See Andres Kasekamp, "The north-east," in Hans Mouritzen and Anders Wivel (eds.), *The Geopolitics of Euro-Atlantic Integration*. London: Routledge, 2005, pp. 149-64.

<sup>3</sup> Liina Muring and Daniel Schaer, "Russian Energy Sector and Baltic Security," in *Baltic Security and Defence Review* vol. 8, 2006, pp. 66-80.

ceived as an ‘inheritance’ a considerable dependency on oil and natural gas imported from Russia. In addition to gas pipelines, the Baltic States are also connected with the electric energy systems of North-West of Russia and Belarus.

So far, tense relations with Russia have influenced Estonia’s energy security only once – in the winter of 1992/1993, when energy deliveries from Russia were interrupted and the fuel necessary for producing heat was received as foreign aid. Later there have been no disruptions in energy deliveries, regardless of the threats of Russian politicians.

One may assume that strong integration of energy systems would ensure good supply security: cross-border transmission lines enable Estonia to import a large part of its electricity and two times more natural gas than at present from Russia.<sup>4</sup> In practice, the congestion of domestic lines in Russia and Belarus does not allow that. Larger imports of electric energy and natural gas would also be harmful from the economic and political viewpoint: it would have a negative influence on the foreign trade balance and increase dependency on a foreign supplier. Furthermore, Russia’s energy producers have competitive advantages on the electric power market.

The peculiarity of gas and electricity systems of the Baltic States within the EU is their isolation from the systems of the Union. In the electricity market this is only partially compensated for with the direct power cable to Finland that was completed last year. The gas market of the Baltic States is relatively small and no suppliers who would compete with Russia have appeared.

### 1.1.3 Estonia’s efficiency in energy production

As regards energy, Estonia is relatively independent because more than 66% of its primary energy is of domestic origin. Estonia imports only about one third of the energy it needs – all natural gas and motor fuels used are imported.

Domestic energy production relies on the resources of domestic fuels – these are oil shale, timber and peat. There are 960 million tons of active consumption resources of oil shale, 560 million tons of it in open-pit minefields.<sup>5</sup> There are sufficient resources for the production of electric energy for fifty years, allowing the state a degree of strategic independence but leading to environmental pollution. The Long-term National Development Plan for the Fuel and Energy Sector aims to increase the share of renewable electricity to 5% of the total consumption by 2010. The plan envisages an increase in the share of all renewable energy sources to 15% of the total consumption by 2010 (in 2000 it was 10.5%).<sup>6</sup>

<sup>4</sup> Einar Kisel, “Energeetiline julgeolek - mis see veel on?” *Diplomaatia*, No. 1 (28) January 2006.

<sup>5</sup> Mihkel Veiderma, “Energy as the Key Issue,” academic lecture, Tallinn, 05.10.2005.

<sup>6</sup> Long-term National Development Plan for Fuel and Energy Sector until the Year 2015, *RTI*, 23.12.2004.

#### 1.1.4 Estonia as a transit channel for Russia's energy deliveries

In spite of the cool political relations between Estonia and Russia the economic contacts of the two states have been efficient, e.g. in 2005, direct investments from Russia to Estonia amounted to EEK 3.5 billion. Thanks to the openness of Estonia's economy, Russia has been able to use the railroads and ports of Estonia for the transit of energy carriers to Europe, even during times when access of Estonian goods to Russian market was restricted by high customs duties.

Estonia is one of the many transit channels of Russia's oil companies. Competition with neighbouring states over Russian transit has forced Estonia to keep its transit prices low. The fact that Russia's energy companies want to get the whole transit chain under their control, especially in the states that are connected with Russia's energy systems is a peculiarity of Russia's energy carrier transit. When necessary, pressure is exerted by discontinuing energy supply, as shown by cutting deliveries of oil by pipeline to the port of Ventspils in Latvia, or by the repeated efforts to influence the government of Lithuania to sell the Mažeikiai oil processing factory to Russia's oil companies. No economic pressure through energy deliveries has been exerted on Estonia, but according to the opinion of Estonian businessmen Estonia's transit business is nevertheless under the control of Russian capital.<sup>7</sup>

### 1.2. Risks

The impact of globalization and the openness of markets, the connection of Russia's energy companies with political power, their capability as suppliers, the instability of Russia's internal policy and the impact of energy production and transit on environment should be considered as risks.

#### 1.2.1 Globalization of the energy sector and openness of energy markets

Increased competition and the concentration of energy production in the hands of fewer giant multinational companies by takeovers of smaller companies are phenomena that accompany globalization. Large state monopoly companies have become international enterprises whose activities small states are unable to regulate. Energy markets are under the control of large energy companies, often with state participation, resulting in significantly less competition among the suppliers.<sup>8</sup> In the conditions of open market economy it is becoming harder and harder for states to carry out energy policy aimed at diversifying energy sources, optimizing the price, ensuring secure supply, and

<sup>7</sup> "Vene karu raha", *Äripäev*, 19.05.2006.

<sup>8</sup> Einar Kisel, "Energeetiline julgeolek – mis see veel on?" *Diplomaatia*, No. 1 (28) January 2006.

finding new energy connections, because governments cannot compete with large energy companies oriented towards economic profit.<sup>9</sup>

The possibilities of small states to enlarge the circle of suppliers are limited, especially when there is only one supplier due to energy connections, as with natural gas in the Baltic States. Open energy markets may weaken the rule of domestic monopoly companies but the insufficient number of actual energy connections forces the Baltic States into an even greater energy dependency on Russia. The European Commission initiative (supported by Estonia) on liberalization of energy markets ('unbundling' of large energy enterprises) has run up against opposition from member states such as France and Germany.<sup>10</sup>

### 1.2.2 Russia's energy companies' links with the state

#### a) State participation.

The Russian Federation has participation in all of Russia's larger energy companies. Besides formal connections, individuals belonging to the political elite of Russia also have informal relations with the leaders of these companies. Energy companies were brought under the control of central power gradually. By the beginning of 2003, a legal basis had been elaborated for the prosecution of companies. In the summer of that year, the merger of two large oil producers Yukos and Sibneft was stopped and twelve people from the leadership of Yukos were accused of tax fraud and arrested. Courts convicted them in May 2005 and the production units of Yukos were sold to various other companies. The demolition of Yukos began the smooth transfer of privately owned energy companies to semi-state structures.<sup>11</sup>

The process of taking over energy companies reached its peak with the resolution of the State Duma in 2006, which limited foreign participation in the so-called strategically important enterprises (including energy companies) to 49%. According to the director of Russian Energy Policy Institute Vladimir Milov, the influence of the authorities over the energy companies of Russia is limited by corruption and lack of discipline.<sup>12</sup>

#### b) Mutual interests.

The Russian Federation protects and promotes the business interests of Russian companies, especially energy companies, abroad. In their turn, Russian entrepreneurs help to protect the interests of the state in relations with foreign partners. Thus even the companies that have economic and not political

<sup>9</sup> *Ibid.*

<sup>10</sup> <http://www.euractiv.com/en/energy/eu-states-reject-breaking-energy-firms/article-164398>

<sup>11</sup> "Another Yukos?" *The Financial Times*, 13 April 2005.

<sup>12</sup> Vladimir Milov, "The Use of Energy as a Political Tool", *The EU-Russia Review*, Issue One, EU-Russia Centre, May 2006.

aims are included in serving the interests of the state.<sup>13</sup> Russia tries to make maximum use of energy resources to increase the welfare of the state.

c) Use of energy levers in political and economic interests.

Robert Larsson of the Swedish Defence Research Agency lists as such levers:

- partial or total disconnection of deliveries;
- covert or public threats to stop deliveries;
- manipulation of prices;
- manipulation of debts, or causing new debts;
- takeover of infrastructure necessary for the transit of energy carriers.<sup>14</sup>

Although using such measures against the Member States of the European Union is unlikely, the Baltic States constitute a certain exception. According to Larsson, since 1991 Russia has used energy levers in mainly economic but also political interests against Lithuania at least twenty times and against Latvia and Estonia at least twice.<sup>15</sup>

### 1.2.3 Russia's capability as supplier

Russia has been an important regional exporter of energy carriers because its gas and oil infrastructure is aimed only towards Europe. Russia needs very large investments to open new export directions, for example to Asia. Threats to reroute gas and oil deliveries to India and China have been voiced at the management level of energy companies such as Gazprom or Transneft<sup>16</sup>. So far, these statements provide some indications of positions and attitudes, but as yet remain empty threats.

a) Increase in domestic demand.

The capability of Russia's energy companies as exporters is limited by the large demand of its domestic market (in 2003, 405.8 billion m<sup>3</sup> of natural gas was consumed in Russia and 131.8 billion m<sup>3</sup> or about three times less was exported; the export and consumption of oil were in approximately the same proportion<sup>17</sup>) which may hinder the fulfillment of supply contracts, especially for natural gas.

In order to satisfy domestic demand Russian energy companies have taken practically all large deposits under their control.<sup>18</sup> Foreign investors

<sup>13</sup> Robert L. Larsson, *Russia's Energy Policy: Security Dimensions and Russia's Reliability as Energy Supplier*, Swedish Defence Research Agency, Stockholm, March 2006, p. 171.

<sup>14</sup> *Ibid.*, p. 264.

<sup>15</sup> *Ibid.*

<sup>16</sup> <http://euobserver.com/9/21426>; <http://euobserver.com/9/21396>

<sup>17</sup> Robert L. Larsson, *Russia's Energy Policy: Security Dimensions and Russia's Reliability as Energy Supplier*, Swedish Defence Research Agency, Stockholm, March 2006, pp. 31-33.

<sup>18</sup> Claus Dietwald, "TNK-BP and Gazprom Clinch Kovykta Deal," *Moscow News Weekly*, 28.06.2007



are tolerated in the development of small deposits or in specific projects such as Nord Stream and in the exchange of assets with Russian enterprises.<sup>19</sup>

b) Delivery problems in the future.

Russia's export of energy is restricted by the shortage of investments necessary for opening up of new oil and gas deposits necessary for fulfilling the obligations of export agreements. Russia's gas deposits are estimated to reach 47 trillion m<sup>3</sup> and oil deposits 100 bln barrels. The actual size of the deposits is unknown. Oil and natural gas are drawn from large deposits whose stocks are decreasing in productivity.<sup>20</sup>

Most of the oil and gas deposits in use at present have been exploited since the days of the Soviet Union. Russia's energy companies and financial institutions are too weak to finance the opening of new oil and gas deposits.<sup>21</sup> Huge investments are necessary for the exploitation of new depositories and the revenue from selling Russian energy is not sufficient to cover this.<sup>22</sup> According to the International Energy Agency (IEA), Russia needs nearly a trillion dollars during the next 25 years for maintaining and developing Russia's energy sector infrastructure.<sup>23</sup> The main reason for this is the geographic position of the depositories: difficult climatic conditions and distance from the consumers. These factors increase production costs in Russia as compared to other oil producers: thus, in Middle East the production of a barrel of oil costs 1-1.5 dollars, while in Russia it costs around 12-14 dollars.<sup>24</sup> Inadequate transport capacities are another factor, which does not correspond to the expectations of energy producers. Disagreements between private enterprises and state monopolies have hindered the construction of new pipelines and modernization of existing ones.

#### 1.2.4 Political developments in Russia

Russia's energy policy should be analyzed in a wider geopolitical and strategic context. One of the characteristic features of Russia's global ambitions is revisionism that is expressed in attempts to restore former influence, compensating for insufficient political power with untraditional means – using corruption, mass media and economic pressure towards smaller neighbouring countries.<sup>25</sup>

<sup>19</sup> <http://www.expert.ru/articles/2007/06/29/kovukta/>

<sup>20</sup> John D. Grace, *Russian Oil Supplies: Performance and Prospects*, Oxford, 2005, p. 213.

<sup>21</sup> Vladimir Milov, "The Use of Energy as a Political Tool", *The EU-Russia Review*, Issue One, EU-Russia Centre, May 2006.

<sup>22</sup> Andrew Monaghan, "Russia-EU Relations: an Emerging Energy Security Dilemma", *Pro et Contra*, vol. 10, issue 2-3 (Summer 2006), Carnegie Moscow Center, p. 8.

<sup>23</sup> [www.iea.org/textbase/papers/2005russia.pdf](http://www.iea.org/textbase/papers/2005russia.pdf)

<sup>24</sup> *Ibid.*

<sup>25</sup> See Janusz Bugajski, *Cold Peace: Russia's New Imperialism*, Westport: Praeger, 2004; Paul Goble, "Eesti väljakutsed aastal 2050," *Eesti Päevaleht*, 10.07.2006.

President Vladimir Putin has strengthened the Russian state and consolidated power in the hands of the Kremlin, the bureaucracy and the security services.<sup>26</sup> In the process, the independent media, civil society, and the functioning of the market economy have all been restricted. Putin's move from democracy to authoritarianism has been facilitated by the increase of oil and natural gas prices on world market that has effectively contributed to Russia's economic growth.<sup>27</sup> The increasing income from the sale of energy carriers has increased the self-confidence of Russia's leaders, expressed in their new geopolitical approach whereby Russia is prepared to use, and does use, energy-economic measures in addition to political means to influence neighbouring countries.

In 2005/2006 Russia stopped natural gas deliveries, on at least one occasion to Ukraine, Moldova and Georgia. In all of these cases, political motive could be perceived behind the interruptions, although the formal reason given was a legal or a technical problem. In Ukraine and Georgia it was a pressure tactic, used as a measure against the new government supporting the West, in Moldova the purpose was to pressure the government to restore the former border crossing procedure with the separatist Transnistria region.

Vladimir Milov calls the behaviour of Russia's energy companies in Ukraine, Georgia and Moldova a manifestation of the post-imperialistic syndrome<sup>28</sup> because by stopping energy deliveries Russia exerts economic and political pressure only in the post-Soviet space.

Russia has not been particularly consistent in exerting pressure with political and economic aims, e.g. in spite of its forceful pressure Gazprom has not obtained control of Ukraine's gas pipelines, similarly, Russia could not prevent the victory of Western-oriented presidential candidates in Ukraine and Georgia. But Russia has shown that it is ready to use force, by stopping energy deliveries, on a short-term, opportunistic basis, in order to exert pressure on neighbouring countries. Over the longer term, it appears willing to weaken its reputation as a long-term supplier of energy.

### 1.2.5 Environmental impact of energy production and transit

#### a) Estonia's own energy production.

Estonia's energy sector, mostly based on the burning of fossil fuels, is the largest polluter of air and water in the country. The greatest polluters are enterprises burning or processing oil shale: about 80% of total SO<sub>2</sub> emission come from them (SO<sub>2</sub> emission from new boiling layer furnaces is at least 25 times lower than from old dust burning furnaces). In the course of oil shale mining

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26 Lilia Shevtsova, "Russia's Ersatz Democracy," *Current History*, October 2006, pp. 306-14.

27 Roderick Lyne, Strobe Talbott and Koji Watanabe, *Engaging with Russia: The Next Phase. A Report to The Trilateral Commission*; Washington, Paris, Tokyo, 2006, p. 38.

28 Vladimir Milov, "The Use of Energy as a Political Tool," *The EU-Russia Review*, Issue One, EU-Russia Centre, May 2006.

ca 100 million m<sup>3</sup> of ground water is pumped out of mines. 100 m<sup>3</sup> of cooling water is used in burning one ton of oil shale in power plants and pumped back into Narva River after it has been heated. The European Union solid waste directive classifies oil shale ashes, and the so-called semi-coke that is formed as a by-product in the production of oil shale oil, as dangerous wastes.

b) Transit of Russia's energy carriers.

About 100 million tons of crude oil is annually transported through the oil terminals near the Gulf of Finland. By 2010 the risk of oil disaster in the region of the Gulf of Finland will double. The Baltic Sea, and especially the Gulf of Finland is shallow and any oil or gas pollution will have a destructive impact on the ecosystem of the region. Russia has joined the Baltic Sea Marine Environment Protection Convention that was signed in Helsinki on 22 March 1974 but has refrained from further toughening of environmental requirements, e.g. from banning single hull oil tankers on the Baltic Sea. Russia has also ignored the individual attempts of coastal states to force Russian oil exporters to observe the environmental protection requirements. In October 2005, the European Union prohibited single hull tankers from entering its ports, in spite of Russia's opposition. The International Maritime Organisation followed the example of the European Union by classifying the Baltic Sea as a Particularly Sensitive Sea Area but excluding Russia's territorial waters around the Kaliningrad Region and in the eastern part of the Gulf of Finland.

c) Russia's energy production

Energy production in Leningrad Nuclear Power Plant in Sosnovyi Bor is one of the greatest environmental hazards for the Gulf of Finland and surrounding states.<sup>29</sup> The plant utilizes four ageing Chernobyl-type reactors and there are plans to expand the plant by building additional reactors to cover domestic demand and potentially export part of the produced electricity to the markets of Northern Europe.<sup>30</sup>

### 1.3 Recommendations

Estonia should diminish its dependency on Russian energy deliveries, increase support to domestic environment-friendly energy production, cooperate with the Member States of the European Union in the protection of the Baltic Sea environment and take into account the instability of Russia in foreign policy relations with that country.

29 Характеристика Ленинградской АЭС, Олег Бодров, 2006-12-20, <http://decomatom.org.ru/?q=node/19>

30 <http://rian.ru/analytics/20070306/61641598.html>

### 1.3.1 Reducing dependency on energy deliveries from Russia

Russia's interest in the revenue from the sale of energy deliveries, dependency on energy transit and fear of damage to its international prestige are the obstacles that hinder Russia from stopping energy deliveries as political and/or economic means of influencing its neighbouring countries. It is obvious from the examples of Lithuania, Georgia, Moldova and Ukraine that these obstacles are not sufficient to ensure the energy security of states depending on energy deliveries from Russia. Russia's unstable internal policy and its opposition to joining the Energy Charter of the EU will further lessen the influence of these obstacles.

Estonia should support the energy security programmes of the EU for developing energy-efficient infrastructure and it should focus on finding additional energy connections with neighbouring countries with the aim of reducing dependency on energy deliveries from Russia.

### 1.3.2 Promotion of environment-friendly domestic products

#### a) Clean technologies.

It is in the interest of Estonia that the development of guidelines for a common European energy policy is oriented to technological solutions aimed at fulfilling the requirements of the Kyoto Protocol regarding the reduction of the emissions of greenhouse gases. If future follow-up conferences on climate change introduce stricter bases for calculating air pollution emissions, focusing on technological solutions would be to Estonia's benefit. This would enable Estonia to continue having a more environment-friendly oil shale based, and a more dispersed renewable fuels based electric energy production, without fearing EU pressure to reduce air pollution and to replace oil shale with cleaner-burning natural gas.

#### b) Energy saving and biofuels in transport.

Since transport is the most important consumer of imported fuels, energy saving in this sector would directly contribute towards reducing foreign dependency. The only trend in this field is the envisaged use of liquid fuels. Under the EU Directive on liquid fuels member states are obligated to replace a certain share of engine fuels with biofuels. The introduction of biofuels in most countries and, according to all estimates, also in Estonia, will require state support in the form of tax incentives or subsidies. Such methods would be much more efficient in conjunction with efforts to optimize transport.

### 1.3.3 Environmental protection cooperation with Baltic Sea States

It is in the common interest of the European Union and its Baltic Sea states to encourage Russia to adhere to the rules while shipping energy sources and ensuring environmental security. This requires a common and a clearly ex-

pressed political will. Tension caused by unilateral steps could be relieved by conducting a common EU-Russia environmental protection related project, e.g. a project aimed at completing the introduction of a common Baltic Sea region monitoring system. International prestige and treatment as a great power is crucial for Russia. This specificity can be taken advantage of in the interest of the Baltic Sea states by involving Russia as a formal leader of important environmental projects in the region.

#### 1.3.4 External relations with Russia

The objective of Russia's energy policy is to strengthen the security of the state by means of increasing economic growth, expanding spheres of influence and reducing geopolitical and macroeconomic risks.<sup>31</sup> Being an energy provider Russia hopes to reinforce its international prestige, to preserve the image of a great power, and to achieve maximum economic benefit from permanently high energy prices.<sup>32</sup> While developing relations with Russia Estonia should take into consideration that energy constitutes an integral part of Russia's security – it is used to justify Moscow's recourse to power while protecting its interests and resolving problems in relations with neighbouring states.

Estonia's share in the Russian export of energy is tiny and of no vital economic interest to Russia. The experience of the last 15 years suggests that the discontinuation of energy supply presupposes a particularly severe political crisis in the relationship between Estonia and Russia. If Russia did not stop to export energy resources when Estonia joined NATO and the European Union, it is even more difficult to do so now that Estonia is member of these two organizations.

Russia's lack of stability, the ambitions of its higher authorities, the historical experience connected to Russia and its weak democracy and rule of law, underlie the wish of Estonia and other neighbouring states to reduce their energy dependency on Russia. In the development of its relations with Russia it is in the interest of Estonia to bear in mind that the undemocratic developments, the structural instability and unpredictability render Russia a more unreliable long-term partner than might seem at first glance.

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31 Harley Balzer, "The Putin Thesis and Russian Energy Policy," *Post Soviet Affairs*, vol. 21, no. 3, July - September 2005, pp. 210-25.

32 Keith C. Smith, "Current implications of Russian energy policies," Washington: Center for Strategic and International Studies, Issue Brief, 12 January 2006, p. 1.

## 2. What should Estonia do to reduce supply security risks arising from having a monopoly natural gas provider?

### 2.1 *State of affairs*

The Estonian gas market (along with that of Latvia and Lithuania) is characterized by its isolation from EU markets. The established inter-state gas connections are merely part of the Russian supply system.

#### 2.1.1 Gas Supply

All of the natural gas consumed in Estonia is brought in from Russia. Gas pipelines enter Estonia from three directions: directly from Russia – from the south-east (Irboska–Tartu) and from the east (Saint Petersburg–Kohtla-Järve; this part of the pipeline is currently used to transport the gas imported into Estonia through other pipelines to Narva, and occasionally to replenish the supplies of Leningrad oblast and of Saint Petersburg) and through Latvia from the south (Vireši–Tallinn).

Two companies deal with gas import: AS Eesti Gaas (owned by OAO Gazprom – 37,02%, E.ON Ruhrgas Energie AG – 33,66%, Fortum Oil and Gas Oy – 17,72%, Itera Latvia – 9,85%, and minor shareholders – 1,75%) and AS Nitrofert. Gas transmission service is provided by AS EG Võrguteenus, gas distribution service is provided by 26 authorized companies. Natural gas is available for consumption in over 30 inhabited localities.

#### 2.1.2 Gas Consumption

In 2002 natural gas constituted 11.1% of primary energy sources in Estonia. Although by 2004 it increased to 14.7%, the share of natural gas in Latvia and Lithuania has consistently been 2.5 times higher than that in Estonia. Eesti Gaas declared in September 2005 that the natural gas market is open to all non-residential customers in Estonia, i.e. the openness of the market is up to 95%.

The analysis of natural gas consumption in terms of application demonstrates that the largest sphere of energy consumption is heat production in district heating systems. Industrial consumption (conversion of energy) and the use as a raw material in chemical industry follow with roughly equal shares. Natural gas consumption reached its peak in 1990 and 1991, reaching 1.5 bln m<sup>3</sup> per year. Current consumption constitutes merely two thirds of this amount.

The daily flow capacity of the gas network is about 11 mln m<sup>3</sup> whereas the greatest amount that has been required was 6–6.5 mln m<sup>3</sup> per day (at the exterior temperature of –20°C). In colder weather (–30 °C) Estonia's estimated necessity is 7.5–8.0 mln m<sup>3</sup> of natural gas per day. For comparison, the Incukalns underground gas storage facility delivers up to 24 mln m<sup>3</sup> per day.

### 2.1.3 Incukalns underground gas storage

An underground natural gas storage facility at Incukalns (Latvia) constitutes an important part of the gas network of Estonia, Latvia and Lithuania. The capacity of this storage is 4.44 bln m<sup>3</sup> and 2.3 bln m<sup>3</sup> of it is in active use. There has been some increase in the use of the storage in recent years (1997 – 1.4 bln m<sup>3</sup>, 2003 – 2.1 bln m<sup>3</sup>). The capacity of the storage is to gradually be expanded to 5 bln m<sup>3</sup> in 2007 to cover the growing needs of gas transit running through both Latvia and Lithuania.

Incukalns storage could be enlarged even further. However, this solution would entail the necessity to use high pressure on extra gas volumes that would be difficult to reach after having been pumped underground. This extra volume of gas can be obtained only from Russia. Because of the necessary pressure the investment estimates for the construction or enlargement of the underground gas storage, commissioned by the European Union, envisage a cost of 0.4 euros per 1 m<sup>3</sup> of gas contained in the storage facility.

The Incukalns gas storage is filled in the summer (outside the heating season) and in the winter the stock is used in Latvia, in Estonia and in Russia. For example, only 616 bln m<sup>3</sup> of the 1, 621 bln m<sup>3</sup> consumed in Latvia in 2004 was imported directly from Russia. The remaining 1,005 bln m<sup>3</sup> originated from the Incukalns storage. Similarly, 50% of the gas sold in Estonia travels through the Incukalns facilities since no gas is imported into Estonia from Russia between October and March because of the high level of consumption in Saint Petersburg exhausts the capacity of the pipelines.

### 2.1.4 Finnish-Estonian natural gas pipeline

The interest of Finland towards the Estonian-bound pipeline arises from the wish to store gas supplies in the Incukalns underground gas storage. Preliminary studies of a pipeline connection began in 2005 within the framework of the so-called Balticconnector – a common project of Finnish, Estonian and Latvian gas companies – and should be completed in 2007. The preliminary studies are financed through the European Union TEN-E programme. In March 2006 the Finnish gas-supplying monopoly Gasum Oy (owned by Fortum (31%), Gazprom (25%), the state (24%) and E.ON Ruhrgas (20%)) announced public procurement for assessing the environmental impact of the Balticconnector project. If the results of the studies are positive, the pipeline construction works should be completed in 2010. Two pipeline route options were considered: Paldiski–Inkoo and Paldiski–Vuosaari, with the first option preferred.<sup>33</sup> The length of the underwater pipeline will be 80 km. Construction cost is estimated at 100–120 mln euros, the flow capacity of the pipeline is 2 bln m<sup>3</sup> of natural gas per year.

<sup>33</sup> <http://194.252.88.3/rsweblija.nsf/sivut/Uutiset2004?opendocument&pageid=Content15553970385>

The necessity of constructing a Finnish- Estonian connection will decrease if Finland opts for the North European Gas Pipeline (Nord Stream) connecting Viiburi with Greifswald.

Although Gasum Oy has recently announced that a land connection from the Nord Stream to Finland will be built<sup>34</sup>, it also declared readiness to continue with the Balticconnector project.<sup>35</sup>

#### 2.1.5 Liquefied Natural Gas (LNG)

The use of LNG in the Baltic Sea region is worth considering in a mid- to long-term perspective. Over 200 million tons – 138 bln m<sup>3</sup> of LNG is produced in the world annually, and about a quarter of this amount is consumed in Europe.<sup>36</sup> Notwithstanding the high cost LNG has several advantages over pipelines:

- no transit agreements and costs;
- lesser threat to energy supply security;
- possibility of purchase from several providers;
- possibility to transport smaller volumes.

Given the fact that LNG is considerably more expensive than other energy projects it would be sensible for Finland and Baltic states to cooperate in this respect. Sea ice classification requirements of the big LNG tankers increase the price of LNG transport and therefore the most realistic measure may be the construction of a re-gasification terminal, where the gas is stored and/or passed on into a pipeline, into one of the Baltic States.

#### 2.1.6 The North-European Gas Pipeline (NEGP)

In cooperation with German energy companies BASF and E.ON, Gazprom has started the construction of the so-called North-European Gas Pipeline (NEGP or Nord Stream), which will run under the Baltic Sea to connect Vyborg to Greifswald. It is planned to place two 1200 km long pipelines with an envisaged annual capacity of 55 bln m<sup>3</sup>. The first pipeline is scheduled to start operating in 2010.

NEGP affects Estonia in terms of environment protection and supply security.

##### a) Environmental protection.

The ecosystem of the Baltic Sea might first and foremost be affected by NEGP in terms of gas leakage. Moreover, it is equally important to consider the fact that the parts of the sea to be touched by the pipeline contains sea

<sup>34</sup> <http://virtual.finland.fi/stt/showarticle.asp?intNWSAID=14502&group=Business>

<sup>35</sup> [www.gasum.com/aboutgasum/Pages/Balticconnector.aspx](http://www.gasum.com/aboutgasum/Pages/Balticconnector.aspx)

<sup>36</sup> "The role of Liquefied Natural Gas (LNG) in European Gas Market," Clingendael International Energy Programme, June 2003, CIEP 03/2003.



mines and other blasting charges remaining from the Second World War; chemical and conventional weapons that have been sunk in the sea, not to mention hundreds of ship and plane wrecks. As far as it is known there are about 80 000 blasting charges or sea mines in the Baltic Sea, most of them concentrated in the northern part or the Gulf of Finland. Up to 38 000 tons of Nazi Germany's weapons were buried in the Baltic Sea (including 12 000 tons of noxious gas).<sup>37</sup>

#### b) Supply security.

NEGP affects gas supply security in the Baltic States since it is not planned to extend auxiliary lines to Estonia, Latvia and Lithuania from the Russian-German pipeline. For this reason Baltic States' markets being of minor importance and thus located away from the major pipeline connections are likely to experience crises, breakdowns and delivery problems. On the other hand Estonia could benefit from the construction of the NEGP during the heating season insofar as the continental part of the pipeline is envisaged to provide Saint Petersburg with additional gas deliveries which would help reduce Saint Petersburg's demand for the Incukalns gas supplies.

## 2.2. Risks

The focus of this section is on economic and technical threats amongst all risks related to a gas supplying monopoly: this group of threats includes delivery problems related to production capacity and pipelines, contracts and debts, pricing policy and the risks arising from the takeover of gas transit infrastructure facilities.

### 2.2.1 Pipeline-related risks

#### a) Flow capacity.

Estonia and Latvia are supplied with gas by means of one pipeline running from Russia. In the east the pipeline is connected to a gas pipeline running to Leningrad oblast whose maximum flow capacity only allows for Saint Petersburg gas provision and is not sufficient to supply gas to Estonia and Latvia. This is the main reason why Estonia has not been provided with gas directly from Russia during the heating period in recent years but similarly to Latvia and parts of north-eastern Russia has been obtained its gas from the Incukalns storage supplies.

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<sup>37</sup> Mihkel Veiderma, "Natural Gas in the Baltic Region," report to the Baltic Assembly, 26.11.2005.

## b) Breakdown.

Regardless of the revenues from energy sales Russia has not been able to improve or modernise the outdated gas infrastructure (experts estimate that Gazprom requires ca 100 bln USD solely for the infrastructure<sup>38</sup>). This is likely to threaten the security of Estonian deliveries since any breakdown or leakage of the only pipeline extending from Russia could deprive Estonia and Latvia of the Russian gas import. In this case consumers could be provided with gas contained in Incukalns gas storage and the gas stored in the pipeline system.<sup>39</sup> The use of Incukalns gas supplies in an emergency situation is questionable since Latvia would presumably also be in a crisis at the same time, and that country's constant gas demand is several times larger than Estonia's.

## 2.2.2 Problems related to production capacity

Despite large gas supplies and numerous delivery obligations, Russia has not invested sufficient funds into the expansion of gas infrastructure and into the development of new gas fields. This lack of development makes it difficult for Russia to meet its growing demand and export obligations. For example, in 2004 Russia's domestic gas deficit amounted to 69 bln m<sup>3</sup>, by 2010 this can grow to up to 307 bln m<sup>3</sup>.<sup>40</sup> When experiencing delivery difficulties Gazprom can find large Western European markets preferable in economic terms to the relatively small Baltic market. For instance, in 2004 Russia exported 133 bln m<sup>3</sup> natural gas to Europe (16.4 bln m<sup>3</sup> of that to Germany), whereas the total import into the Baltic states only reached 5.4 bln m<sup>3</sup> (whereof 0.85 bln m<sup>3</sup> to Estonia, 1.63 bln m<sup>3</sup> to Latvia and 2.88 bln m<sup>3</sup> to Lithuania).<sup>41</sup> The small size of the market is also the major reason why other natural gas providers have not invested in alternative infrastructure for delivering gas to the Baltic States - such investment would certainly increase the security of supply.

## 2.2.3 Debt, Price Policy and Takeover Requests

## a) Debts.

Eesti Gaas does not have considerable debts to Gazprom. Long-term delivery contracts provide secure protection from debts that would arise as a result of sudden price changes.

<sup>38</sup> Robert L. Larsson, *Russia's Energy Policy: Security Dimensions and Russia's Reliability as Energy Supplier*, Swedish Defence Research Agency, Stockholm, March 2006, p. 42.

<sup>39</sup> The volume of gas contained in the pipeline is relatively large and, if used rationally, in emergency situation it can continue to supply consumers for about a week or even longer.

<sup>40</sup> Vladimir Milov, *Russian Energy Sector and its International Implication*, Discussion Paper. Moscow: Institute of Energy Policy, 30 March 2005.

<sup>41</sup> Mihkel Veiderma, "Natural Gas in the Baltic Region," report to the Baltic Assembly on 26.11.2005.

b) Price policy.

According to the understanding between the European Union and Russia, Gazprom will begin to sell gas to European states at a more or less equal price. The harmonisation of prices is a compromise achieved during energy negotiations since agreements signed between Gazprom and EU states do not allow for Russian imported gas to be resold beyond the borders of the state.<sup>42</sup> This implication for Estonia is that the price of natural gas will rise up to the level of that in Finland - that is 200 USD for 1000 m<sup>3</sup>.<sup>43</sup> A positive effect of this price harmonization will be a reduction of the risk of gas price manipulation.

c) Infrastructure attracting takeover bids.

The piping in Estonia belongs to Eesti Gaas. Since Estonia is the the final consumer of gas imported from Russia and not a transit country, one can assume that Gazprom has no interest in taking local pipelines under its control.

## 2.3 Recommendations

In the event gas supply is discontinued, Estonia will have to immediately begin regulating the consumption of natural gas. To minimize disruptions, both technical and legislative preparations for the reorganisation of gas consumption have to be undertaken. It is in Estonia's best interests to start these preparations as soon as possible.

### 2.3.1 Reserve fuel

The basic technical solution for securing the operating reliability of gas-based heating systems in cold seasons is to use reserve fuels. Liquid fuel is usually used as reserve fuel; its use is advantageous due to the existence of combined burners consuming both gas and liquid fuel. However, the use of combined burners is not universal - for reasons of economy, the building regulations have not required the installation of combined burners during the period of independence. In larger boiler houses and power stations the possible use reserve fuel should be considered as an important opportunity to secure the operating reliability.

A few years ago the facilities for heating heavy fuel oil were dismantled at the Iru Thermal Power Station and the ability to use reserve fuel was reduced

<sup>42</sup> Riivo Sinijärvi, "NEGP: the Estonian perspective," *Baltic Mosaic*, Spring 2006; Andrei Belyi, "New challenges for the EU-Russia gas relations," report at the HREI energy security conference on 19.07.2006.

<sup>43</sup> Heido Vitsur, "Gaasi hind tõuseb lähimas tulevikus niikuinii," *Eesti Päevaleht*, 3 January 2006.

to a bare minimum, because the use of heavy fuel oil was considered to be unnecessary, given the stability of gas delivery. The lack of foresight of this decision was demonstrated in the winter of 2005–2006, when a shortage of gas during the peak cold season gave rise to the use of badly needed reserve fuels.

It is in the interest of Estonia:

- to require large energy producers to implement technical measures (combined burners, reserve fuel storage etc.) that will enable them, whenever the need arises, to use reserve fuels instead of gas, and to create a certain reserve of the corresponding fuel (heavy or light fuel oil);
- to construct (or to conserve) boiler houses based on a different (non-gas) fuel in larger district heating systems, first and foremost considering biofuels and peat.<sup>44</sup>

Pursuant to the Accession Treaty, Estonia along with all the other Community Member States have to create a 90 days' liquid fuel reserve.<sup>45</sup> There is no direct obligation to create natural gas reserves. Nevertheless, Eesti Gaas has created a certain reserve stored in Latvian natural gas storages.

### 2.3.2 Restrictions to Industrial Consumers

Risks emanating from the discontinuation of gas deliveries are seasonal, insofar as gas consumption for heating depends directly on temperature. Although there is no public information concerning the seasonal variation of gas consumption in Estonia, it can be assumed that the gas consumption pattern is analogous to that of the heating load.

If the daily maximum quantity of gas stipulated in the new supply contract between AS Eesti Gaas and Gazprom remains at 5 mln m<sup>3</sup> per day, approximately 20-30% of the gas required during the peak load periods will have to be substituted with other fuels, or industrial gas consumption will have to be limited during peak cold seasons, as well as during emergency interruptions of gas delivery.

Estonia needs legislative instruments which allow restrictions of the gas consumption of industrial and chemical industry consumers (including companies with the right to import gas such as AS Nitrofert) in emergency situations (peak cold seasons or breakdowns) with the objective of providing gas supply to consumers who cannot use reserve fuels or tolerate interruptions.

### 2.3.3 Cooperation of the Baltic Sea States

Although the energy sector is rather diverse in the three Baltic States, they share the common dependency on Russian deliveries of natural gas. Estonia

<sup>44</sup> Simple use of natural gas can reduce the importance of the use of biofuel although the price of energy produced from either fuel should not differ greatly.

<sup>45</sup> The transition period for the creation of this reserve lasts until 2010.

should consider cooperative action with other Baltic States, Poland, and Finland, to evaluate the advisability of constructing branches from the NEGP, and to consider possible additional connections with the Incukalns gas storage.

Estonia should start negotiations with neighbouring states for the purpose of construction of a common liquefied natural gas (LNG) terminal, and a distribution system for delivering natural gas from this terminal. A common LNG supply agreement should be signed with a gas liquefying company in the Nordic Sea region.

#### 2.3.4. Energy saving

The long-term state development plan for the energy and fuel sector demonstrates a thorough understanding of the importance of energy efficiency and the necessity to put restrictions on the end-use of energy. The objective expressed in the development plan is to achieve in 2010 the level of primary energy consumption of 2003. In order to actually attain this objective the state needs to demonstrate decisive action and to intervene more directly in the fuel and energy market. The rapid economic development and growth of income in recent years has been accompanied by a gradual rise in the consumption of energy. Estonia has entered a period in which rising prices for energy and heating do not necessarily lead to consumers making efforts to save energy.

From the gas consumption point of view, an important energy saving opportunity arises from an analysis of gas consumption in terms of application, which demonstrates that, the largest energy consumption is in district heating production systems or, in other words, heating houses and apartments. Although there are no exact calculations of housing energy saving potential, it is likely that heat consumption could be reduced by 20-25% by more efficient insulation of houses and apartment buildings. In order to increase the efficiency of energy use, and to reduce the domestic consumption of energy the above-mentioned development plan recommends stimulating the implementation of energy saving measures at the end-use stage. This objective is similar to those targeted in several European Union directives, including the Directive 2002/91/EC on buildings' energy efficiency, the implementation of which seems to be problematic in Estonia. Up to the present time, Estonia's progress in implementing this directive has been modest and mostly directed towards a formal, as opposed to an essential implementation.

#### 2.3.5 Electricity production

##### a) Gas-based electricity production.

The long-term state development plan for the energy and fuel sector envisages the construction of stations, including gas turbine power stations, in

which electricity production capacity can be quickly and easily regulated. More precisely, the construction of new gas turbine facilities is discussed in the Estonian electricity sector development plan for 2005-2015. According to the latter, in ten years time, the share of oil shale electricity will decline from the current 90% to 67%. This decline could lead to an increase in gas-based electricity production over a quarter from the current 5%. However, Estonia should take into account the above-mentioned risks of gas supply security and the considerable price growth of imported gas. Of equal importance is the danger inherent in a growing dependency on the gas-supplying monopoly.

b) Electricity production based on renewable sources.

The specificity of Estonia's electricity system is the incapacity to cover peak loads. The use of renewable sources will not help improve the situation. Firstly, the use of biofuels to produce electricity (especially in combined production) would provide extra capacity to cover the base load, but not the peak load, since stations working on biofuel are difficult to regulate and their load must be maximal at all times in order to be economically expedient, which in the summer would lead to wasting of energy (redundant heat).

Secondly, a large electricity station consuming biofuels would compete for fuel supplies with all the boiler houses situated in the supply area, resulting in a situation where some of them would not be able to compete, because of the shortage of fuel. The emergence of a major consumer would also lead to an increase in biofuel prices on the domestic market.

It would be useful to increase, by 2010, the wind energy based electricity production. The actual growth of wind station capacity depends on the implementation of benefits (obligation to purchase and a higher purchase price), flow capacity of the electricity network in windy regions, and on the existence of regulative capacity of the entire electricity system.

Narva Hydroelectric Power Station (capacity 125 MW) belongs currently entirely to Russia. According to international practice, border river resource should be shared between the states proportionally to the division of the water intake. On this basis it should be possible for Estonia to claim about 1/3 of the Narva Hydroelectric Power Station capacity.

In order to reduce the necessity of constructing gas turbines, the following measures should be considered:

- common use of the border river Narva resources with Russia;
- to increase the flow capacity of the power cable between Estonia and Finland;
- to support the construction of a power cable between Latvia and Sweden;
- to support the construction of electricity connections between Lithuania and Poland, and Poland and Sweden.

### 2.3.6 Heat production

In terms of producing heat from renewable energy sources Estonia has had good experiences with biofuels. Estonia should consider the use of biofuels as a substitute for natural gas only if the economical situation changes or, upon the implementation of subsidies, which would be necessary for the expansion of the biofuels resource by supporting the cultivation of energy scrub and expansion of biomass production.

## 3. What are Estonia's interests with regard to the development of an EU common energy policy and energy market?

### 3.1 *State of affairs*

As an EU Member State Estonia has certain obligations concerning the energy sector arising from the Accession Treaty and Community legislation. The energy policy of the European Union, its links with environmental policy, and the EU's relations with Russia in the field of energy, affect the interests of Estonia.

#### 3.1.1 Duties arising from membership status

##### a) Energy production.

Estonia had already assumed some obligations regarding the energy sector during the accession process to the European Union, proceeding from the "Action Plan for Restructuring Estonia's Oil Shale Energy between 2001-2006" which required, among other things, an increase in the efficiency of electric power production and a decrease of harmful effects of mining and burning oil shale.<sup>46</sup> In order to improve the efficiency of electric power production, two 215 MW energy blocks of the Estonia Power Station and the Baltic Power Station were renovated by 2004. The renovation improved the environmental-friendliness of electric power production from oil shale. The increased efficiency of the renovated energy blocks decreased the fuel consumption per block per year by nearly one fifth, as well as considerably reducing the amount of atmospheric emissions. Pursuant to the energy sector development plan, renovation of another two blocks should be completed in the Narva power stations in 2010 and an additional three blocks in 2015.<sup>47</sup>

<sup>46</sup> 2002-2003 Action Plan of the Government of the Republic for the Integration into the European Union, State Chancellery European Integration Bureau, Tallinn 2002, part II, p. 8.

<sup>47</sup> *Ibid.*, p. 26.

b) Liberalization of energy markets.

Pursuant to European Union Accession Treaty, at least one third of Estonia's electricity market must be opened by the end of 2008 at the latest. The electricity market will be opened to all consumers by the end of 2012 at the latest.<sup>48</sup>

c) Strategic fuel stocks.

Estonia was obliged to gradually build up liquid fuel stocks, corresponding to at least 90 days' of combined average national consumption of the relevant fuel in the preceding year, reaching the required level by the year 2010.

d) Renewable fuels.

In 2001 the European Union adopted the Directive 2001/77/EC regarding Electricity Production from Renewable Energy Sources, according to which the so-called green energy production in the year 2010 must make up 22% of the total electricity consumption in the Community. Since the transportation sector is responsible for a considerable percentage of the EU energy consumption, EU Directive 2003/30/EC obliges the Member States to ensure that the share of biofuels used in transportation should increase to 6% by the end of 2010. The EU Energy Taxation Directive allows biofuels to be taxed at a lower rate. Estonia has confirmed its commitment to follow through on these measures.<sup>49</sup>

e) Environmental protection.

Estonia's parliament decided in 2007 to set a tax on electricity consumption through excise-duties and to abolish the CO<sub>2</sub> tax on electricity production from 2009.<sup>50</sup> Further ecological tax measures are planned as well to introduce more carbon content based taxation of fossil fuels in accordance with the EU Directive 2003/96/EC.

In addition to decreasing atmospheric emissions, more attention should be paid to alleviating the environmental impact of solid waste from oil shale energy production. Pursuant to the Accession Treaty, the EU Directive 1999/31/EC on the landfill of waste will be fully implemented as of 17 July 2009, meaning that oil shale ash landfills have to comply with the requirements of the EU directive.<sup>51</sup>

<sup>48</sup> *Ibid.*, p. 16.

<sup>49</sup> Long-term National Development Plan for Fuel and Energy Sector until the Year 2015, *RTI*, 23.12.2004, p. 23.

<sup>50</sup> [http://www.riigikogu.ee/?page=en\\_etapid&op=ems&ceid=95385&cu=20070704083424](http://www.riigikogu.ee/?page=en_etapid&op=ems&ceid=95385&cu=20070704083424)

<sup>51</sup> "Keskkonnanõuete mõju Eesti elektriturule ning elektri tootmishinnale aastatel 2005–2015 (Impact of Environmental Requirements on Estonia's Electricity Market and Production Price of Electricity in 2005-2015)." Tallinn Technical University, Estonian Institute of Economics, Tallinn 2004, p. 9.



From 2010 onwards, pursuant to the EU Directive 2001/80/EC on the limitation of emissions of certain pollutants into the air from large combustion plants, a limit of 25,000 tons will be imposed on the SO<sub>2</sub> levels of oil shale electric power stations, which constitutes a direct and, compared to restrictions imposed on the emission of other pollutants, primary restriction to electricity production.<sup>52</sup> A solution must also be found for landfilling the so-called semi-coke, a by-product of thermal treatment of oil shale, as well as reducing the atmospheric emission of sulphur compounds present in producer gases.<sup>53</sup>

The commitment to limit air pollution is a primary requirement of the Kyoto Protocol, which Estonia ratified in 1997, assuming the commitment to voluntarily reduce, between 2008 and 2012, emissions of greenhouse gases by 8%, compared to the year 1990. For Estonia, this means the requirement to limit, by 2012, the summary emissions to 34.2 mln tons a year.<sup>54</sup> The actual level of emissions is about half of the 1990 level, and Eesti Energia gained 97 mln kroons in 2005, and 1.1 bln kroons in 2006, from the sale of the so-called pollution quotas.<sup>55</sup>

### 3.1.2 Energy policy of the European Union

The European Union founding treaties do not include provisions directly regulating the energy sector, as the Member States have not entrusted supranational institutions with managing the energy sector. In order to achieve the common objectives in the energy sector, the principles of the EU Treaty and Community policies are therefore followed, applying the principle of free movement of merchandise, as well as provisions on competition, taxation and harmonization of legislation in the energy sector. In addition, the goals of environmental policy and consumer protection requirements of the Community must also be taken into account.

After the interruption of Russia's gas deliveries to Ukraine in the 2005/2006, the European Commission has been actively elaborating the guidelines for the common energy policy of the EU. The green paper of the European Commission "A European Strategy for Sustainable, Competitive and Secure Energy", published in March 2006, admits the inter-dependency of the world's economic areas in ensuring security of energy supply, and states the need to cooperate on the international level in the context of increased demand, high and fluctuating energy prices, increased dependency on imports, and global warming.<sup>56</sup>

<sup>52</sup> *Ibid.*

<sup>53</sup> Estonian Electricity Sector Development Plan 2005-2015, Regulation No. 5 of the Government of the Republic of 3 January 2006, p. 27.

<sup>54</sup> Long-term National Development Plan for Fuel and Energy Sector until the Year 2015, *RTI*, 23.12.2004, p. 35.

<sup>55</sup> "Eesti Energia Made Record Profits," *Postimees*, 25.4.2006.

<sup>56</sup> [http://ec.europa.eu/energy/green-paper-energy/doc/2006\\_03\\_08\\_gp\\_document\\_et.pdf](http://ec.europa.eu/energy/green-paper-energy/doc/2006_03_08_gp_document_et.pdf)

The communication from the Commission to the European Council and the European Parliament “An Energy Policy for Europe”, published in January 2007, focuses on the increasing dependency of Europe on imported hydrocarbons, as well as on the lack of appropriate policies and legislative frameworks for internal energy markets, and emphasizes the need to reduce greenhouse gas emissions and to deliver sustainable, secure, and competitive energy.<sup>57</sup> From the viewpoint of Estonian energy security the most important part of these documents are the plans to build new energy links (electricity interconnections) between the Baltic States and the rest of the EU.

### 3.1.3 Energy dialogue between the European Union and Russia

Russia is one of the main suppliers of energy carriers to the European Union. In 2005, the EU imported from Russia nearly half of imported gas and almost third of imported oil.

The EU-Russian energy dialogue was launched on 30 October 2000 when the EU-Russian summit in Paris agreed to begin discussions about a strategic partnership in the field of energy. Despite numerous meetings, no concrete results have been reached: Russia has not agreed to ratify the Energy Charter Treaty – a precondition of cooperation set by the European Union – nor to join the so-called Transit Protocol. Some of the provisions in the named documents, such as the increase of energy prices in Russia's internal market, and transit of energy from Central Asian countries, were resolved at the EU-Russian negotiations over the WTO accession conditions for Russia.

Regarding its relations with Russia in the field of energy, the European Union proceeds from the position that the best way to ensure stable energy deliveries is to extend the internal market rules of the Community to include Russia.<sup>58</sup> It is the objective of the Union to guarantee a better fulfillment of the Community's growing energy needs by abolishing monopolies in Russia's energy sector, and by opening it up to international capital. With this, the EU hopes to anticipate price cartels and politicization, open Russia's pipelines to energy deliveries from Central Asia and the Caspian region, and improve the efficiency of domestic consumption in Russia.

From the Russian point of view such an approach is narrow-minded because Russia considers itself an independent centre of power and influence in the world, with global competition raging over its energy supplies. The EU is trying to force Russia into conditional frames without understanding Russia's global ambitions – its wish to lead the world energy market and thereby re-

<sup>57</sup> [http://eur-lex.europa.eu/LexUriServ/site/en/com/2007/com2007\\_0001en01.pdf](http://eur-lex.europa.eu/LexUriServ/site/en/com/2007/com2007_0001en01.pdf)

<sup>58</sup> Vyacheslav Morozov, “Energy Dialogue and the Future of Russia: Politics and Economics in the Struggle for Europe,” in Pami Aalto (ed.), *The EU-Russian Energy Dialogue: Securing Europe's Future Energy Supply*, Aldershot: Ashgate, in press.

gain its position among the great powers. Despite pressure from the EU, Russia has not given up strategic control over energy production and export. At the WTO accession negotiations, the Union could not force Russia to open its pipelines to Central Asian natural gas exporters.

State control of Russia's energy production increases the risks for investors who may see the enterprises that they invested in, used for political purposes or in other ways that are damaging to their economic interests. The Russian-Ukrainian conflict of winter 2005/2006 over gas deliveries demonstrated that such fears are justified. Russia's dependability as an energy exporter is eroded by its increasing state controlled energy sector and exploitation of energy deliveries for political goals.

### 3.2. Risks

Possible risks to be taken into account are the impact of the EU on Estonia's energy sector, which might jeopardize Estonia's security interests, lack of a common energy policy in the Union, Russia's bilateral relations with Member States, and Russia's relations with other oil and gas exporting countries.

#### 3.2.1 Impact of the EU on Estonia's energy sector

Estonia's energy sector feels the impact of the Community's requirement to open its electricity market and minimize environmental damage caused by energy production.

##### a) Opening of the electricity market.

Considering the tight links between Estonia's and Russia's electricity systems, the opening of the electricity market brings along the threat of becoming dependent on Russian electricity, because the age and the environmental restrictions of Estonia's power stations will result in a large deficit in the production of electricity in ten years time. The Electricity Sector Development Plan predicts that only 25-30% of the current electricity production capacity will still be available in 2016.<sup>59</sup> This deficit cannot be offset by the underwater power cable between Estonia and Finland.

Estonia's electricity system allows for a substantial part of the needed electricity to be imported from Russia, but as different environmental and nuclear safety requirements apply to Russian producers and the EU producers, the Russian producers enjoy a marked advantage. Furthermore, energy carriers (oil, natural gas, coal) are priced lower on the Russian domestic market than in the EU. Competitive advantages of Russian producers and

<sup>59</sup> Estonian Electricity Sector Development Plan, Regulation No. 5 of the Government of the Republic of 3 January 2006.

Estonia's connectedness to Russia's electricity networks would increase our dependency in the field of energy. The fact that electricity is imported from only one country cannot be considered a means for ensuring sustainable electricity supply.

Privatization of the Russian electricity sector will increase pressure on neighbouring states because Russian electricity producers, especially in North-Western Russia, are interested in exporting their product.<sup>60</sup>

b) Environmental requirements.

Pursuant to the Accession Treaty, the EU Directive 1999/31/EC on the landfill of waste will be fully implemented as of 17 July 2009, which means that oil shale ashes can no longer be landfilled in a way not complying with the requirements. Although Estonia committed in the Accession Treaty to gradually discontinue landfilling oil shale ashes in a way not complying with the requirements, this commitment has not been fulfilled (thus, in 2003, nearly twice the allowed amount of ashes was landfilled), due to the lack of the necessary technology.<sup>61</sup> By the time the Directive will be fully implemented it is not likely that Estonia will have fulfilled the assumed commitments.<sup>62</sup> This may result in an abrupt increase of the electricity price and problems in continuing the production of oil shale electricity.

### 3.2.2 Lack of a common EU energy policy

Lack of common and coherent energy policy in the EU clearly reflects the differences between the energy strategies of the Member States. This creates a vicious circle, because without a common policy the Member States must protect their own interests. At the same time, the Member States have not entrusted to the European Commission the authority to represent their common interests.<sup>63</sup> By emphasizing the energy security of Western European countries, the interests of the new Member States have been ignored. While elaborating the guidelines of the common energy policy of the Community, the European Commission has not taken into account the close ties between the Baltic and the Russian energy systems, and their remoteness from the energy systems of the EU. Yet the inclusion of the interests of the Baltic States would strengthen the energy security of the rest of Europe.

<sup>60</sup> Властелины энергокольца, «Эксперт Северо-Запад» №26 (279), 10.07.2006; Финский реверс, РБК daily, 04.06.2007

<sup>61</sup> "Keskonnandüete mõju Eesti elektriturule ning elektri tootmishinnale aastatel 2005 – 2015", Tallinn Technical University, Estonian Institute of Economics, Tallinn 2004.

<sup>62</sup> The new landfilling technology must be introduced by 15 September 2009 at the latest.

<sup>63</sup> Guillaume Durand, *Gas and electricity in Europe: the elusive common interest*, European Policy Centre, policy brief, May 2006.

### 3.2.3 Russia's relations with individual EU Member States

Russia's bilateral relations with individual Member States of the Community (such as Germany or Italy) are characterized by its disregard of the common interests of the European Union for the benefit of bilateral agreements. These countries have close energy ties with Russia ever since the days of the USSR, but despite this long tradition the Member States are not protected against delivery interruptions when Russia has decided to stop deliveries to a certain transit country, as happened with Ukraine in winter 2005/2006.<sup>64</sup>

Using bilateral relations, Russia has managed to create competition between countries wishing to join the planned Northern European Gas Pipeline (Nord Stream) as well as the planned Southern European Gas Pipeline (South Stream). This factor constitutes an additional impediment to the attainment of a consensus in elaborating the EU energy policy. Bilateral relations open opportunities for Russia to maneuver in relations with the EU by taking advantage of disagreements between individual Member States and the European Commission.

Furthermore, new pipelines will divide the EU into two parts – the Central and Eastern part of EU will depend on Russian gas deliveries through Ukraine and Belarus while the Western and Southern part of EU will get its gas via the Nord Stream or South Stream. This will grant Russia additional influence over the energy policies of the Central Europe.

### 3.2.4 Russia's relations with other oil and natural gas exporter countries

Russia is interested in keeping oil and natural gas prices stable and as high as possible (2% of the 7% economic growth was due to raw materials export, while export of energy carriers makes up more than a half of Russia's total export<sup>65</sup>). Russia's increased income, due to oil and gas revenue, enabled it to pay off the lion's share of its foreign debt to the so-called Paris Club. In their attempts to stabilize the energy prices, Russian gas and oil enterprises are looking for cartel agreements with energy producers from other countries. In Spring 2006, Gazprom concluded an agreement with Sonatrach, the biggest gas producer of Algeria. The Algerian press described this as the first step in launching a powerful energy cooperation, which will provide all the tools for forcing concessions out of the European Union.<sup>66</sup> Experts are warning against the same kind of agreements between Russia and Iran.<sup>67</sup> The possibility to conclude cartel agreements is the main reason why Russia needs

<sup>64</sup> Robert L. Larsson, *Russia's Energy Policy: Security Dimensions and Russia's Reliability as Energy Supplier*, Swedish Defence Research Agency, Stockholm, March 2006, p. 3.

<sup>65</sup> *Ibid.*, pp. 33-34.

<sup>66</sup> C. Mortishead, "Algerians and Russians in Gas Talks," *The Times*, 24 April 2006.

<sup>67</sup> Claus Dietwald, "Getting a Grip on Gas: The possibility of a Russian-Iranian Gas Cartel for Europe," 8 June 2006, *Johnson's Russia List* 2006-133 #31.

access to the gas distribution networks of the EU Member States and why it is willing to construct new pipelines to larger consumers. This is all in the name of controlling the demand and keeping the alternative energy projects as expensive as possible by the use of pricing policy.

### 3.3 Recommendations

#### 3.3.1 Formation of a common EU energy policy

It is in Estonia's best interests to support the elaboration of a common and coherent EU energy policy and it links to the Common Foreign and Security Policy (CFSP). In order to represent the common interests of Member States in relations with Russia and with other energy exporters, the external relations policy of the Community needs to include an energy component.<sup>68</sup>

It is in Estonia's best interest to avoid situations where energy exporting countries, including Russia, can use the energy sector for exerting pressure on international relations. It is in Estonia's interests to stress the principle of solidarity in the common energy policy shaped by the European Union and to support strategic energy projects that are not based on solely business considerations. It is in Estonia's best interests to be an equal partner to Russia at negotiations. This can only be achieved through the cooperation of European countries, and by expanding the authority of the European Commission.

#### 3.3.2 Connection of Estonian energy networks to EU networks

In January 2007, the European Commission presented, its priorities for interconnecting European energy networks, the basis for filling in the missing links, the promotion of coherent regional energy markets, the assurance of the continuing development of Community energy market, and guaranteed delivery security. It is in Estonia's best interests to draw attention to the Baltic states, who are far removed from the EU energy market, and to the protection of their interests in shaping the listed priorities, as Estonia's, Latvia's and Lithuania's energy would be better secured if the Baltic electricity networks would be connected to the EU networks via the Union for the Co-ordination of Transmission of Electricity (UCTE) and the Organisation for the Nordic Power Cooperation NORDEL. It is in Estonia's best interests to support the completion of the Polish-Lithuanian energy connection as an important link in creating the so-called Baltic Energy Circle.

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<sup>68</sup> Raul Mälik, "Energiajulgeolek: hunt ikkagi tuli metsast," *Diplomaatia* No 1(28) January 2006.

### 3.3.3 Impact of the EU on Estonia's energy sector

#### a) Opening of the electricity market.

The opening of the electricity market presupposes the presence of several equal producers, as the lack of competition would mean that the dominant producer could determine the price of the product offered. Estonia must avoid situations where external electricity producers, who employ market distorting competitive advantages, weaken Estonia's supply security. The underwater power cable between Estonia and Finland will allow electricity to be exported and imported but it does not ensure the stability of the Estonian electricity system, as this can only be done by Russian power stations. Estonia has previously limited its electricity purchases from Russia, proceeding from the reciprocity principle, and taking into account the differences in environmental and pricing principles in energy production. It is in Estonia's best interests to continue this practice and to solicit relevant political support from the European Union.

#### b) Environmental requirements.

Eesti Energia has developed a preliminary schedule for organizing the landfill of bottom ash from Narva Power Stations, referring to the elaboration of the plan and the project for closing down Estonia Power Station and Baltic Power Station landfills. Eesti Energia has not kept to the schedule for complying with the EU requirements because of lack of technology. It is in Estonia's best interests to avoid situations where Eesti Energia can use the lack of technology as an excuse to forgo its duties to landfill oil shale ash, or where production of electricity from oil shale would be jeopardized because non-fulfillment of responsibilities, as stipulated in the Accession Treaty, could result in EU penalties.





# Managing polarity: Post-modern European security environment and misperceptions in Estonian security culture<sup>1</sup>

Holger Mölder

The end of the Cold War established a new security environment in Europe, which influenced the overall development of International Relations theory. The post-modern security environment, characterized by increasing trends of globalisation and mutual interdependence, has given rise to the possibility that an international system may exist without any polarity, making it difficult to define this environment within the framework of the Realist schools of International Relations theory. In this environment, security has acquired a very comprehensive meaning, not defined exclusively through military power. Barry Buzan, Ole Wæver and the Copenhagen school of International Relations theory have paid attention to securitization – examining comprehensive issues in the context of security.<sup>2</sup> The possibility of conflict-free security communities, once invented by Karl Deutsch<sup>3</sup>, has been re-awakened.<sup>4</sup> Samuel Huntington's theory about clash of civilization has frequently been treated as revolutionary shift in theory of international relations, establishing cultural differences as a primary source for major conflicts.<sup>5</sup> With the emergence of Constructivist schools, discussions focussed on security culture, strategic culture and security identity.<sup>6</sup>

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<sup>1</sup> The views expressed in this article are purely those of the author and do not necessarily reflect those of the Estonian Ministry of Defence.

<sup>2</sup> E.g., Barry Buzan, Ole Wæver, and Jaap de Wilde, *Security: A New Framework for Analysis*. Boulder CO: Lynne Rienner Publishers, 1998.

<sup>3</sup> Karl Deutsch, et al., *Political Community and the North Atlantic Area*. Princeton: Princeton University Press, 1957.

<sup>4</sup> See Emanuel Adler and Michael Barnett (eds), *Security Communities*. Cambridge: Cambridge University Press, 1998.

<sup>5</sup> Samuel P. Huntington, *The Clash of Civilizations and the Remaking of World Order*. New York: Simon & Schuster, 1996.

<sup>6</sup> The basic principles of the Constructivist school have been elucidated in Alexander Wendt, *Social Theory of International Politics*. Cambridge: Cambridge University Press, 1999.

For the first time in history, security has been identified through identity and culture. Security identity shows how a nation identifies itself in the context of its security policy. Security (or, in broader terms, strategic) culture examines security-related behaviour of the state expressed by norms, beliefs and values.<sup>7</sup>

At first glance, Estonia may give us an impression that the country is enthusiastically turning its face to Europe. Indeed, return to the Western world has characterized the development of this small Northern European country during the last two decades. Since August 1987, when the first public demonstration against the Soviet authorities was organized in Tallinn, Estonia gradually achieved a positive image as a frontrunner in the democratization of the Soviet Union. Subsequently, after the restoration of its independence in 1991, Estonia's security policy preferences have been strongly pro-Western. Accession to the Western security communities (the European Union, NATO)<sup>8</sup> was set as the primary foreign and security policy goal, and remained as such throughout all national foreign and security policy documents up to 2004. All Estonian governments have supported integration with the European security structures as the best security option for their country.

The values expressed by Western liberal democratic security communities have irrefutably had a strong influence on the development of Estonia's own security culture. The substance of Estonian security culture includes adopted Western norms and values with some irrational beliefs and ambiguous security identity.<sup>9</sup> The promotion of cooperative security arrangements and the establishment of strong security communities in Europe have always been in Estonia's main interests. However, according to security and defence related discourses in Estonia, this would not appear to be so simple. In addition to the general direction based on adoption of Western values, there have been trends emphasizing non-alignment and cautiousness towards European institutionalisation, as well as references to the special position of Estonia juxtaposed between Western and Orthodox civilisations. Such trends have been relatively competitive, at least within some political movements. Non-alignment is closely related to Estonian ethnonationalism.<sup>10</sup> A remarkable

<sup>7</sup> See Peter J. Katzenstein (ed.). *The Culture of National Security. Norms and Identity in World Politics*. New York: Columbia University Press, 1996.

<sup>8</sup> I argue that NATO and the European Union both are security communities following liberal democratic values.

<sup>9</sup> The development of the Estonian (or Baltic) security identity has been discussed recently in Maria Mälksoo, "From Existential Politics Towards Normal Politics? The Baltic States in the Enlarged Europe," *Security Dialogue*, vol. 37, no. 3 (2006); Merje Kuus, "From threats to risks: The Reconfiguration of Security Debates in the Context of Regional Cooperation," *The Estonian Foreign Policy Yearbook 2003*; Toomas Riim, "Estonia and NATO: A Constructivist View on National Interest and Alliance Behaviour," *Baltic Security and Defence Review*, vol. 8 (2006).

<sup>10</sup> The term "ethnonationalism" is used here to distinguish ethnic nationalism from state-based patriotism, James Kellas, *The Politics of Nationalism and Ethnicity*. New York: St.Martin's Press, 1991, p. 3.

change has taken place concerning the identity of the dominant-nation in Estonian society. During the Soviet annexation, Russians and Russian-speaking people did not constitute majority in numbers but their leading role in Soviet society was clearly comparable with the role of dominant-nation within the nation-state. Their position has changed to being a minority group when sovereignty was restored. Contrariwise, Estonians have little experience of being a dominant-nation: only during 1918-40 and since 1991.

Examining the development of Estonian security culture, post-modern trends of cooperative and collective security models have replaced the pre-war policy of neutrality, however, the development of the Estonian security identity has also been strongly influenced by the Finnish military mindset. These two parallel but sometimes controversial developments based on post-modern Western values and specific Finnish security culture have often promoted different understandings how to develop the most effective security system for Estonia and sometimes these competing ideas have caused misperceptions in basic understandings of the Estonian security goals.

### The development of international systems in Europe

With the fall of the Berlin Wall and the decline of the Soviet Union, Europe entered into a new international system, which cannot be described in the traditional Realist terms through unipolarity, multipolarity or bipolarity. This new societal arrangement is often called post-modern society. The leading features of post-modern society are a broader approach to security, complex interdependence between states, institutionalisation and acceptance of principles of democratic peace as an important element in international relations. Robert Cooper has noted that the main characteristics of the European Union could be described by the new post-modern system of states, including:

- 1) The breakdown of the distinction between domestic and foreign affairs;
- 2) Mutual interference in (traditional) domestic affairs and mutual surveillance;
- 3) The rejection of force for resolving disputes and the consequent codification of rules of behaviour, rules that are self-enforced because all of the EU states have an interest in maintaining the rule of law;
- 4) The growing irrelevance of borders.

Cooper claims that security in post-modern society is based on transparency, mutual openness, interdependence and mutual vulnerability.<sup>11</sup>

European security community is not a newborn initiative. Its roots are connected with the idea of Immanuel Kant about the federation of liberal states, while opposing the idea of war as the natural behaviour between states. Kant has established his idea on shared non-aggressive values that may cause the emergence of common identity:

Since the narrower or wider community of the peoples of the earth has developed so far that a violation of rights in one place is felt throughout the world, the idea of a law of world citizenship is no high-flown or exaggerated notion. It is a supplement to the unwritten code of the civil and international law, indispensable for the maintenance of the public human rights and hence also of perpetual peace. One cannot flatter oneself into believing one can approach this peace except under the condition outlined here.<sup>12</sup>

Michael Doyle notes that Kant's republics experience principles of democratic peace – not tolerating war as a policy mechanism in relations between member states, assuring that “Kant's republics are capable of achieving peace among themselves because they exercise democratic caution and are capable of appreciating the international rights of foreign republics. At the same time Kant's republics remain in a state of war with non-republics.”<sup>13</sup>

Europe is the heart of the phenomenon we call today Western civilization. Moreover, “Europe is not only a region, but also an idea.”<sup>14</sup> Samuel Huntington has characterized Western civilization “as consisting of three different components – Europe, North America and Latin America.”<sup>15</sup> However, two of them – North America and Latin America - have their cultural roots in Europe. There are several common features characterizing Western civilization besides the geographical location – Christianity, mostly Indo-European linguistic background, democratic statehood, and common history.<sup>16</sup>

The development of the international system of states has revolved on the basis of European geopolitical trends. Historically, the beginning of modern international system in Europe has been connected with the conclusion of the

<sup>11</sup> Robert Cooper, *The Postmodern State and the World Order*. Demos, The Foreign Policy Centre, 2000. pp. 19-20.

<sup>12</sup> Immanuel Kant, *Perpetual Peace – A Philosophical Sketch*. First published in 1795. Available online: <http://www.mtholyoke.edu/acad/intrel/kant/kant1.htm>

<sup>13</sup> Michael Doyle, “Liberalism and World Politics,” *American Political Science Review*, vol. 80, no. 4 (1986): 286.

<sup>14</sup> Robert Bartlett, *The Making of Europe*. London: The Penguin Press, 1993, p. 13.

<sup>15</sup> Samuel Huntington, *The Clash of Civilizations. Remaking World Order*. New York: Touchstone Books, 1997.

<sup>16</sup> *Ibid.* p. 50.

Treaty of Westphalia in 1648. The Concert of Europe, initiated by Metternich and others in 1815, was the first attempt to enforce an international regime, defined by beliefs and norms and with an intention to use collective security measures for the establishment of commonly accepted values and principles in Europe. However, this mechanism soon lost its effectiveness. In 1854, with the beginning of the Crimean War, the system turned for the first time against one of the partners, Russia, and entered into a period of unstable multipolarity, where a variety of conflicts between major powers in Europe continued. The period after the Franco-Prussian War in 1871 is characterised by the creation of alliances, where Germany and Austria-Hungary composed one side of the emerging rivalry, and France with Great Britain, the other side.

After the First World War, there was a real chance to establish a system of states similar to the principles of federation imagined by Immanuel Kant. The U.S. President Woodrow Wilson published his Fourteen Points providing the basic values for the birth of the League of Nations - the first collective security arrangement representing liberal democratic values. Following this spirit, the Briand-Kellogg Pact of 1928 condemned war as a legal instrument for dispute resolution. However, attempts to build up a global security community failed. The United States, although one of the initiators of the new arrangements, never joined the League. There were influential preconditions for the failure besides the growing revanchism of Germany, because "the League's collective security system presumed a global security community - a group of states with a clear common identity. The League failed because it could not develop its identity."<sup>17</sup> There were beliefs, some norms, but common identity seemed unachievable.

*Table 1.* History of the International System

Modern International System 1648-1991	
1. Westphalian order 1648-1815	unstable multipolarity
2. Concert of Europe	
a) 1815-1854	stable multipolarity
b) 1854-1871	unstable multipolarity
c) 1871-1914	unstable bipolarity
3. First World War 1914-1919	
4. Versailles system 1919-1939	
a) 1919-1936	unstable liberal society
b) 1936-1939	unstable bipolarity
5. Second World War 1939-1945	
6. Cold War 1945-1989	stable bipolarity

<sup>17</sup> Richard Cohen and Michael Michalka, "Cooperative Security: New Horizons for International Order," *The Marshall Centre Papers*, no. 3, p. 44.

## Post-modern International System 1991-

a) 1991-2003	stable liberal society
b) 2003-	unstable liberal society

The table above describes the development of international system since 1648. Only two of the above-mentioned international systems could be identified as liberal – the Versailles system and the post-modern system. The Versailles system, however, abandoned the principle of shared values and failed dramatically in building a liberal society. Since 1936, when Germany denounced the Locarno treaty<sup>18</sup> and re-militarized the Rhineland, the system of liberal society came to an end. Thus, Europe, similarly to the period before the First World War, once again entered a system of unstable bipolarity and soon war broke out. The failure of liberal democracy after the First World War caused negative assumptions concerning the prospects of a collective security option for years.

## Polarity management in Europe

A three-dimensional classification of the international system (multipolarity, bipolarity, society) corresponds to some extent to the categories presented by Alexander Wendt in examining the development of international system<sup>19</sup> (the war of Thomas Hobbes - multipolarity; the rivalry of John Locke - bipolarity; and the security community of Immanuel Kant - society).<sup>20</sup> Stable multipolarity is a situation where major powers intend to create a stable international order able to use collective security tools in order to establish peace (i.e. the Concert of Europe between Great Britain, Austria, Prussia, Russia, and later France). Unstable multipolarity is a situation where collective security does not work between major powers and conflicts or even wars between them may take place. Stable bipolarity reflects a situation where stable hegemonic communities<sup>21</sup> (or pluralistic and hegemonic communities) develop a balance of power between the two communities (i.e. Cold War in Europe). Unstable bipolar-

<sup>18</sup> The Locarno Treaties were seven agreements formally signed in London in 1925, in which the European powers and the new states of central and Eastern Europe sought to secure the post-war territorial settlement, in return normalising relations with defeated Germany.

<sup>19</sup> Alexander Wendt, *Social Theory in International Politics*. Cambridge: Cambridge University Press, 1999.

<sup>20</sup> See Brian Frederking, "Constructing Post-cold War Collective Security", *American Political Science Review*, vol. 97, no. 3 (2003): 363-78.

<sup>21</sup> Hegemonic security communities based on non-democratic values and identities, see Holger Mölder, "NATO's role in the Post-Modern European Security Environment, Cooperative Security and the Experience of the Baltic Sea Region," *Baltic Security and Defence Review*, vol. 8 (2006): 11.

ity seems to be the most threatening system where two competing rivalries emerge without the ability to control the system (i.e. situations before the First World War and Second World War in Europe). Stable liberal society refers to a situation where the international system follows liberal democratic values and democratic peace. Unstable liberal society is a situation where liberal democratic values and democratic peace are followed within the system, but the system may become offensive in defending these principles.

*Table 2.* Three-dimensional classification of international systems

Hobbesian war	stable or unstable multipolarity
Lockean rivalry	stable or unstable bipolarity
Kantian security community	stable or unstable liberal society

It seems to be true that collective security works more effectively under the circumstances of stability. If the international system becomes unstable, the collective security efforts tend to fail. Referring to Inis Claude's hypothesis<sup>22</sup>, David Yost has noted that "interest in collective security (or, in attenuated form, a concert of the major powers) may be greatest following the end of general war, such as the Napoleonic Wars, the two World Wars, or the Cold War. Yet the aspirations to establish such arrangements for preventing future wars or major-power confrontations are usually accompanied by a reluctance to acknowledge the probability of future polarities and power competitions."<sup>23</sup> European history has demonstrated that whenever the international order launches into an unstable bipolarity system, there is a high risk that a war will break out. Within unstable bipolarity, antagonistic feelings and hostility develop to the point where misperceptions and rivalries between hegemonic security communities most likely will ultimately lead to war.

Systems based on multipolarity and bipolarity cannot consistently guarantee peace and stability, because there is difference in values and competitiveness in beliefs and identities. Stable bipolarity has been prevailed during the Cold War but the Cold War's "long peace" was untruthful. In fact, there was an eternal conflict between two competing powers that often escalated into minor conflicts (Korea, Vietnam, Afghanistan etc). Under cover of fictitious peace and stability, hidden proxy war went on, and only nuclear deterrence helped to avoid a theoretically justified Third World War.

Stability, however, promotes institutionalisation. The build-up of pluralistic Western security communities started in 1948, just few years after the restoration of a stable international system, when five countries – Belgium, France,

<sup>22</sup> Inis L. Claude Jr., *Power and International Relations*. Random House, 1962.

<sup>23</sup> David S. Yost, *NATO Transformed: The Alliance's New Roles in International Security*. Washington: The United States Institute of Peace, 1998, p. 296.

Luxembourg, the Netherlands and the United Kingdom – signed the Brussels Treaty and later created the Western European Union (WEU). In 1949, these countries together with Canada, Denmark, Italy, Norway, Portugal, and the United States formed the North-Atlantic Treaty Organization. The proposal for the establishment of the European Defence Community and later the European Political Community in 1952, failed after the French Parliament did not ratify the treaty. Nevertheless, the successful foundation of the European Coal and Steel Community in 1951 became an actual starting point for closer integration of Europe and the implementation of the idea of Immanuel Kant.

While entering into the post-modern international system, one of the immediate objectives of the European institutions was the engagement of Central European countries with the rest of Europe. Gradually this trend shifted to the former Soviet Union. The important executive role of institutionalisation in the European region has become visible and “the continued salience of international institutions after the end of the Cold War is quite evident from an examination of state strategies.”<sup>24</sup> Many essential cooperative security initiatives sprang up. Partnership for Peace (PfP), initiated by NATO in 1994, has been the most comprehensive project to overcome disjuncture between the Eastern and Western halves of Europe. The WEU was perhaps the first institution taking systemic approach towards creating cooperative security arrangements. In the post Gulf War situation, European institutions paid more attention to the Mediterranean area launching the Mediterranean Dialogue by NATO and Euro-Mediterranean Partnership (Barcelona Process) by the European Union.

According to Sonia Lucarelli, NATO’s and the EU’s contribution to the expansion of the Western European democratic security community are: 1) the development of shared identities and meanings around shared liberal-democratic values; 2) the establishment of many-sided and direct relations amongst the states and their societies; 3) the establishment of democratic institutions of government.<sup>25</sup> If we examine the instruments used by NATO in promoting its cooperative security arrangements, the most important ones have been democratisation of society, interoperability of armed forces with NATO and joint participation in NATO-led operations. NATO’s and the EU’s expansion to the East also included Estonia, Latvia and Lithuania. Their aspirations to join in the European security and defence-related institutions played a key role in reinforcing Western values in the Baltic countries over the decade until membership was finally achieved in 2004.

<sup>24</sup> Daniel Baldwin (ed.) *Neorealism and Neoliberalism: The Contemporary Debate*, New York: Columbia University Press, 1993, p. 288.

<sup>25</sup> Sonia Lucarelli, *Peace and Democracy: Rediscovered Link. The EU, NATO and the European System of Liberal-Democratic Security Communities*, 2002, p. 14. <http://www.nato.int/acad/fellow/00-02/Lucarelli's.pdf>



## Estonia in the new security environment

Since 1991, after the sovereignty of the Republic of Estonia over its territory was restored, Estonia had to rebuild its defence system from scratch. Estonia basically had three security policy options available at this time: 1) neutrality; 2) promoting regional cooperation with neighbouring countries (Latvia, Lithuania, Sweden, and Finland); 3) integration with Western security institutions such as the European Union, WEU, and NATO.<sup>26</sup> There was also an additional option for integration with the security system based on cooperation between former republics of the Soviet Union. However, this was not in accordance with foreign policy goals and thus may be considered as unacceptable for the majority of society and to the political leadership.

Geopolitically, the Baltic states seem to be difficult to defend because of their proximity to Russian military ambitions and their small size. The assumed indefensibility of the Baltic states has had a major influence on the development of their national defence systems.<sup>27</sup> Erik Männik describes Estonia's security environment as a dilemma – Estonia has to make choices when balancing between the short-term imminent concerns and long-term security gains.<sup>28</sup> A significant part of Estonian society<sup>29</sup> still recognizes unidentified threats from Russia to its sovereignty as a considerable if not the most important security risk. For example, Major General Ants Laaneots, the Chief of the Defence Forces, stated in interview given in December 2006 that Russia as a neighbour is an unfriendly country that creates security problems.<sup>30</sup> Therefore, the Cold War trends of Western institutions opposing the Soviet Union, or currently its successor state Russia, seem to be more acceptable to Estonia regarding its security concerns. The Estonian security identity could thus be viewed as characteristic of modern, rather than post-modern society.

The Baltic states do not actively participate in forming the European identity but prefer to position themselves as “the embodiment of the liminality in the European self-image.”<sup>31</sup> The acknowledgement of the asymmetric threats demonstrates the extent to which the Baltic security identity has been influenced by the normative regulations set up by Western security communities – NATO and the European Union. The Russian military threat disappeared

<sup>26</sup> Kai-Helin Kaldas, “The evolution of Estonian security policy” in *The Estonian Foreign Policy Yearbook 2006*, Tallinn: Estonian Foreign Policy Institute, 2006, p. 95.

<sup>27</sup> Ingemar Dörfer, *The Nordic nations in the new Western security regime*. The Woodrow Wilson Center Press, 1997, p. 79.

<sup>28</sup> Erik Männik, “Estonia and the European Security and Defence Policy: A realist view,” *The Estonian Foreign Policy Yearbook 2005*. Tallinn: Estonian Foreign Policy Institute, 2005.

<sup>29</sup> It is different from Estonia's official position

<sup>30</sup> Urmet Kook, “Venemaa jääb Eestile suurimaks julgeolekuohuks,” *Eesti Päevaleht*, 06.12.2006.

<sup>31</sup> Maria Mälksoo, “From Existential Politics Towards Normal Politics? The Baltic States in the Enlarged Europe,” *Security Dialogue*, vol. 37, no. 3 (2006): 288.

from mainstream political debates by the late nineties.<sup>32</sup> Nevertheless, after accession to NATO and the EU, the confrontation with Russia intensified, rather than vanished.

There are basically four general options for Estonian society in shaping its security culture, representing different preferences towards European (Western) security communities and cooperative security options.

*Table 3.* Security preferences within Estonian security culture

	<b>Membership in European security communities</b>	<b>Cooperative security</b>	<b>Special issues</b>
<b>Transatlantic option</b>	Favours participation in European security communities	Supportive of cooperative security options	Special relationship with the USA
<b>Eurocentric option</b>	Favours participation in European security communities	Supportive of cooperative security options	Further integration to the EU including federation or confederation
<b>Non-aligned (isolationist) option</b>	Sceptical of participation in European security communities; favours staying outside EU	Sceptical of cooperative security options	Supportive of self-defence and self-help; rather promoting regional cooperation
<b>Eastern option</b>	Sceptical of participation in European security communities	Sceptical of cooperative security options	Special relationship with Russia

The first two options are oriented to the further integration and accession into the European security communities. Transatlantists tend to be more concerned with military threats and therefore they prioritize NATO's membership over participation in the European Security and Defence Policy (ESDP). Transatlantists also identify the United States as the major military power in the contemporary world and often see current international system as unipolar. Eurocentrists tend to pay more attention to asymmetric threats than representatives of other options. They prefer more profound integration with European institutions, especially with the European Union as mutually

<sup>32</sup> Merje Kuus "From threats to risks: The Reconfiguration of Security Debates in the Context of Regional Cooperation," *The Estonian Foreign Policy Yearbook 2003*, Tallinn: Estonian Foreign Policy Institute, 2003, p. 11.

beneficial for Europe and Estonia. Non-alignment and isolationism has been frequently influenced by the currents of Estonian ethnonationalism. Non-aligned and Eastern options tend to value regional security initiatives above other cooperative security options. Non-alignment-based isolationists may consider Baltic cooperation and cooperation with Finland as an alternative to European integration, are rather cautious towards the EU, and tend to take membership in NATO as a temporary necessity. Supporters of the Eastern option, mainly local ethnic Russians, foresee good-neighbourly relationship with Russia as a main security guarantee for the country and are also sceptical about further integration with European institutions. There may be also mixed groupings in supporting different options – transatlantic-isolationist; isolationist-eastern; and transatlantic-eurocentric directions.

There may be differences between the official approach to security, oriented to further integration with the Western security communities, and public expectations and understandings influenced by the non-aligned option. Merje Kuus argues that “security in Estonia has been reconfigured from a narrow military issue into a broad and flexible category linked to culture and identity.”<sup>33</sup> However, she recognizes the key role of Estonia’s foreign policy makers in shaping official security identity.<sup>34</sup> Security-related discourses in Estonia often reveal disagreements between supporters of the official transatlantic-eurocentric and the non-aligned options. Toomas Riim asserts that accession to NATO and the EU occasioned the substitution of the national identity, based on the nation-state, with a collective identity based on membership in the security communities.<sup>35</sup>

Estonia’s official security policy follows a concurrent approach, embodying both transatlantic and eurocentric options. Estonia supports European integration, while maintaining a strong transatlantic link in NATO and the US military presence in Europe. Prior to membership, the cooperation and further integration with NATO and the European Union had been high priorities for the Estonian government. For example, up to joining NATO in 2004, Estonia participated practically in all of NATO’s cooperative security initiatives like NACC (North Atlantic Cooperation Council), Partnership for Peace, PARP (Planning and Review Process), Intensified Dialogue, EAPC (Euro-Atlantic Partnership Council), and Membership Action Plan, etc. More recently, the evolution of ESDP has brought about a recognition of the importance of the European Union in security matters. Thus, for approximately ten years, NATO has played the dominant role as security contributor. However, the role of ESDP in the Estonian security culture is growing, as evidenced by her active

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<sup>33</sup> *Ibid.*, p. 20.

<sup>34</sup> *Ibid.*, p. 19.

<sup>35</sup> Toomas Riim, “Estonia and NATO: A Constructivist View on a National Interest and Alliance Behaviour,” *Baltic Security and Defence Review*, vol. 8, p. 54 (2006).

participation in the EU's Nordic Battle Group, and in the European Defence Agency. At a broader international level, Estonian involvement in the UN and OSCE security initiatives has been relatively modest.

Similar strategic interests and movement towards NATO and EU membership has stimulated the development of a Baltic security complex as a specific entity for promoting security and defence cooperation.<sup>36</sup> The Baltic defence projects<sup>37</sup> have had an important role in the development of a Baltic security complex, as well as in shaping Estonian security identity. Now, after the accession of Baltic countries into the Western security communities, the Baltic security complex is evolving into a Nordic-Baltic security complex, as the cooperation between Baltic and Nordic countries has expanded to an institutionalised level. Estonia has become an importer of Western values, expressing a special interest in promoting democracy, and in assisting development of western-like security systems in the former Soviet republics, especially in Georgia and Ukraine. Since 1994, Estonia has been an active contributor to international peace operations.<sup>38</sup>

Results of polling in Estonia have consistently shown strong public support for NATO membership. In 1992, 54% of Estonians<sup>39</sup> supported Estonian membership in NATO. In 2000, this number had grown to 71% and in 2003; membership in NATO was supported by 76% of Estonians.<sup>40</sup> As of December 2006, membership in NATO was supported by 75% of the Estonian citizens, including 88% of ethnic Estonians and 44% of non-Estonians.<sup>41</sup> At the same time, these polls indicated a substantial decrease in the Estonians' expectations of a military attack against Estonia. In 1992, 70% of Estonians estimated that a military attack against Estonia was highly probable. In 2000, the number of Estonians presenting that opinion had decreased to 33%, and to 15 % by 2003 (among non-Estonians these numbers were, respectively, 13% in 2000 and 8% in 2003).<sup>42</sup> Thus, it can be seen that when membership in NATO was seen as achievable, people began to feel more secure.

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<sup>36</sup> I am using Buzan's term connoting a "group of states whose primary security concerns link concerns link together ... that their national securities cannot be ... considered apart from one another." Barry Buzan, *People, States and Fear: The National Security Problem in International Relations*. New York: Harvester Wheatsheaf, 1991.

<sup>37</sup> BALTBAT, BALTRON, BALTNET, BALTDEFCOL, BALTCIS, etc.

<sup>38</sup> Nordic countries have been traditionally very active participants in peace operations. This trend is followed by the Baltic countries.

<sup>39</sup> ethnic Estonians

<sup>40</sup> *Avalik arvamus ja riigikaitse 2000-2003*. Eesti Kaitseministeerium. <http://www.mod.gov.ee/static/sisu/files/riigikaitse.pdf>

<sup>41</sup> *Avalik arvamus ja riigikaitse*. Kaitseministeerium. [http://www.mod.gov.ee/static/sisu/files/2007-02-08\\_NATO\\_aruanne\\_2006\\_12-viimane.pdf](http://www.mod.gov.ee/static/sisu/files/2007-02-08_NATO_aruanne_2006_12-viimane.pdf)

<sup>42</sup> *Avalik arvamus ja riigikaitse 2000-2003*. Eesti Kaitseministeerium. <http://www.mod.gov.ee/static/sisu/files/riigikaitse.pdf>

## Non-alignment, orientation, and neutrality

Despite the fact that Estonia's official security and defence policy has been Western-oriented since 1991, the non-aligned option has remained influential. This option has also been influenced by European traditions, particularly the security models of former neutrals Finland and Switzerland, which were based on concepts of independent defence, an armed nation, and a nation's determination to defend itself. These security models were highly popular in Estonia especially in the 1990s when accession to NATO and the European Union were often considered as unrealistic goals.

The non-aligned tendencies in Estonian security and defence policy have their roots in orientation policy and neutrality, as practised in Estonian foreign relations before World War Two, when Estonia exercised mainly two security policy options. First, Estonia had decided to remain neutral in the competition between the great powers. Second, Estonia's foreign policy was oriented toward different great powers at different times, initially towards the United Kingdom, but from the second half of 1930s this orientation moved towards Germany. In 1939, after the Molotov-Ribbentrop Pact between the Soviet Union and Nazi Germany, Estonia was forced to move into sphere of influence of the Soviet Union, which led directly to annexation in 1940.<sup>43</sup>

Neutrality means being outside of alliances and coalitions and favouring independent defence. Countries like Switzerland have a long tradition of being neutral in the case of military conflicts. Estonia experienced neutrality without any success before the Soviet annexation in 1940. Despite its seemingly high potential for avoiding security risks, neutrality has not proven to be an effective security policy, largely because it relies on the willingness of other states to respect it.<sup>44</sup> Consequently, a number of small countries – like Denmark, Belgium, and Netherlands among others - abandoned it after World War Two and joined NATO. During the Cold War, neutrality was practised by some western countries near the 'iron curtain': Sweden, Finland, and Austria. In addition to that, a communist country, Yugoslavia, an active participant in the Non-Aligned Movement,<sup>45</sup> was *de facto* a neutral country. Finally, neutrality has lost its popularity within the post-modern security environment because of the decrease of polarity between great powers. A few countries<sup>46</sup> tried to resurrect this concept, but mainly as a transitional relic from the Cold War's bipolarity, not compatible with the current international system.

<sup>43</sup> Besides major orientations described here, also some other options existed, for example the French orientation (supported by former Foreign Minister Kaarel Robert Pusta), Polish orientation, etc.

<sup>44</sup> Ingo Peters, (ed.) *New Security Challenges: The Adaptation of International Institutions*. New York: St. Martin's Press, 1996, p. 195.

<sup>45</sup> Organization of states established in 1961, which consider themselves not formally aligned with or against any major power bloc.

<sup>46</sup> For example, Ukraine under Leonid Kutchma's presidency.

Although their past experiences with orientation policy did not lead to successful outcomes, it remains quite popular among Estonians. In the 1990s, after the restoration of independence, Estonia became a strong supporter of the United States' foreign policy. Similarly to other Central-European countries, it emphasizes a special relationship with the United States, including close military cooperation, active involvement of the US in European matters, and a strengthening of the transatlantic link. It is stated quite emphatically in the National Security Concept:

For ensuring Estonia's national security, the alliance with the United States of America is of primary importance. Estonia is developing extensive and close cooperation with the United States in all spheres of major importance. The cornerstone of European security is the U.S. military presence and consistent participation in the ensuring of this security.<sup>47</sup>

The main goal of the US orientation is to guarantee US support, in the event of Estonia becoming involved in future conflicts with major powers. During the Bush administration, and especially after the Iraq invasion in 2003, when the international system entered into a stage of instability, this orientation policy began to cause some trouble as the policies of some of NATO's European members began to diverge from US policy. Neoconservatism<sup>48</sup>, as practiced by the Bush administration, corresponds to the ideas of re-establishment of polarity-based international systems that would be favoured by many Estonians, even those who tend to prefer the non-aligned security option. However, Estonia although being a strong supporter of the US policy in the global war on terrorism, had to disagree with the official position of the United States on several occasions, when membership in the EU obliged it to take a position, for example concerning the US position against the International Criminal Court. Thus, Estonia's security policy could no longer be dominated by an unidirectional orientation, but had to balance between two allied powers, the United States and the European Union.

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<sup>47</sup> *National Security Concept of the Republic of Estonia*. [http://www.vm.ee/eng/kat\\_177/4665.html](http://www.vm.ee/eng/kat_177/4665.html)

<sup>48</sup> Neoconservative foreign policy is based on patriotism, standing against world government, distinguishing friend from foe, protection of national interests and a strong military, see Irving Kristol. *Neoconservative Persuasion*. [http://www.weeklystandard.com/Utilities/printer\\_preview.asp?idArticle=3000&R=785F27881](http://www.weeklystandard.com/Utilities/printer_preview.asp?idArticle=3000&R=785F27881)).

## Controversies in the Estonian security culture

Discussions among NATO members about its future in the changed security environment engendered anxiety among some Estonians about NATO's willingness to live up to its collective defence obligations and Article V of the Washington Treaty. Such non-aligned and isolationist tendencies in the Estonian security culture reflect scepticism about NATO's and the EU's willingness and preparedness to defend Estonia in the event of potential armed conflict with Russia.

Estonia's National Security Concept states that "The probability of a military conflict breaking out, that would encompass all of Europe, or the threat of a conflict in the Baltic Sea region has been reduced to a minimum. Membership in NATO and the EU reduces the threat of war for Estonia even more."<sup>49</sup> To some extent, this statement is indicative of the conflict between official policy and the historical memory of many Estonians who consider a forthcoming military conflict as inevitable. Trivimi Velliste, a long-time member of the defence committee of the Estonian Parliament, writes that, in spite of membership in NATO and the EU, it would be misleading and naïve to think that war would never recur in Estonia. Velliste refers to Estonia's historical experience and refers to people who talk about universal peace as utopian.<sup>50</sup>

The well-known US political scientist Edward N. Luttwak has recommended that it would be advisable to retain the Cold War era security models, while emphasising the special geopolitical position of Estonia.<sup>51</sup> This recommendation was highly popular among Estonia's ethnonationalist audience and Luttwak has unintentionally emerged as the most popular author among the supporters of independent defence. Ethnonationalists tend to be skeptical about cooperative and collective security options, and they put more emphasis on the establishment of an independent defence capability for Estonia, instead of trusting NATO's deterrence. Heated debates concerning the future developments of the defence system became more intense in 2006. The former defence minister Jürgen Ligi, a supporter of the professional system, has often been accused of destroying the Estonian national defence. For example, after the proclamation of a salary reform in the Estonian Defence Forces, the leader of the Centre Party Edgar Savisaar charged Ligi with "secret movement towards a mercenary army".<sup>52</sup> Pro Patria and Res Publica Union made similar accusations. The former Chief of the Defence Forces,

<sup>49</sup> National Security Concept of the Republic of Estonia. [http://www.vm.ee/eng/kat\\_177/4665.html](http://www.vm.ee/eng/kat_177/4665.html)

<sup>50</sup> Trivimi Velliste, "Riigikaitse hiilgus ja viletsus," *Postimees*, 16.11.2006.

<sup>51</sup> Peeter Kuimet, "Julgeolekuekspert: unustage jutud Eesti palgaarmeeest," *Postimees*, 01.12.2006.

<sup>52</sup> "Savisaar: Ligi on alustanud salaja palgaarmeele üleminekut," *Postimees*, 07.11.2006.

and current member of the Estonian Parliament, Tarmo Kõuts described an army based on conscription as the best guarantee for consolidation of democratic society, the best option for handling present-day security threats and strengthening the connection between a citizen and his country. Kõuts accused Ligi of replacing armed forces based on the citizens' willingness to defend one's country with a defence system based on a monetary relationship.<sup>53</sup>

There are also proponents of professionalism in the defence system, such as US expert Stanley Sloan, who has recommended that European countries should replace defence systems based on conscription with professional armies. According to this line of argument, Estonia should worry less about defending its borders, and contribute more resources to participation in international peace operations. The basic source of security will be determined by NATO's ability to create special units that will be able to fight under the different circumstances. Small states are not able to create such units on their own.<sup>54</sup> Jürgen Ligi notes that conscription-based systems have been abandoned, or are in the process of abandonment, in many countries whose security situation is similar to Estonia – Latvia, Hungary, Slovenia, Slovakia, Czech Republic, Croatia, the Ukraine, Georgia, etc. He argues that policies focussing on the establishment of mass armies are especially dangerous in the present security situation where time, space and material are of prime importance.<sup>55</sup>

Nevertheless, conscription enjoys strong support among the population. On the basis of polls, 90 % of the population supports the maintenance of conscription as the basis of the Estonian Army.<sup>56</sup> As of December 2006, professional systems are supported by only 19% of Estonian citizens and by 13% of ethnic Estonians.<sup>57</sup> However, there might be a variety of diverse underlying reasons for such overwhelming support. At the same time only 25% of draftees eligible for military service will actually serve in the Estonian Defence Forces,<sup>58</sup> a trend that makes the system of conscription ineffective. Interestingly, when the polls ask for a comparison between the two models – comprehensive people's army and professional army - the professional army model is rated as more effective by a large margin (72%). This may indicate that conscription is supported mainly because of people's expectations about

<sup>53</sup> Tarmo Kõuts, "Hiiliv kaitseväreform," *Eesti Päevaleht*, 22.01.2007.

<sup>54</sup> Krister Paris, "Stanley Sloan: NATO peaks rohkem Venemaal jälgima," *Eesti Päevaleht*, 23.02.2007.

<sup>55</sup> Jürgen Ligi, "Relvi ja raha isetegevuseks ei saa," *Postimees*, 07.11.2006.

<sup>56</sup> Juhan Kivirähk, "Rahvas näeb NATO turvalisuse garantiid," *Riigi Kaitse*, 12.05.2004.

<sup>57</sup> *Avalik arvamus ja riigikaitse*. Kaitseministeerium. [http://www.mod.gov.ee/static/sisu/files/2007-02-08\\_NATO\\_aruanne\\_2006\\_12-viimane.pdf](http://www.mod.gov.ee/static/sisu/files/2007-02-08_NATO_aruanne_2006_12-viimane.pdf)

<sup>58</sup> Peeter Kuimet, "Julgeolekuekspert: unustage jutud Eesti palgaarmee," *Postimees*, 01.12.2006; Jürgen Ligi, "Eesti mehe vorm ja munder," *Postimees*. 05.01.2007.



conscription being an important part of the rite of becoming a man, and only secondarily considered in the context of Estonia's defence capability. Polls have also shown that the professional system enjoys more support among younger and more educated Estonians.<sup>59</sup>

Keeping in mind the proximity of Russia and her possible neo-imperialistic ambitions against Estonia, conscription and the establishment of a so-called reserve army or mass army have often been seen as symbols of the determination to defend one's nation, in the context of a vaguely defined system of total defence. Estonian society frequently equates principles of total defence with the concept of an 'armed people', similar to the Swiss model of national defence. Such ideas about 'militarized society' have been highly popular in the past - Italian novelist Dino Buzzati has described such a society in his famous novel *The Tartar Steppe* - a society that lives in permanent expectation of attack.<sup>60</sup> At the threshold of parliamentary elections in 2007, some political parties decided to start a campaign against the -called *palgaarmee* - "mercenary army" as they called a fully professional army. The only notable exception, supporting the development of a professional army, was the Reform Party, who won the largest number of seats in the Parliament.

The establishment of civilian control over the military has historically been a painful problem for Estonia, waiting a long time for a lasting resolution. In 1992, when Estonia adopted its new constitution, the armed forces were subordinated to the President of the Republic, despite the fact that the President has no executive instrument to fulfil this task. The subordination of armed forces to the President was based on the previous constitution of 1938. During the authoritarian regime of President Päts, military played a significant role in Estonian society. The Commander-in-chief of armed forces, General Johan Laidoner had supported Päts' *coup d'état* in 1934 and held the second highest ranking position in the country after the President. The absence of clearly defined lines of subordination between civilian and military authorities responsible for the elaboration and implementation of the tasks of national defence has resulted in an ongoing discord about civilian control issues between the Ministry of Defence and the General Staff of Armed Forces that has lasted more than a decade.<sup>61</sup>

Membership in NATO has brought the issue of civilian oversight over the military into clearer focus. NATO's established criteria for aspirant countries

<sup>59</sup> Juhan Kivirähk, "Rahvas näeb NATO's turvalisuse garantiid," *Riigi Kaitse*, 12.05.2004.

<sup>60</sup> Dino Buzzati, *Il deserto dei Tartari*, first published in 1940.

<sup>61</sup> Recently, however, an important step that follows the Western tradition in civil-military relations has been made in order to reorganize the system of civilian control. In May 2007, President Toomas Hendrik Ilves initiated an amendment to Estonia's Constitution that moves the subordination of the leadership of Estonian Defence Forces from the president to the government.

include “a clear division of authority between the president and government in constitutions, amendments or through public law; parliamentary oversight of the military through control of the defence budget; peacetime government control of general staffs and military commanders through civilian defence ministries; restoration of military prestige, trustworthiness and accountability for the armed forces to be effective.”<sup>62</sup> Civilian control presumes a high level of professionalism among the armed forces. Samuel Huntington has characterized the contemporary professional military as being analogous to other professions, such as medicine or law.<sup>63</sup> On the other hand, Trivimi Velliste criticizes the situation in Estonia where people who are prepared to die for their country have no right to make political statements. In criticizing some principles of civilian control in Estonia, he refers positively to the situation in Denmark, where the military have the right to participate in political life.<sup>64</sup>

### The influence of the Finnish school on Estonian security culture

Finnish security culture has exerted considerable influence on the emerging Estonian security identity. Finland and Estonia have had an especially close relationship since the 19<sup>th</sup> century, beginning with the growth of Estonian and Finnish national self-consciousness that later led to the establishment of nation-states at the beginning of 20<sup>th</sup> century. In Peeter Vihalemm’s interpretation of the special relationship “relations with Finland have had a specific influence on Estonian society, largely because of linguistic closeness and geographical proximity. Finland is clearly a dominant country in Estonia’s economic and cultural space, as well as in the realm of personal contacts.”<sup>65</sup> Velliste has described Finland as a country very similar to Estonia by its geopolitical situation – a small state and small nation, similar in landscape and presumably threatened by the same enemy.<sup>66</sup>

In the 1990s, Finland had a leading role in assisting the Estonian Defence Forces (EDF) until 1999, when NATO launched the Membership Action Plan for aspirant nations, including Estonia. Finland has been a major contributor to the education and training of the Estonian military. The first Estonian non-commissioned officers graduated from the Lappeenranta Military

<sup>62</sup> Jeffrey Simon, *NATO Enlargement: Opinions and Options*. National Defence University, 1995, p. 58.

<sup>63</sup> Samuel Huntington, *The Soldier and the State*. Vintage Books, 1957, p. 7.

<sup>64</sup> Trivimi Velliste, “Riigikaitse hiilgus ja viletsus,” *Postimees*, 16.11.2006.

<sup>65</sup> Marju Lauristin, Peeter Vihalemm, Karl Erik Rosengren, and Lennart Weibull (eds.) *Return to the Western World*. Tartu: Tartu University Press, 1997, p. 191.

<sup>66</sup> “Poolt ja vastu: kas Eestit ootab palgaarmee,” *Eesti Päevaleht*, 9.05.2002.

School in December 1992. The first group of ten officers graduated from the Santahamina Military College in June 1994, and the first two naval officers from the Finnish Naval Academy in 1996. In 1996, the Finnish military initiated a special project, designed to assist in the rebuilding of the Estonian Defence Forces. This project, led by retired Lieutenant General Pentti Lehtimäki, offered graduate courses for Estonian military leaders. Since 1998, a significant number of top Estonian military leaders (including Lieutenant General Johannes Kert, Vice Admiral Tarmo Kõuts, Major General Ants Laaneots, etc.) have participated in these special training courses for the EDF leadership.<sup>67</sup>

Estonia and Finland, are not only culturally close entities, but their destiny during the recent centuries also offers many similarities. Estonia shares with Finland an increasing concern about the recent negative developments in the democratization in Russia and therefore wants to prepare for the worst scenario, even though it appears highly unlikely to happen in the near future. Henrikki Heikka has pointed out the special role that Russia occupies in the Finnish security culture. "The basic dilemma of Finnish strategic planners in the post-Cold War years remained its proximity to Russia, who maintained, by Finnish standards, a relatively large military potential in areas adjacent to Finland."<sup>68</sup> Both countries achieved their independence from Russia after the collapse of Russian short-term democracy in 1917. During World War II, both countries fell under the imperialistic intentions of the Soviet Union, with the major difference being that Finland was able to maintain its independence, whereas Estonia was absorbed into the Soviet Union.

There may be some similarities in security cultures of the two neighbouring countries although they have chosen different ways to shape their relationship with the Western security communities after the Cold War. Estonia has favoured accession to NATO, whereas Finland decided to promote a partnership with NATO without considering membership in the near future. Finland also supports the development of the defence and security pillar of the European Union. Nevertheless, the non-aligned security options are still strong in Finland. An examination of the documents on Finnish grand strategy since the end of the Cold War reveals a consistent Europeanization of Finnish foreign policy, while, at the same time, retaining homeland defence, the hard-core of self-government, in Finnish hands.<sup>69</sup>

Tomas Ries has explained Finland's non-aligned security options and its cautiousness towards NATO on the basis of the following contra-arguments

<sup>67</sup> Erik Männik, "Development of the Estonian Defence: Finnish Assistance," *Baltic Defence Review*, no. 7 (2002).

<sup>68</sup> Henrikki Heikka, "Republican Realism: Finnish Strategic Culture in Historical Perspective," *Cooperation and Conflict*, vol. 40, no. 1 (2005): 94.

<sup>69</sup> *Ibid.*

raised within Finnish security culture: NATO membership would damage Finland's special relationship with Russia; membership would provoke Russia, upsetting European stability; military non-alignment keeps Finland from the crossfire zone between Russia and the West; military non-alignment permits Finland to mediate; membership makes Finland a pawn of the major Western powers; NATO is increasingly less effective in its ability to deliver security; EU membership is sufficient guarantee of security; NATO membership draws the west into regional crises; membership makes Finland dependant upon the West; membership leads to developing the wrong kind of defence; membership costs too much; membership isolates people from defence; membership prevents the recovery of Karelian territory.<sup>70</sup> Some of these arguments have been used in Estonian defence-related circles who favour the non-aligned or Eastern options. The Estonian isolationists also emphasize fears about the alienation of people from defence, and the development of wrong kind of defence which does not take into account the special geopolitical situation of Estonia. Therefore, they stress the importance of maximizing independence in defence matters, to the extent consistent with NATO membership.

### 'The Great Fear' and the Russian paradigm

The role of Russia in shaping the Estonian security identity is tremendous. The presence of a "Great Fear" characterizes Estonia's misperceptions about Russia after restoration of independence. Russian historian Leonid Mletchin claims that the Baltic countries wish to achieve self-confidence for performing as sovereign states in contrast to Russia. They still live with their complexes – they fear to express themselves freely; they fear to make fun of themselves; and they do not think highly of themselves. Russia, again, has been traditionally patronising towards small states and prefers to solve all possible problems among great powers like the United States, Germany and France. In addition, compared with some other previous Soviet republics, the Baltic states seem to be easier to criticize as these countries follow democratic principles.<sup>71</sup> Professor Eiki Berg addresses this confrontation between Estonia and Russia as mutually beneficial animosity that satisfies the needs of politicians and the media.<sup>72</sup>

Both sides seem to be interested in maintaining polarity and are not prepared to take steps that would assist in developing a bilateral relationship.

<sup>70</sup> Tomas Ries, *Finland and NATO*. Helsinki: Maanpuolustuskorkeakoulu, 1999, p. 5.

<sup>71</sup> "Leonid Mletšin: Venemaa ja Baltimaad mineviku vangis," *Postimees*, 31.03.2007.

<sup>72</sup> Eiki Berg, "Vastastikku kasulik vaen," *Postimees*, 26.01.2007.

This controversy may lead to perpetual conflict. The main danger of “Great Fear” is that the emotional feelings associated with it can lead to irrational thinking or decision-making. Thus, it would be appropriate to speak about a double identity emerging within the Estonian security culture. The “Great Fear” often creates minor fears. Fears that are connected with the professional army or civilian control over defence forces are evidently outcomes of the “Great Fear”. Further integration to the Western structures and European society is overwhelmingly supported, but at the same time, elements from the preceding modern international system are strongly rooted to the Estonian self-consciousness.

Russia’s policy towards Estonia is close to that which Edward Luttwak has described as “armed suasion”.<sup>73</sup> Using its military power, Russia forces the opposite side to behave irrationally and thus creates disadvantages to their integration process with Western civilization. The fear of Russian military attack, although not publicly discussed, is still alive because of past experiences in the 20<sup>th</sup> century, and it has become deeply embedded in the society’s mentality. For that reason, the idea of a highly militarized society, which is prepared against the inevitable military attack, could easily attain popularity among public opinion. The general problem in defining the so-called Russian threat lies in the principal differences of approach – is this threat *Russia* as a country, with specific possessive interests against Estonia or will potential threats come *from* Russia? In other words, will the emphasis be put on the country or threats? Estonian society has not reached consensus on that, resulting in some difficulty in their full integration to Western society. If the threat is Russia as a country not depending on developments of their society, there is practically no solution for establishing good-neighbourly relationship. If the approach will be focused on threats, there will exist at least theoretical possibilities to solve the conflict.

As mentioned above, the fear may easily create other fears. The presumed Russian military threat is strongly based on historical experiences. Russia’s interest towards the Baltic Sea and the integration of the area with Russia has lasted for centuries. If a Russian military attack against Estonia appears inevitable, and this is not reflected in the official position of NATO, it may lead to another misperception creating a security dilemma – are the Allies indeed willing to defend Estonia? Estonian society does not understand why the West does not evaluate a possible Russian threat as highly as the Estonian society, and why NATO and the EU currently highlight threats other than Russia’s.

After the collapse of the Soviet Union, Russia has gradually started to

<sup>73</sup> I.e., using military strength on behalf of state’s interests without actual use of force, see Edward Luttwak, *Strateegia. Sõja ja rahu loogika [Strategy: The Logic of War and Peace]*. Tallinn: Eesti Entsüklopeediakirjastus 2006, p. 255.

restore its positions as a great power in the European neighbourhood. This trend has been followed by Russia's increasing role as one of the largest suppliers of energy to Europe, which on the one hand, has facilitated Russia's prospects to strengthen its positions as a great power, but on the other hand, has decelerated its internal democratization process. Luttwak states that Russia is currently moving from an unconsolidated democracy to autocracy.<sup>74</sup> The rise of Russian ethnonationalism has occurred simultaneously with the Estonian one, implying an increase in the influence of irrational thinking in their foreign and security policy. Although different views of history influenced the development of Estonian-Russian relations throughout the post-Soviet period, these differences have been expressed with increased intensity since 2005 when the signing of border agreement failed and Estonian President Arnold Rüütel decided not to participate at the celebration of the World War Two victory in Moscow. These actions aroused a fierce reaction from the Russian side, which was soon followed by the "Bronze Soldier" monument drama. There are similarities in the development of security cultures in both countries – Estonia and Russia. Their evolvement to the post-modern security environment is greatly influenced by external processes and the principles of post-modern society are internally perhaps not completely accepted.

In 2004, when Estonia finally returned to the Western world, it seemed that it had begun to lose the idea of its existence. The goal Estonia had been striving toward for many years has been just fulfilled. This could cause a revival of irrational thinking in the Estonian identity. A similar process took place in Russia when the strengthening of the country was accompanied with the return to the sources of the Soviet Union.<sup>75</sup>

What remains to be seen is when the Baltic states will realize that their Russia policy results in a conflict between their security identity and the European security identity.<sup>76</sup> Russia will undoubtedly remain a potential creator of many essential security problems, not only bilaterally between Estonia and Russia, but also regionally, in Europe and in the Baltic Sea. This requires effective policy measures to prevent a possible crisis. So far Estonia has not found solutions for conflict prevention, nor has it come up with any noteworthy initiatives in making progress in the Russian direction. This differs somewhat from Latvia's policy towards Russia. Latvia has been very active on the Eastern front, signing a border agreement in March 2007 without any

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<sup>74</sup> Margus Kolga, "Edward Luttwak: Vene president Putin käitub nagu Ivan Julm," *Eesti Päevaleht*, 01.12.2006.

<sup>75</sup> E.g., the re-establishment of the Soviet anthem as the Russian national anthem clearly symbolizes this tendency.

<sup>76</sup> Ole Kvaernø & Marie Rasmussen, "EU enlargement and the Baltic region: A greater security community?" *The Estonian Foreign Policy Yearbook 2005*. Tallinn: Estonian Foreign Policy Institute, 2005, p. 91.

accompanying political declaration. On the contrary, Estonia has decided to maintain an old-fashioned polarity between Estonia and Russia, and attempts to solve all bilateral problems through the EU or by using support from Washington. This model retains the 'Great Fear' as an important security driver within the Estonian security culture, but at the same time, Estonia may remain prone to Russia's policy of armed suasion.

### Irrational thinking as a security risk

There are several reasons why a dual security identity developed in Estonian society at a time when the official transatlantic-eurocentric option competed with the influential non-aligned option. Paradoxically, the majority of people overwhelmingly support Estonian membership in NATO but simultaneously express a preference for individual instead of collective defence. Such irrational thinking is based on emotional feelings and is not conducive to conflict resolution. There are a number of possible reasons why these potential misperceptions form an essential part of the Estonian security identity. Five major reasons are outlined below.

First, reasons for misperceptions are historical. Soviet occupation, which ended with annexation and brutal measures, such as mass deportations and suppression of all personal liberties, have shaped the Estonian historical memory and through historical memory influenced the formation of Estonia's own security identity.

Second, serious psychological reasons are related with misperceptions influencing the Estonian security identity. The history of the Estonian nation includes hundreds of years of being under the rule of other nations, and only a few years of independent statehood. The centuries of serfdom, and the suppression of their language and culture, provided a strong impetus to the emergence of Estonian ethnonationalism. Estonian statehood is often perceived as an ethnic state, rather than being in accordance with the Western meaning of a nation-state.

Third, educational reasons have also had a potential in shaping the Estonian military mind. After re-independence, Estonia has developed extensive military relations with former neutral countries, particularly with Finland, but has also had relatively intensive military cooperation with Switzerland. Finland has provided education and training for many Estonian officers and non-commissioned officers in 1990s. Therefore the Finnish military, but also its societal-cultural mindset, has had a remarkable influence on the Estonian military.

Fourth, there are some influential factors involving the development of

Estonian security identity, which could be called mythological. The role of irrational thinking and national mythology in the Estonian security ideation is rather obvious. The public attitude to some defence-related issues is close to being religious. For example, debates about conscription tend to exclude free and open discussions of that topic.

Fifth, the meaning of territory has been very important for Estonians throughout history. Land ownership was not allowed for the Estonian peasants until the 19<sup>th</sup> century after centuries of serfdom. This opportunity influenced the Estonian self-consciousness and the development of the Estonian society. The loss of Petserimaa County to Russia during World War II is a perfect historical example still painfully remembered. The significant role of the territory also implies that occupation of Estonian territory has been frequently considered a main security threat against Estonia.

On the basis of these misperceptions, it could be concluded that irrational thinking might constitute a serious security risk as it often looks for popular and emotional solutions instead of reasonable ones.<sup>77</sup> Most of these irrationalities have to do with neighbouring Russia, making good-neighbourly relationship between these two countries extremely complicated, even if the current trend toward autocracy in Russia is reversed. Even democratic Russia may still be a great power.

## Conclusions

Estonia experiences serious difficulties in adapting to the post-modern security environment. Estonian security and defence-related thinking tends to be shaped by historical experience and is, in terms of the modern – post-modern continuum, somewhere in the middle of 20<sup>th</sup> century. History has deeply influenced the Estonian identity, including security identity. Therefore, different polarity-based formations appear to be more favourable for Estonia. Estonia prefers to oppose itself to Russia hoping to resolve historical debates with the assistance of Western institutions, and often turning to the polarity-related arguments. The two-way evolution of the Estonian security culture and fifty years behind the “iron curtain” have added a strong ethnonationalist dimension. Russia, at the same time, has frequently used any opportunity to charge Estonia’s policy with proceeding from nationalism, which leads to the endless game about the historical truth between eternal opponents.

Though successfully joined with the Western institutions including potential security communities, the EU and NATO, Estonia still manages to

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<sup>77</sup> Examples of irrational thinking dominating over rationality are Argentina’s behaviour in the Falkland crisis in 1982 or Iraqi’s invasion of Kuwait in 1991.



prove itself as an independent country at first to itself and secondly to the rest of the world. In managing polarity, it may lead to bipolar confrontation with Russia. Irrational thinking just feeds the “Great Fear” that still causes competitiveness between different security options in Estonia. However, by accepting the values of the Western liberal democratic security communities, Estonia has an opportunity to decrease the influence of irrational thinking in its security culture and thus to avoid polarity-based security risks.



# Conceptualising practices of security governance in the Baltic and the Mediterranean<sup>1</sup>

Tiago Marques and Yasar Qatarneh

## Introduction

It is now common-sense to acknowledge that the events of September 11 2001 have brought about a recrudescence of different types of contested geopolitical skirmishes and frozen conflicts that had either been left unresolved during the immediate post-Cold War era or that were still to be politically defined in the international arena. A backlash against the modern world<sup>2</sup>, or a (re)commitment to military security practices<sup>3</sup>, the terrorist attacks in New York and Washington contributed for a redefinition on how to think of a global order away from the apparently clear-defined narrative of the unipolar world one seemed to have inherited since after 1991.

Having said that, the structural impact of those events in the international system followed a somehow counter-intuitive line. The transatlantic rift that quickly followed – fuelled mostly by divergent stances on the war on Iraq and the ways and methods through which the perceived war on terrorism should be conducted – opened up the possibility of evoking a new security discourse by the European Union (EU), one in which theory and practice were for the first time articulated in a more coherent fashion<sup>4</sup>. The launch-

<sup>1</sup> Research for this article was made possible thanks to a grant from the Euro-Mediterranean Study Commission (EuroMeSCo).

<sup>2</sup> Francis Fukuyama, “History and September 11,” in Ken Booth and Tim Dunne (eds.), *Worlds in Collision: Terror and the Future of Global Order*, New York, 2002, p. 28.

<sup>3</sup> Fred Halliday, “A New Global Configuration,” in Booth and Dunne, *Worlds in Collision*, p. 240.

<sup>4</sup> For more on this see Tiago Marques, “Constructing Supranational Security Interests in a Wider Europe,” in *European Union Enlargement of 2004 and Beyond: Responding to the Political, Legal and Socio-Economic Challenges*, Riga: University of Latvia, 2006.

ing of the European Security Strategy (ESS) in 2003 served as a springboard for consolidating the dual process of othering and identity formation both within the EU and its immediate neighbours, most notably in relation to the South and Eastern Mediterranean. If security is a practice, “a specific way to frame an issue”<sup>5</sup>, then it is no coincidence that the European policy makers felt the need to produce and give empirical content to its first intemporal “speech act” on the organisation and legitimisation of organised violence<sup>6</sup>. That the international context surrounding the ESS was dominated by the war in Iraq was less a nuisance than a convenience to the different actors involved. At the same time, the first working draft of the European Security Strategy was presented at the Thessaloniki EU Council on June 2003, in parallel with the signing of the accession treaties of the ten new EU members that were to fully join the Union in spring 2004. This particular fact is ever more momentous since it juxtaposed both temporal and geopolitical othering processes. It pinpointed threats both beyond and within the borders of the polity such as terrorism and political extremism, the proliferation of weapons of mass destruction and organised crime. Concrete spatial references are made, the former threats associated with Middle Eastern states and the wider Mediterranean<sup>7</sup>. The competition between Europe’s Other as a geopolitical construction and Europe’s own Hobbesian past – the one that should not be allowed to become its future<sup>8</sup> – as definitional moments for future foreign policy orientations became strikingly acute. A Kantian culture of perpetual peace thus remained a possibility providing that the Other continued to be Europe’s own past, while the polities further away from the EU nucleus were not defined as “anti-Europe”, only as “less Europe”<sup>9</sup>.

Accordingly, the accession of Central and Eastern European (CEE) states to both EU and NATO has had a considerable impact on the ways in which academics and practitioners think of foreign policy analysis and security practices today. This in turn has had a direct effect on the articulations between different EU member states and those that stand outside this particular institutional community. In this view, and since different analytical perspectives help defining different definitions of national security, it is only natural that countries like Estonia are still in the process of attempting to find ways of marrying its perceived national interests with new obligations stemming from the country’s newfound position as a regional security provider. One

<sup>5</sup> Ole Waever, “Insecurity, Security and Asecurity in the West European Non-War Community,” in Emanuel Adler and Michael Barnett (eds.), *Security Communities*, Cambridge: CUP, 1998, p. 80.

<sup>6</sup> See Alexander Wendt, *Social Theory of International Politics*, Cambridge: CUP, 1999.

<sup>7</sup> European Security Strategy – A Secure Europe in a Better World, Brussels (2003), <http://www.consilium.europa.eu/uedocs/cmsUpload/78367.pdf> pp.3-4.

<sup>8</sup> Waever, “Insecurity,” in Adler and Barnett, *Security Communities*, p. 90.

<sup>9</sup> *Ibid.*, p. 100.

could thus argue in favour of having Estonia develop alternative security identities as a means to multiply its present policy interests. The wider Mediterranean region could fit such a bill, taking into consideration that Estonia, as well as the rest of the CEE, will have a direct say in shaping EU's external policies and most especially the European Neighbourhood Policy (ENP) proper. Keeping in mind that both South and Eastern Mediterranean countries have voiced their discomfort about the perceived EU shift eastwards as a result of the last enlargement round, a stronger, more proactive commitment to the region by Estonia could help dismissing local political anxieties over the future relations between East and South<sup>10</sup>.

When considering different conceptual principles able to bridge the gap between Baltic and Mediterranean states, security governance seems to have the institutional potential for bringing together practitioners as well as foreign and security policy oriented academics from both geographic areas. In essence the concept of security governance should be a linkage between the broader definition of good governance seen through the prism of democracy consolidation and political accountability with the ways in which military procurement, its management and operational legitimacy is applied by defence establishments. The recently acquired experience of the Baltic states in transforming and managing its security apparatus in line with the organisational demands of both EU and NATO provides the necessary credibility and expertise for the former to export best practices in the field of security sector reform. Current partnerships between the Baltics and countries belonging to the so-called Eastern dimension of the European Neighbourhood Policy (ENP) further strengthens the case for expanding cooperation in this specific field to the Mediterranean region.

This article will claim that by adopting a twin concept of security dynamics combining security governance – with security sector reform (SSR) at its core - and a human security doctrine, the Baltic states will find themselves better equipped to answer different challenges on how to provide security in the post-modern world of today. More importantly, the article will make the case for enhanced cooperation in this specific area between the former and non-EU Mediterranean states and will also, by ways of illustration, put forward a Jordanian view on security governance that challenges some of the concept's most central theoretical premises.

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<sup>10</sup> For more on this see also Tiago Marques, "European Security at 25: Concepts, Challenges and Opportunities," in Heli Tiirmaa-Klaar and Tiago Marques (eds.), *Global and Regional Security Challenges: A Baltic Outlook*, Tallinn: Tallinn University Press, 2006.

## Between the need for security and security in need

The coming of age of security governance as a concept borrows much from the period immediately after the end of the Cold War. The demise of the bipolar world order as one knew it accelerated the competition between different state and non-state actors for acquiring the legitimacy of defining what “security” would be and for whom; most notably, it levelled the security playing field by widening not only the concept of security *per se* but more specifically by opening new possibilities of articulating security at the operational level without many of the ideological caveats of a not so distant past. The possibility of including political, economic, societal and environmental issues as both independent and relational aspects of a broader new security agenda gave a new lease of life for all those directly involved in *practicing* security. The implications of this widening move were substantial. With the securitisation of non-traditional security issues, conventional security articulations were deemed anachronistic. Would the state cease to be the primary referent object of security, and thus state-controlled institutions equally cease to play their traditional role in organising state security?<sup>11</sup>

This view would converge with that of the increasing role played by *globalisation* in its wider definition within the security sector. If there is a fragmentation of political authority on multiple levels of governance, then it follows that of social organisations – including international institutions and (sub) state complexes – beginning to find new ways of governing themselves, be it through centralised control or self-regulation<sup>12</sup>. At the state level, security governance is mostly about the organisation, management and oversight of its security sector<sup>13</sup>. In other words, while there is nothing inherently new in making broad conceptual references to the governing of security by the state, the idea of globalisation as a metaphor for a new socially constructed reality opens the door for thinking about traditional security and its forms of organisation differently. In doing so, state security and its new forms of governance become not just an end in itself but a possibility to influence others by power of example.

As a matter of fact, security governance begs for translation into everyday practices. And that is where security sector governance linked with the concept of reform comes to the fore. By security sector one understands all state institutions such as the military, the police, gendarmerie, the intelligence and secret services and the judiciary apparatus, all having the responsibility of

<sup>11</sup> See Alan Bryden, Timothy Donais and Heiner Hänggi, *Shaping a Security Governance Agenda in Post-Conflict Peacebuilding*, DCAF Policy Paper 11, Geneva: DCAF, 2005.

<sup>12</sup> Heiner Hänggi & Fred Tanner, *Promoting Security Sector Governance in the EU's Neighbourhood*, Chaillot Paper 80, Paris: EU-ISS, 2005, p. 12.

<sup>13</sup> *Ibid.*, p. 13.

guaranteeing the safety of the state and its citizens from harm<sup>14</sup>. Bringing the concept of governance to the security sector entails acknowledging the importance, in this specific case, of proper civilian oversight over the activities of all those acting within the different security sectors. In a nutshell, it asks for the provision of a generous degree of accountability and transparency in the overall operationalisation of security by the state, seen in turn as a benign delivery of public goods in the security field.

The conceptualisation of security sector reform, on the other hand, has to be understood as a by-product of the end of the Cold War. While attempting to enshrine a model for the construction of a European security identity, many of the countries in the Old Continent found themselves at odds with an increasing desire by its civil society to bring about the dividends of peace, incompatible as they were with any swelling of national military budgets. Many analysts in the security field saw excessive military expenditure as detrimental to economic development<sup>15</sup> that in turn was expected to steer good governance and democratic consolidation not only in post-colonial states in Africa and Asia but also in Central and Eastern European countries. For the latter, the prospect of joining both the EU and NATO provided the necessary motivation to carry through an extensive overhaul of the respective security apparatus. While the need for security became much more introspective in nature after the collapse of the Soviet Union, *security* itself, both as a general concept and as a conventional tool at the service of the state and its people found itself in *need* of finding further explanatory value. If security was not anymore about territoriality, securing borders and protecting sovereignty, what could its new remit be?

With the end of the Cold War, human security emerged as a dominant paradigm in the wider field of international security politics, thus providing part of the answer to the above mentioned question. The idea that the individual should take centre stage in the field of security to the detriment of the state came about as a consequence of the growing political, economic and cultural interdependence between states, regions and, ultimately, people, as a result of the fast developing patterns of globalisation. One of the commonest arguments used to justify this apparent shift was that of the increasing desirability of decentralising the decision-making power of those who have traditionally been able to both create and provide security in its multiple forms. Leading politicians, national governments and international organisations have all at one point or another felt the need to consubstantiate their claims of being main vehicles for security provision by referring to the individual or communities as such as the ideal basis for thinking security. Not surpris-

<sup>14</sup> *Ibid.*

<sup>15</sup> For more on this see *Security Sector Reform*, Brief 15, Bonn: Bonn International Center for Conversion, 2000.

ingly, the EU has been playing a very important role in putting forward this particular concept. Not only has the EU steered clear of providing a narrow definition of its (supra) national security interest(s), it has also provided the necessary conceptual underpinnings to justify the subordination of the disparate security interests within this community of states to those of its people. Rather than reifying the security interests of the state, following a top down approach, the EU has been attempting to provide achievable – and exportable – guidelines on how to enshrine the concept of human security as a desirable end in itself. The adoption of such concept – even in its more abstract form - has been justified by means of linking three different imperatives: morality, legality and “enlightened self-interest”. In other words, the view that the right to live with dignity and security comes hand in hand with the legal obligation of protecting human rights worldwide comes back full circle in helping to define European security to be contingent to the security of the significant others around you<sup>16</sup>.

### Adapting security practices to a new strategic context

Up until September 2001, the international security system was still benefiting from growing transcontinental and interregional economic interdependence patterns in unprecedented ways. Multilateralism was the issue of the day, transatlantic relations were on a strong footing and Central and Eastern European countries were getting ready to join both EU and NATO. The failure of the international community in avoiding armed conflict in both the Balkans and the Great Lakes region in Africa were seen less as a sign of political weakness but rather as a result of the increasing amount of intractable identity wars taking place within a new multipolar world. It is fair to say that more often than not, nationalism and ethnicity did not always led to manifestations of political violence in the immediate post-Cold War era. In the Baltic states and the Eastern Mediterranean in particular, the *new world order* brought about renewed hope of transforming political and social shortcomings in opportunities for transcending some of the geopolitical inadequacies present in both sub-regions. A self-perception of working simultaneously as bridges and buffers between Europe - defined in its narrower sense - and Russia and the Middle East respectively, helped them to maintain overlapping identities not only in the political and social fields but also at the wider security level.

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<sup>16</sup> A *Human Security Doctrine for Europe: The Barcelona Report of the Study Group on Europe's Security Capabilities*, (2004) <http://www.lse.ac.uk/Depts/global/Publications/HumanSecurityDoctrine.pdf>, pp. 9-11.



In the immediate aftermath of the attacks in New York and Washington that same year, and most especially as a consequence of the war in Iraq and the ill-defined war on terror, multiple geopolitical identities ceased to be acceptable. All of a sudden, hard political choices had to be made. For the Baltics the issue at stake was one of creative ambiguity at the level of foreign and security policy. On the one hand, they were asked to become, for the very first time, security exporters. To a large extent this meant being able to project the security *acquis* acquired during the long decade of the 1990's, that is to say, to finally be able to act upon the extensive security reforms carried out as a means to be fully compliant with broader Western conceptions of security governance. Conversely, it also meant doing away with more traditional defence postures that continued to include large, conscription based armies fully mobilised for territorial defence<sup>17</sup>. This call for a post-modern reading of security was, at a first reading, a bitter pill to swallow for many of those involved in the Baltic foreign and security apparatus. Despite the successful membership negotiations with both NATO and the EU, it was hard for the Baltics to come to terms with the possibility of abandoning their own indigenous concept of territorial defence in light of their mounting security concerns in relation to Russia and its increasingly authoritarian regime. Thus, a holistic concept of security governance further including a human security dimension seemed, at a first sight, alien to the traditional strategic underpinnings of Baltic security practices.

After full NATO and EU membership was attained, and with the launching of the ENP, the Baltic states found, however, that such an holistic approach to security did in fact meet its own foreign and security interests. The EU's active involvement in processes of security governance in the Eastern neighbourhood encouraged the Baltics to make use of security postmodernism as a means to project their own political agenda. The latter's involvement in processes of security sector reform and good governance in countries such as Georgia, Moldova and Ukraine further emphasised the central role played by security governance in bridging disparate policy frameworks<sup>18</sup>. In the same vein, cost-efficient security governance ends up encouraging geographical and functional specialisation among security providers, especially at the state level<sup>19</sup>. As a consequence, and more often than not, the Baltic states shy away from exporting security in a *governance wrapping* to areas in which its

<sup>17</sup> Kestutis Paulauskas, "Yesterday Came Suddenly: The Brave New Security Agenda of The Baltic States," in Heli Tiirmaa-Klaar & Tiago Marques (eds.), *Global and Regional Security Challenges: A Baltic Outlook*, Tallinn: Tallinn University Press, 2006, p. 34.

<sup>18</sup> For more on this see Heli Tiirmaa-Klaar, "The Quest for Stability Beyond the New Eastern Borders of the EU and NATO: Building Multilateral Security Governance," in Tiirmaa-Klaar & Marques (2006).

<sup>19</sup> Elke Krahnemann, "American Hegemony or Global Governance? Competing Visions of International Security," *International Studies Review*, 7 (2005): 537.

more immediate security interests are apparently not at stake. Thus one is sometimes left with the paradox of managing security governance neither as a project – an idea – nor as a process but rather as a security theory that is, so to speak, devoid of any self-reflexivity.

On the other hand, the increased securitisation of the so-called “new” security issues – the privatisation of conflict, failed states, migration issues and organised crime, among others – has helped to shift the focus from the state to the individual as those who do need to be protected – more often than not as a consequence of state dysfunctionality itself. It is here that the promotion of a viable SSR agenda can contribute to interlink international discourses on security policy with the promotion of peace and democracy<sup>20</sup>, thus making it a central tool in the development of a consistent multilateral agenda for the Baltic countries when dealing with the other non-post-Soviet near abroad – i.e., as could be the cases with Jordan, Lebanon or the Palestinian Territories. As stated in a recent report on the development of a Human Security Doctrine for Europe, the future of the security of the EU is contingent on what kind of contribution it does for global security<sup>21</sup>:

Europe needs military forces but they need to be configured and used in quite new ways. They need to be able to prevent and contain violence in different parts of the world in ways that are quite different from classic defence and war-fighting. They need to be able to address the real security needs of people in situations of severe insecurity in order to make the world safer for Europeans.

### Security sector reform in the Mediterranean: The Jordanian case

The debate on security sector reform (SSR) in Jordan is still in its embryonic stage. Considerable political, practical, and conceptual work still needs to be done on security sector reform before a fully fledged and sufficiently flexible approach can be developed. The introduction of SSR in the Jordanian agenda, while commendable, is not without its challenges. It is therefore important to outline some of the key challenges confronting the institutionalization of security sector reform on the Jordanian context which is not essentially different than other regional contexts.

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<sup>20</sup> Hanggi & Tanner (2005), pp.16-17.

<sup>21</sup> *A Human Security Doctrine for Europe*

*Indigenizing the concept of security sector reform*

The concept of SSR, despite its laudable intentions and notwithstanding the fact that it is predicated upon noble normative principles, is very much Western in nature. This did not, however, disqualify it, at a more theoretical level, from being introduced into the political discourse of Jordan. Indeed, its normative content, emanating largely from the centre-left discourses of the Nordic countries, the European social democracies, the democratic administration in the US, and the Labour government in Britain, is remarkably alien to the government of Jordan. Thus, a strategy that seeks to indigenise the concept is required. In practice, this will require a series of strategies to determine how security sector reform will be internalized within the political and institutional discourse in Jordan so that it is consistent with the indigenous traditions of this small Arab country.

Generally speaking, efforts to reform national and international defence and security institutions have constantly been overtaken by changing events in the international security system. The events of September 11 caused a rapid acceleration in the processes of change which had been taking place in the international defence and security system since the end of the Cold War<sup>22</sup>. These changes have not only been military and technological, but also social, political and economic. They have now achieved such a pace, breadth and extent that their effect on the nature of conflict is no longer simply evolutionary but can justifiably be considered as revolutionary. However, the effects of these changes are still not fully appreciated in many countries of the world and in their security institutions. Nowhere, not even in the US, have the full implications of the changes and their complex interactions been realized. Since the events of September 11 the very definition of the term 'national security' has been changed. At the start of the 1990s this term was virtually synonymous with 'defence', particularly in the western countries. Now it is recognized that 'defence' is only a small element of 'security'. Equally the term 'deterrence' now also needs redefinition. During the Cold War this term was used to explain conventional forces backed up by nuclear weapons. Today, there is no consensus as to what constitute deterrence against the new threats that the fundamental change in the nature of conflict has ushered in. Where the military does have a deterrent role, this today may be expressed by preemption or by guarantee of drastic retribution.

Against the backdrop of these changes, there are radically different functions for armed forces to perform and that demand very different kinds of military and societal organization to support. It is this factor, the change in the nature of functions itself, that has been the major cause of the growing

<sup>22</sup> Fred Halliday, *The Middle East in International Relations: Power, Politics and Ideology*, New York: CUP, 2005, pp.186-8.

gap between Western countries and many Arab states, including Jordan. The roots of this gap are both conceptual and practical. In specific, most Western countries have, within living memory, learned by bitter experience not to put their trust in military might to ensure national security. These countries concluded that only political and economic integration would protect them, from one another. But the experience of Jordan, for instance, in regard to the utility of military power has been different. Jordan owed its creation and survival to military power, and the general level of respect in which its army came to be held by its population reflected this. The practical result of this is that many in Jordan have been unwilling or unable to pursue defence reform as quickly as it was desirable.

In other words, the new security threats justify shifting away from armies based on *territorial defence* toward armies that are able to go where the threat is to be found and neutralize it there. However, in Jordan many found this logic problematic and thus the result has been stalling the defence reform process in different ways. Indeed, many in Jordan have found it difficult to accept abandoning the concept of territorial defence. Moreover, smaller Arab counties like Jordan have found moving from a territorial-based force to *movable force* to be so expensive that, were they to follow this course, they could no longer maintain a force capable of fulfilling the whole range of military activity desirable for the armed forces of a sovereign country.

#### *Security sector reform as an holistic agenda*

Of all the obstacles to SSR that Jordan has had to face, the greatest has been the truly fundamental nature of the social, political and economic reforms that are needed<sup>23</sup> if SSR is to be possible. What is demanded is nothing less than a total change in the relationship between the current establishment and its society. It is now clear that Jordan cannot institute such radical military reform without a correspondingly great reform of its political system. It is indeed the failure of repeated reform efforts in Jordan that has reminded us that military and security reform goes hand in hand with social, economic, and political reform.

Against the backdrop of this ‘preferred’ holistic agenda, the conceptual linkages between SSR and other strategic interventions being made by the “Western” donor community need to be assessed. How does SSR, for instance, link into the higher level strategies of good governance and the consolidation of political reform and democracy? Such linkages appear to be, at a superficial level, relatively uncontested ones but, in reality, will require a

<sup>23</sup> See also Malik Mufti, “Elite Bargains and the Onset of Political Liberalization in Jordan,” *Comparative Political Studies*, vol. 32, no. 1 (1999).

much more thorough analysis and logical interconnection than is currently the case. Thus, it will be necessary to provide a conceptual and strategic ‘map’ of how SSR interconnects with the other development initiatives currently pursued by donor instances. It is only on the basis of a scientific and empathetic reading of these highly diverse contexts that appropriate interventions in the security sector can be made. Those are the types of strategies that pundits of SSR must start seeking to address.

In other words, SSR can only be feasible if it comes as part of comprehensive reform measures intended to harmonize the country’s political system with democratic and liberal standards. Only then, we can ask for a raft of laws that substantially increases democratic control of the military establishment in Jordan and which include the abolition of state security courts usually used to try political crimes and ending the budgetary autonomy of the military by making the usually-independent national security planning and budgeting process subject to parliamentary oversight and review.

### *Towards a Jordanian conception of security sector reform*

Countries possessing a stronger legislative tradition tend to emphasize the role of those legislative mechanisms entrusted with the task of civil oversight — parliamentary committees, ombudsman systems and approval of the budget, for example<sup>24</sup>. Other countries, like Jordan, with a stronger executive culture rely more extensively on the regulatory role of civil servants and finance ministries, and ‘royal’ control to ensure the subordination of the armed forces to political control. In fact, Jordan possesses, on paper at least, the battery of formal mechanisms via which, it is claimed, civilian control over the armed forces is ensured, although the form of these mechanisms depend on the politico-juridical system, i.e. the monarchy, which Jordan has subsequently adapted.

An analysis of the political institutions and constitution of Jordan also reveals an absence of formal mechanisms designed to ensure the maintenance of stable civil-military relations. To explain, the absence includes constitutional provisions regulating the functions of the armed forces, parliamentary defence committees, public accounts committees, audit and exchequer acts, internal audits and service regulations. In Jordan, neither a ministry of defence and military ombudsman systems exist. Therefore, with this absence of formal mechanisms, the salient reality underpinning Jordanian civil-military relations is the fact that the subordination of the armed forces to political

<sup>24</sup> For an interesting comparative case study see Eduard Soler i Lecha, Debora Miralles, Umit Cizre and Volkan Aytar, “Drawing Lesson’s From Turkey’s and Spain’s Security Sector Reform for the Mediterranean,” *EuroMeSCo Report 52*, Lisbon, 2006.

(i.e. the monarchy) control has been achieved by a complex system of processes and interfaces of both non-institutional and non-constitutional in nature. In Jordan, the armed forces remain subordinate to the monarchy, real control over the armed forces is wielded via a range of subjective interfaces and partnerships of which the formal mechanisms are either a component or, alternatively, merely the formal expression of these power relations.

To give true expression to these traditions will therefore require a genuine recognition of the importance of Jordanian actors actually ‘owning’ these processes and of providing the necessary resources with which they can achieve the objectives that are, explicitly and implicitly, at the heart of the security sector reform discourse. Indeed, as long as imported theories and cultural movements remain divorced from the opposition of forces which are the only means of lending specific importance and historical density to the signs produced in Jordanian culture, they act as little more than orthopedic aides within the contexts of those cultures<sup>25</sup>. Characteristically, this kind of production exhausts itself in mere formal repetitions. Hence, if Jordan is to avoid this repetition, then it is imperative that some of the key assumptions underpinning current Western concepts of SSR should be contextualized within a Jordanian environment. A conceptual geography of SSR needs to be developed that is more consistent with the realities of Jordanian needs and experiences. The reification of one tradition and theoretical system to the detriment of other discourses can stifle and impede constructive intellectual debate, and can produce unintended political consequences if literally applied. A number of suggestions can be made regarding the proposed re-examination of the theoretical assumptions underpinning the future study and application of SSR strategies within the Jordanian context<sup>26</sup>.

First, while it may not be possible to erect an integrated theoretical system or an axiomatic foundational basis which is capable of explaining all security sector reform scenarios, it will be possible to elucidate the central values of such a project. The normative dimension of civil-military relations theory needs to be stressed and bolstered and this should provide the necessary impetus for all interventions in the civil-military debate. The basis of this normative framework emphasizes the importance of democratic civil-military relations and stresses those universal values of transparency, accountability and the primacy of elected government within this equation. It could be argued that any theoretical revision can only be effected on the basis of an interdisciplinary approach that incorporates both Arab and Western

<sup>25</sup> See also Alvaro de Vasconcelos, “Launching The Euro-Mediterranean Security and Defence Dialogue,” *EuroMeSCo Brief 7*, Lisbon, 2004.

<sup>26</sup> For a broader discussion on SSR in the south Mediterranean see Fred Tanner “Security Governance: The Difficult Task of Security Democratisation in the Mediterranean”, *EuroMeSCo Brief 4*, Lisbon, 2003.

intellectual traditions originating from disciplines such as sociology, political science, international relations, and state theory.

Secondly, the exploration of the hitherto neglected realm of partnerships in civil-military relations does not imply an abrogation of the utility of objective mechanisms in 'traditional' civil-military relations theory. The primacy of the political and the importance of ensuring the subordination of the armed forces to elected civilian government continue within this expanded scope of civil-military relations. It is through a combination of both objective and subjective mechanisms, each developed in relation to the political and cultural peculiarities of the country concerned, that effective and context-specific civil-military relations can be developed.

At a practical level, a range of measures can be instituted to build capacity and mutual trust between the political and civilian elite and the command echelons of the armed forces. The active involvement of parliamentary representatives and civilian experts in the defence policy process can contribute immensely to their understanding of both the nuances of the defence decision-making process and the peculiarities of military culture. Similarly, the exposure of the senior officer corps to the parliamentary process, the party-political process and the civilian budgeting process will sensitize them to the exigencies of political and civilian rule. Joint seminars, teambuilding exercises, active involvement by political and civilian representatives in the reservist formations of the armed forces, and joint visits to military installations are among some of the mechanisms that can be instituted in this regard.

At the same time, the scope of security sector reform needs to be expanded to incorporate non-institutional actors and mechanisms, as well taking into consideration the role that police agencies and intelligence services may play in either ensuring or undermining civil-military relations. In the case of the former, a critical and positive role can be played by civil society in contributing to the shaping of the mission of the armed forces and ensuring their subordination to civil control. In the case of the latter, it is instructive to note that the downsizing of armed forces in many developing countries (a product of both budgetary constraints and pressure from donor agencies in the Jordanian case) has led to a corresponding increase in the size and power of the police force and the intelligence agencies. Although not equipped with the organizational and logistic ability to influence civil-military relations at a national level, they do possess the capacity to negatively influence civil-military relations in general.

Finally, the concept of the 'apolitical' soldier (popular, if somewhat misapplied, in the discourses of Jordanian armed forces) needs to be re-examined. Even in democracies and countries with little experience of the intrusion of the armed forces into the political realm, the latter are invariably involved

in politics in varying degrees<sup>27</sup>. This involvement, whether benign or assertive in nature, inevitably results in the introduction of political themes and concepts into the discourse and, ultimately, the construction of the corporate identity of the armed forces.

It is not only inevitable that the armed forces will be ‘political’, but it is also perhaps desirable that they are so inclined. It is imperative that the armed forces of Jordan are fully conversant with the democratic features of the political system which they serve - hence the need for a robust civic education programme among its members - understand and are integrated into the government’s key policy initiatives, and are able, on a discursive and practical basis, to interact with the elected civil authorities around a range of issues critical to their national mandate.

### *The role of external actors*

None of the above necessarily includes a role for outside consultants, and it should be clear that ultimately the success of reform depends on changing the behaviour of local practitioners and overseers rather than imposing externally-designed structures. Nevertheless, most SSR programmes tend to come with some degree of outside impetus, thus it is important to analyse the role played by external actors in security reform<sup>28</sup>.

External actors can never know enough to navigate the political complexities of security sector reform and should therefore restrict themselves to facilitating the discussions of local actors. Having said that however, one must acknowledge that this may carry its own risks as even a more fine-tuned process may lead to outcomes which are counter-productive, undemocratic or inconsistent with fundamental human rights. External actors, particularly if they are supporting a reform process with development funds, can never escape the question “which local actors should we act upon?” and cannot avoid taking a view on the policy conclusions of the reform process.

Therefore, one can say that any consultancy process needs to take into account the local context in order to achieve a high-level of local commitment if it is going to be sustainable. But one should nevertheless acknowledge also that external actors, when duly involved in potential different capacities, cannot entirely escape the need to form judgments on the outcomes of the process that they are facilitating.

External SSR practitioners can play an important role as advocates and architects of reform, but only if they are willing to develop much greater

<sup>27</sup> Halliday (2005), pp. 172-3.

<sup>28</sup> See also Emil J. Kirchner “The Challenge of European Union Security Governance,” *Journal of Common Market Studies*, vol. 44, no. 5 (2006).



local political knowledge and take the time to establish trusting long-term relationships with key local players. They should bear in mind that any experienced local official will have seen no shortage of outsiders preaching development ideas over the years, many of which have proved to be either useless or counter-productive. External actors need to respond to this understandable caution by using the diplomatic skills of analysis, advocacy, networking and long-term trust. They need to understand the culture and the power politics, and work closely with local actors who can manage the politics and the pace of reform. Donors who see SSR simply as a technical or organisational issue will fail.

To a certain extent, many donors and other reform practitioners have proved to be ill-equipped to rise to this challenge. Many practitioners rightly acknowledge the need for legitimate secrecy in security services, but destroy trust by not having the systems nor the working practices to deliver confidentiality in the reform relationship. Budget cycles and personnel rotation mean that it is difficult to put in place long-term programmes and develop long-term relationships. Ultimately, donors frequently try to force the pace of reform to fit their own programme-review schedules or bureaucratic politics, regardless of the local political imperatives.

## Conclusion

Should security governance in general and security sector reform in particular be perceived as goals in themselves? If yes, where does local ownership of such processes stand? It is around these two main axes that a more holistic conceptualisation of security governance in both the Baltic and Mediterranean regions can indeed take place. Security governance not only works as a vehicle – alas, not a substitute – for democracy promotion but also as a conflict prevention mechanism. This, on the other hand, it contributes for the exaggerated flexibilisation of the concept proper, and allows it to be confounded with specific institutional interventions by proxies. However, security in this specific context should be very much seen as relational in nature. It is still to be demonstrated that the security cultures of both the Baltic and the Mediterranean regions, in all its diversity, are in any way incompatible both with one another and with the regional significant “I” and “Other” i.e. the European Union. Viewed from the non-EU Mediterranean region, security governance is often translated as unwanted interference in the political and security domain of one’s country. At best, it can be perceived as a confidence building measure that may or may not yield systemic security improvements. With security through enlargement not being an option on the table for both Eastern and Southern Mediterranean

partners, security through good governance may work out as a viable multilateral cooperation mechanism. In other words, developing a common security culture between the Baltic and the Mediterranean, having at its core human security as an attainable goal merits full consideration not least as a means to transform the relationship between those who provide security and those who expect to benefit from being secure.

# **Estonian foreign policy toward China: opportunities and choices<sup>1</sup>**

Raul Allikivi

## Introduction

When comparing Estonia and China, common themes are not easy to find. China's population is approximately 1000 times larger than Estonia's and China's economy is also 171 times larger<sup>2</sup>. The only thing common seems to be the phase of rapid economic development that both have experienced in recent years. Although grossly unequal in size, internationally they are recognized as nation states and are considered formally equal in that regard.

The main directions of Estonian foreign policy have focused on the EU and USA. This has been a natural outcome of Soviet occupation, and the ensuing desire to separate ourselves from the bleak communist past. After regaining independence from the Soviet Union 16 years ago, Estonia has integrated herself into various political structures of Western Europe. The main goal of its foreign policy makers has been achieved: full membership in EU and NATO. However, it can be argued that the successful attainment of these goals has, as a consequence, brought on a serious identity crisis for the Estonian foreign policy makers. We are now members of some of the most important international organizations, but full membership requires us to be able to participate in debates on topics that may seem to be rather distant for us. We can be "equal members" only when we can (positively) contribute to the work of European institutions, and the minimum requirement for that is to have an opinion on important international issues.

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<sup>1</sup> This article is a condensed and revised version of a study conducted by Raul Allikivi and Tiago Marques and presented to the Foreign Affairs Committee of the Riigikogu (Estonian Parliament) in November 2006, see <http://www.riigikogu.ee/doc.php?46267>

<sup>2</sup> *The Economist Intelligence Unit*, June 2006.

At a time when Estonia is searching for its new identity in post-enlargement Europe, it is becoming increasingly obvious where the power locus of the 21<sup>st</sup> century is going to be formed. If the global economy is not going to collapse and the current developmental trends continue, the 21<sup>st</sup> century is destined to become the “Asian century”. More specifically, it is going to be “Chinese century”. China has been able to maintain its high GDP growth rate for longer than a decade and it is establishing itself among other great powers of the world, becoming more influential economically and politically day by day. From this perspective, it seems that Estonian foreign policy has not focused sufficiently on such long-term trends. If we fail to address the Asian and Chinese direction of our foreign policy adequately, we will be unable to participate in decision-making, affecting processes that influence our destiny. Currently, as the EU is occupied with digesting new member states, it is also trying to find a renewed purpose and to build a common position on its future global role. Coping with challenges that are posed by new emerging powers, is one of the keys for the survival of the EU itself. An ability to contribute to the external policies of the EU in Asia, would make Estonia a more important member state and it would help to balance the russophobic image that our foreign policy enjoys in Europe.

This article considers the opportunities and choices facing Estonian foreign policy makers in developing Estonian–Chinese relations. This is the first comprehensive research attempting to analyze the potential of relations between Estonia and China and as such, its main purpose is to map the existing state of affairs and to present a broad selection of possible scenarios. The article provides a short overview of EU-China relations, focusing on the following locus points: after briefly analyzing energy security issues, the article moves on to Estonia-China relations where it discusses the “one China” policy and Estonian strategy towards China. Overviews about policy areas, business relations and cultural relations follow. At the end, Chinese strategy towards Estonia is also discussed and an examination of Latvian-Chinese relations provides some useful comparative material.

### China and the EU: political, economic and security partnership

China has long-standing experience in dealing with European countries, the first contacts dating back to the times of Marco Polo’s expedition. In the 19<sup>th</sup> century, a rather weakened China lost the Opium Wars and found herself partially colonized by several European powers. However, the relationship between the EU and China is relatively new, with more substantial dialogues

between two entities beginning only in 1994.<sup>3</sup> The first official policy paper of the EU on China was not published until 2003.<sup>4</sup> This paper also marked the beginning of the emergence of a common foreign policy of the EU, a rather new phenomenon at the time.

While the relationship between the EU and China may be young, it definitely is of crucial importance. The political and economic interdependence of two power centers is increasing and the “maturing relationship” is rapidly developing into strategic relationship, embracing also political, economic, social and cultural understandings of cooperation.<sup>5</sup> The EU and China combined constitutes a quarter of the global population. China is the fourth global economic power, and it is the third largest exporter in the world.<sup>6</sup> This is the partnership that could determine the face of 21<sup>st</sup> century. Recognizing this responsibility, the EU and China have initiated negotiations on a new Agreement of Partnership and Cooperation that includes deep cooperation on political issues. As EU Commissioner for External Relations Benita Ferrero-Waldner has said:

EU-China relations now span political and security issues, trade and economic cooperation, science and technology, environment, and sensitive questions such as human rights. We need a comprehensive agreement to cover all our activities, so that we can move this extremely important partnership to a higher level. I hope that the new framework agreement will help us deepen our strategic partnership and engage more effectively together.<sup>7</sup>

China and the EU share similar interests in a number of issues. Firstly, they both support the idea of multilateral world order as opposed to the US propagated unilateralism. China opposes US dominance and is trying to foster ties with other power centers in order to “balance” US influence. That coincides with sentiments in several European countries (especially France), who have been reluctantly observing the growing unilateralist ambitions of the US.

China agrees with the EU on the desired institutional importance and a central position in world politics of the United Nations. The UN system is seen as the sole acceptable mediator in promoting peace and security

<sup>3</sup> An Overview of Sectoral Dialogues between China and the European Commission, [http://ec.europa.eu/comm/external\\_relations/china/intro/sect.htm](http://ec.europa.eu/comm/external_relations/china/intro/sect.htm)

<sup>4</sup> “A maturing partnership – shared interests and challenges in EU-China relations,” *EU Commission Policy Paper*, September 10, 2003.

<sup>5</sup> *Ibid.*

<sup>6</sup> EU-China relations: Commission sets out its strategy, October 23, 2006, <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/06/1454>

<sup>7</sup> EU and China to agree on opening negotiations for a new comprehensive framework agreement, September 8, 2006, <http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/06/1161&format=HTML&aged=0&language=EN&guiLanguage=en>

through effective multilateral system. The EU and China also agree on some of the crucial challenges that both are currently facing – international terrorism, proliferation of mass destruction weapons, and also prevention of climate change.<sup>8</sup>

The negotiations between EU and China can be divided into the following broader categories: 1) EU weapon embargo on China; 2) Human rights and the development of civil society; 3) Environmental dialogue; 4) Trade and intellectual property rights.

#### 1) EU weapons embargo

An EU weapons embargo of China has been in place since the 1989 Tiananmen Square crackdown. Regardless of the symbolical nature of the embargo, it has still been used as a means to exert some pressure on China, aiming to promote human rights and to maintain regional stability. From the other hand, the European Code of Conduct on Arms Exports<sup>9</sup> allows some discretion when decisions about the export of military equipment are being made. Among the eight specific criteria, according to which member states should apply these restrictions on weapon's exports, are the human rights situation in the destination country, and the national security interests of other member states and friendly nations.<sup>10</sup> Seen from this light, it is arguable whether China meets the requirements for ending this embargo. This case could also be considered a litmus test of the strength of the embargo policy.

Despite the pressure from Germany and France to end the weapon's embargo (since 2004), the EU has to consider that the US, and especially Bush's administration, would be adamantly against such a move. The end of the embargo could affect trans-Atlantic security cooperation regarding sharing of weapons systems and military technology, because military officials in Washington would be worried about the possibility of the US military technology finding its way to the hands of China through the EU.<sup>11</sup> It could also endanger the future developments at NATO level that guarantee the real multilateral trans-Atlantic security and defense cooperation framework.<sup>12</sup>

#### 2) Human rights and the development of civil society

Problems with democracy and human rights in China are difficult to solve just within the society and polity. Recently there have been some positive de-

<sup>8</sup> "A maturing partnership".

<sup>9</sup> Official Journal of the European Union, *Seventh Annual Report According to Operative Provision (of the European Union Code of Conduct on Arms Export*, December 23, 2005 (2005/C 328/01).

<sup>10</sup> *Ibid.*

<sup>11</sup> K. Archick, R. Grimmett and S. Kan, *European Union's Arm Embargo on China: Implications and Options for U.S. Policy*, Congressional Research Service Report, Washington D.C. (April 2005).

<sup>12</sup> *Ibid.*, pp. 26-30.

velopments, for example the constitutional amendment, asserting that “the state honors and protects human rights”. Although the concept of human rights has reached the level of general discourse, the real results remain on the level of rhetoric.<sup>13</sup> Regardless of these developments China remains a one party regime, where there are no free elections. According to Human Rights Watch, China is still the largest practitioner of capital punishment, actively censors the Internet, does not allow the existence of independent labor unions, and applies repressive policy towards ethnic minorities (Mongolians, Tibetans and Uighurs).<sup>14</sup> The fact that an authoritarian state is developing a market economy while sponsoring socialism also creates contradictions. It brings about political and social uncertainty, as on one side market economy is crucial for modernizing the country, whereas on the other side the repressive regime is hindering the emergence of representative democracy and constitutional government.<sup>15</sup>

China has vigilantly reformed its judicial system. However, most of the important new laws have been added in the area of business and trade legislation. The Chinese criminal code has been untouched, while the state still applies draconian limits to people’s freedom of expression. It encompasses tight control over publishing, internet and even telephone text messages.<sup>16</sup> Traditional media is subjected to new regulations. For example, journalists from outside of official media need to pass government organized courses and write an essay reflecting the ideological standpoints of the country in order to receive a working permit as a journalist.<sup>17</sup> China’s active role in hindering the UN actions in third countries like Sudan/Darfur, Myanmar/Burma, Uzbekistan and others is also worrisome. The main claim of China is that interfering into domestic affairs of other countries is never justified. This relies on China’s non-intervention policy and her maximalist views regarding sovereignty. Nevertheless, national self interest remains the main factor determining Beijing’s approach to international relations. One example would be China’s persisting unwillingness to discuss human rights violations by Myanmar/Burma’s military hunta at the UN Security Council, mainly because China is the largest investor and provider of economic and military assistance to that country.<sup>18</sup>

Promotion of human rights, the rule of law and good governance are locus points when talking about the EU policy towards China. These topics are mentioned each time when the EU officials are discussing their China

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<sup>13</sup> Country Summary, China, *Human Rights Watch*, January 2006.

<sup>14</sup> *Ibid.*

<sup>15</sup> Pankaj Mishra, “China’s new leftist”, *New York Times*, October 15, 2006.

<sup>16</sup> Country Summary, China, *Human Rights Watch*, January 2006.

<sup>17</sup> *Ibid.*

<sup>18</sup> *Ibid.*

policy options and both sides usually agree that good governance and strengthening the rule of law are two priorities of the cooperation. However, in practice, the main focus has been on small-scale practical projects promoting the principles of good governance and the rule of law. There are projects aiming to fight against illegal migration and human trade and trying to cooperate in the field of civil society. Despite some problems with financing from the Chinese side, the Chinese government has agreed to include NGO representatives into discussion and has acknowledged the growing importance of NGO's for China.<sup>19</sup> Premier Wen Jiabao has acknowledged the importance of developing rule of law and democracy to secure and protect human rights.<sup>20</sup> Regardless of ceremonial nature of these declarations, they still coincide with the EU's proposal to deepen political dialogue between both sides without excluding political developments in the questions of human rights and democracy.<sup>21</sup>

### 3) Environmental dialogue

Rapid economic development in China has brought the country to the verge of an ecological catastrophe. To date, economic progress has been considered more important than environmental concerns. China is today among the world's biggest polluters. According to Environmental Sustainability Index, published at the Davos World Economic Forum in 2005, China occupied the 133th position among 144 countries.<sup>22</sup> Market prices in China do not reflect the environmental costs, and focusing on rapid industrialization has disregarded all accompanying environmental impacts.<sup>23</sup>

The main issues are air pollution, drying rivers, soil erosion and polluted water. China is among world's largest emitters of chloride fluoride carbonates that diminish the ozone layer, and she is the largest exporter of tropical timber from rain forests. Three-quarters of China's energy needs are covered by coal<sup>24</sup>, the burning of which is the main cause of air pollution and acid rain. China's environment has also been degraded by gigantic civil engineering undertakings, such as the Three Gorges Dam and the South-to-North Water Diversion project.<sup>25</sup>

According to official statistics, during 1996-2004 China spent each

<sup>19</sup> *Ibid.*, pp. 37-38.

<sup>20</sup> Wen Jiabao, interview, *Washington Post*, November 21, 2004.

<sup>21</sup> Council of the European Union, 9<sup>th</sup> EU-China Summit Joint Statement, September 9, 2006 (12642/06 – Presse 249), pp. 2-4.

<sup>22</sup> Jin Bei, "China Under Resource and Environmental Constraints," *China Economist*, No.1, 2006, pp. 11–23.

<sup>23</sup> *Ibid.*

<sup>24</sup> *EU-China Relations: Towards a Strategic Partnership*. EPC Working Paper, 2005, p. 11.

<sup>25</sup> Gordon G. Chang, *The Coming Collapse of China*. London: Arrow Books, 2002, p. 175.



year approximately 1% of her GDP on environmental protection<sup>26</sup> and this figure has been increasing year by year (in 1999 1%, in 2003 1.4%<sup>27</sup>). The situation is still deteriorating but it seems that Beijing has at least understood the need to tackle her economic problems and set sustainable development, protecting the environment and resources as a new strategic goal for the 21<sup>st</sup> century.

The Kyoto protocol, signed in 1997, is the most important international agreement to counter global warming. China signed the treaty on May 29, 1998<sup>28</sup> and ratified it in 2002.<sup>29</sup> China is also involved in a new environmental cooperation network, Asia-Pacific Partnership on Clean Technology and Climate (AP6)<sup>30</sup> that was announced on July 28, 2005 and unites Australia, China, India, Japan, South Korea and also the US in their attempt to address environmental concerns and challenges through cooperation.<sup>31</sup>

The EU is concerned about the continuing deterioration of the environmental situation in China. The pillars of bilateral environmental cooperation stem from the Partnership that was established during the China-EU summit in 2005.<sup>32</sup> The main aim of the dialogue is to facilitate the cooperation between private companies with government and NGO's in establishing a framework for investments and export that would be based on principles of sustainable development.

The EU attempts to convince the Chinese government in:

- financially supporting enterprises that fulfill the principles of environmental protection;
- making the information about country's environmental situation public according to international standards;
- improving existing environmental legislation;
- improving cooperation between private companies and NGO's in order to offer sustainable products and services;
- halting the deterioration of environmental situation.

<sup>26</sup> *Environmental Protection in China (1995-2005)*, Information Office of the State Council of the People's Republic of China, 2006, p. 30.

<sup>27</sup> Jin Bei, "China Under Resource and Environmental Constraints," *China Economist*, No.1, 2006, p. 16.

<sup>28</sup> "China Approves Kyoto Protocol," September 2, 2002, <http://chinese-school.netfirms.com/news-article-China-Kyoto-Protocol.html>

<sup>29</sup> *Ibid.*

<sup>30</sup> "Vision Statement of Australia, China, India, Japan, the Republic of Korea, and the U.S. for New Asia-Pacific Partnership on Clean Development and Climate." US State Department Fact Sheet, [www.state.gov/g/oes/rls/fs/50335.htm](http://www.state.gov/g/oes/rls/fs/50335.htm)

<sup>31</sup> *Ibid.*

<sup>32</sup> "EU-China: Closer Partners, growing responsibilities," *Communication from the Commission to the Council and the European Parliament*, October 26, 2006.

The EU is also expecting European companies to follow the principles of sustainable development in their activities in China:

- supporting the import of sustainable products and services from China (need to ascertain that products are produced by use of environmentally-friendly technologies);
- cooperating in improving environmental legislation and in addressing the most pressing environmental concerns in China.<sup>33</sup>

In order to prevent climate change, it is crucially important for the EU and China to have enough foresight to continue their environmental cooperation beyond 2012.<sup>34</sup>

#### 4) Trade and intellectual property rights

Economic reforms in China could begin only after the death of Mao Zedong in 1976. The new leader, Deng Xiaoping, initiated comprehensive reforms that have established China today as the “world’s factory”. A large percentage of world’s consumption goods are produced in China and by the year 2005, the Chinese economy had established itself as the fourth largest in the world.<sup>35</sup>

China has been successful largely because of the openness of her economy: it is one of the most liberal economies among developing countries. Although trade is instrumental for the formation of GDP (in 2005 trade constituted two thirds of GDP), there are large numbers of partially or wholly foreign-owned companies that sell a considerable part of their production in China. As a result, competition between companies is fierce and in order to survive, Chinese companies need to increase their efficiency. Economic development has also benefited from the high rate of domestic savings (in addition to foreign direct investments), migration of labor from less productive agricultural sector to industrial sector, and also from the value Chinese families traditionally attach to education, as exemplified by the comparatively high literacy rate. In 2000-2004, the literacy rate for men in China was 95% and for women 86%.<sup>36</sup>

When choosing the development path to follow, China has been imitating her neighbors. Export-led industrialization was successful in Japan, South-Korea and Taiwan. China has made a similar decision to participate actively in global trade and to fuel the economic growth with the export of goods. This strategy, albeit successful, has led some commentators to accuse China of mercantilism: by systematically limiting the access to her domestic market,

<sup>33</sup> *EU-China Relations: Towards a Strategic Partnership*, pp. 12-13.

<sup>34</sup> “EU-China: Closer partners, growing responsibilities”.

<sup>35</sup> Fred C. Bergsten et al., *China: The Balance Sheet: What the World Needs to Know Now About the Emerging Superpower*. New York: Public Affairs, 2006.

<sup>36</sup> UNESCO Institute of Statistics, [portal.unesco.org/education/en](http://portal.unesco.org/education/en)

while aggressively promoting the export of her own manufactured goods. However, the trade balance is positive for China not only because of her “unfair” trade practices. In fact, import tariffs in China average only around 10% (2005), a rate that is considerably lower than in many other developing countries.<sup>37</sup> Other protectionism is also decreasing, especially after China joined the WTO in 2005. In addition to natural advantages like cheap labor and a position in Asian production chains as an assembly plant, China has maintained a cheap currency policy by keeping her renminbi cheap in relation with other currencies. In 2005, China increased the rate against the dollar by 2.1% and allowed the rate to change up to 0.3% in a day. However, it actually never changed, as the government still continues to intervene when necessary.<sup>38</sup> It was also announced that the renminbi’s peg to the dollar was replaced with a the dollar is a problem because the dollar is weak and a weak yuan gives China an advantage in export markets.<sup>39</sup>

Protection of intellectual property remains an issue in the EU-China dialogue. Although Chinese legislation corresponds to a great extent to WTO requirements, problems persist in implementation, as evidenced by Chinese pirated goods continuing to undermine the profits of pharmaceutical-, software-, film-, music- and computer games industries. Counterfeited goods are sold openly, and even when the government has cracked down on some of the most visible markets (infamous Silk Road in Beijing)<sup>40</sup>, such actions were no more than a one time show of power. Counterfeiting is apparently fulfilling two important functions in Chinese society: first, they provide subsistence for a large group of people who are employed in counterfeiting industry and secondly, they enable Chinese to consume goods that they otherwise would not be able to afford. Beijing is heavily pressed by foreign governments on the intellectual rights protection issue and the government claims that even though they are doing everything possible to tackle the problem,<sup>41</sup> evidence indicates otherwise. The fact that there are no counterfeited Chinese government funded movies on the black market, indicates that the Chinese government lacks motivation in solving these intellectual property protection problems.

China is enjoying a large trade surplus with the EU, exporting goods

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<sup>37</sup> Bergsten (2006).

<sup>38</sup> Robin Bew, “Rising heat on the currency to cool the economy”, *Business China*, Economist Intelligence Unit, July 3, 2006.

<sup>39</sup> “Competition and Partnership: A policy paper on EU-China trade and investment,” *Commission Working Document*, COM (2006) 632 final. Brussels: Commission of the European Communities, 24 October 2006..

<sup>40</sup> Mo Hong, “IPRs ‘not a factor’ behind trade surplus,” April 14, 2006. [http://news.xinhuanet.com/english/2006-04/12/content\\_4413342.htm](http://news.xinhuanet.com/english/2006-04/12/content_4413342.htm)

<sup>41</sup> *Ibid.*

worth 106 billion euros more to Europe than importing from there.<sup>42</sup> Many countries have started to protect their domestic market against Chinese goods. The EU provided a good example when it introduced protective tariffs against leather shoes produced in China and Vietnam.<sup>43</sup> However, this step was not reflective of the EU's general guidelines because it underlined the following key messages in its recent trade strategy towards China.<sup>44</sup>

a) China is a globalization success story, not a threat story

The EU has benefited from the rise of China and its future welfare depends greatly on the Chinese economic success and stability. Buzzwords in the EU and China dialogue are “partnership” and “competition” that bring benefits to both sides by helping to find win-win solutions.

b) Expectations towards China increase with her economic growth.

China needs to fulfill her WTO commitments, pursue fair trade, open her markets and provide equal treatment for all companies operating in the Chinese market.

c) The EU has to admit tough competition, but China needs to make that competition a fair one.

The EU needs to offer free and just access for Chinese goods to the common market and it needs to adjust to the new realities associated with the competitive economic challenge from China. At the same time China needs to fulfill her WTO obligations, abandon unfair trade practices and policies and also take dramatic action against counterfeiters.<sup>45</sup>

Hence, the main message from the EU official policy line is that economic challenges presented by China are largely legitimate. In order to reduce the trade deficit, it is instrumental for the EU to keep moving forward and raise its competitive advantages to a new level. It means that the EU recognizes the changed global realities and accepts new challenges – recognizing China's strong position in world trade and acknowledging the need to keep working in order to remain competitive. The other side of the EU's China policy stresses also the need for more responsible behavior from the Chinese side and China needs to give up some useful tools that her neighboring successful Asian predecessors were able to use (domestic protectionism, forced technology transfers, etc.).

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<sup>42</sup> “Competition and Partnership”.

<sup>43</sup> “Euroopa Liit jätab Aasia kingadele kõrged tollid alles,” *EPL*, October 4, 2006.

<sup>44</sup> “Competition and Partnership”.

<sup>45</sup> *Ibid.*

## Energy security and China

China's entrance into the global competition for energy resources has changed the regional and international geopolitical balance between the various hegemonic powers. Beijing's share in the increasing global demand for crude oil is 40% and it has demonstrated an increasing influence on the policies of the main oil and gas exporters. A triangular framework, connecting China, Russia and the EU demonstrates these interconnected relationships rather well. From one side, China's increasing demand for energy is slowly but steadily directing Moscow's energy resources eastward, from the other side, in the light of growing instability in the Middle East, the EU countries find themselves being increasingly dependant on oil and gas flows from Russia.

Therefore it is not surprising that East European countries, especially the Baltic states, can be affected by this geopolitical situation. It is important to understand how China influences global and regional energy security policies and its short and long term impact on the ability to develop sustainable energy policies in the Baltic States and Estonia. The change in supply and demand in the main players of the triangle will have an effect on the smaller and more peripheral countries. In Estonia-China relations, it is important to concentrate on the way how China represents political and economic questions in the framework of the EU-China relationship. It is necessary to understand where the Baltic periphery, and Estonia in particular, stand in the wider Chinese strategy policies concerning energy security relations with Russia, and its implications for long-term Estonian political strategies on energy security reform.

Concern about energy supply is deeply integrated into Chinese foreign and security policies. Beijing currently holds 18 billion barrels in official oil reserves and oil imports constitute one third of the overall crude oil consumption.<sup>46</sup> China, responsible only for 4% of global economic output, is already consuming 13.6% of global energy consumption.<sup>47</sup> The oil needs of Chinese heavy industries and transportation will continue to grow at a rapid pace. As the access to more highly developed directions of energy production (including nuclear energy) is limited by financial and technical restraints, it will not be easy to replace oil in Chinese energy consumption.<sup>48</sup> China has been trying to ensure important energy supplies in the global market to secure a steady supply of oil and gas. In their pursuit of new energy supplies, China and Chinese companies frequently disregard the World Bank's and

<sup>46</sup> Chietigj Bajpae, "Setting the stage for a new cold war: China's quest for energy security", *The Power and Interest News Report*, February 25, 2005, [www.pinr.com](http://www.pinr.com)

<sup>47</sup> Wieland Wagner, "China's scramble for energy", *Der Spiegel*, September 6, 2006.

<sup>48</sup> Mehmet Ögütcü, *China's Energy Security: Geopolitical Implications for Asia and Beyond*, *Oil, Gas and Energy Law Intelligence*, Volume I, Issue 2 (March 2003), pp. 3-4.

IMF's prescriptions, when dealing with weak democracies or autocracies in third world countries.

Chinese domestic economic development in backward inland areas has benefited from the search for energy security. In order to utilize domestic energy sources, China has started with a remarkable modernization process in Xinjiang, a poor province in the desert. The Tarim oil and gas fields provide energy for a large part of East China, including Shanghai.<sup>49</sup> China has the longest pipeline (4200 km), connecting Eastern and Western parts of the country. In addition to important domestic impacts, this pipeline can be extended to neighboring countries of Kazakhstan and Turkmenistan, even up to Iran and Caspian Sea.<sup>50</sup> Increased Chinese participation in the energy policies of Central Asia has contributed to the creation of new regional organizations like Shanghai Cooperation Organization (SCO). SCO has developed from resolving border conflicts and turned into full scale mechanism for economic integration, connecting China, Central Asian republics and the Russian Federation.

The importance of Russia to China can be seen from the fact that Moscow is now the fifth largest supplier of crude oil to Beijing. As a result, the volume of rail transportation from Russia was expected to increase to 60 million tons by the end of 2006.<sup>51</sup> Mutual economic dependence between China and Russia has contributed to the strengthening of relations at the political and military levels. Beijing is the largest buyer of Moscow's military equipment. Both countries are also participating in common military exercises.<sup>52</sup> In spite of a considerable overlap of their foreign and security interests, it would be incorrect to assume that this implies the existence of a long-term strategic partnership.<sup>53</sup> China remains cautious and prefers to maintain pragmatic international relationships, rather than becoming too dependent on a specific country or regional organization. China follows her long-term national interest in the pursuit of energy security<sup>54</sup> and does that by balancing her strategic relations with Russia, the EU and the United States.

The energy dialogue between the EU and China started in 1994, being one of the earliest sectoral dialogues.<sup>55</sup> Subjects discussed include energy

<sup>49</sup> Wagner, "China's scramble for energy".

<sup>50</sup> Bajpaee, "Setting the stage".

<sup>51</sup> *Ibid.*

<sup>52</sup> *Ibid.*

<sup>53</sup> Erich Marquardt, "Economic Brief: China's energy acquisitions," September 2, 2005, <http://www.pinr.com>

<sup>54</sup> See Phillip C. Saunders, *China's Global Activism: Strategy, Drivers and Tools*, Occasional Paper 4, INSS, Washington D.C. June 2006; *China 2006-2007 Country Report*, The Economist Intelligence Unit, June 2006.

<sup>55</sup> An Overview of Sectoral Dialogues between China and the European Commission, [http://ec.europa.eu/comm/external\\_relations/china/intro/sect.htm](http://ec.europa.eu/comm/external_relations/china/intro/sect.htm)

policy and development strategies, the evolution in energy markets, and security of supply and sustainable development. It is being forecasted that the energy consumption for the EU will increase 15% by 2030 and consumption of electricity by 45%. The investments necessary to service these increasing needs are colossal.<sup>56</sup> The EU and China thus have common interests regarding the improvement and development of energy policies for next decades.<sup>57</sup>

One specific area for bilateral cooperation between Estonia and China is production and utilization of oil shale (Estonia's major natural resource), in addition to accompanying environmental concerns.<sup>58</sup> The importance of cooperation in energy security, common initiatives in electricity production and clean energies, also using oil shale in chemicals industry are seen as additional possible priorities in bilateral relations.<sup>59</sup>

### Estonia and China, choices for foreign and security policy

Estonia and China have diplomatic relations since September 11, 1991. China was one of the first countries to recognize the restoration of Estonian independence<sup>60</sup>, and as Chinese political leaders have repeatedly pointed out, Estonia-China relations have been developing rapidly and involved exchange of information between two countries at a high level, thus increasing political trust on both sides.<sup>61</sup> Long-term political agreements have evolved: Estonia supports the "one China policy" (regarding Taiwan and Tibet) and China offers strong support for Estonian sovereignty.<sup>62</sup>

Since the end of 1990s, high-level exchanges between Estonian and Chinese politicians have increased in frequency. Estonian statesmen who have flown to Beijing include both former presidents Lennart Meri (in March 2001) and Arnold Rüütel (in August 2005), former Minister of Foreign Affairs Toomas Hendrik Ilves (in May 1998) and former Ministers of Culture Signe Kivi (in April 2002) and Urmas Paet (in October 2004).<sup>63</sup> Tallinn has

<sup>56</sup> Andris Pielbags, "Towards a closer EU-China cooperation in the field of energy," China-EU Energy Conference, Shanghai, February 20, 2006, p. 3.

<sup>57</sup> *Ibid.*, pp. 4-5.

<sup>58</sup> Interview with Estonian Ministry of Economic Affairs and Communications Official, October 30, 2006.

<sup>59</sup> *Ibid.*

<sup>60</sup> Interview given by China's Ambassador to Estonia, Xie Junping on the 15th anniversary of the establishment of diplomatic relations between Estonia and China, *ETV*, September 11, 2006.

<sup>61</sup> *Ibid.*

<sup>62</sup> Interview with Estonian Ministry of Foreign Affairs Official, October 23, 2006.

<sup>63</sup> Homepage of Estonian Ministry of Foreign Affairs, [http://www.vm.ee/eng/kat\\_176/aken\\_printi/827.html](http://www.vm.ee/eng/kat_176/aken_printi/827.html)

been visited by Li Peng (in September 2000), former President Jiang Zemin (in June 2002) and current Minister of Foreign Affairs Li Zhaoxing (in August 2005).<sup>64</sup> China opened its embassy in Tallinn in 1992, and the first Estonian ambassador to China, Mait Martinson, arrived in April 2002.<sup>65</sup>

In addition to an impressive list of high level official visits from both sides (considering the economic, social and cultural differences and the long geographical distance) some other aspects how to develop bilateral relations between Tallinn and Beijing need to be noted. Meetings of the Estonian-Chinese Joint Commission on Trade and Economic Co-operation take place after every two years, however, other official or semi-official meetings are usually held on an *ad hoc* basis. The main topics include foreign policy and security questions, as well as economic ones. The intertwining of different fields is not surprising as both partners, Estonia and China, believe that economic diplomacy is the main tool for developing their relations. Important sectors for Estonia include information technology, transport, communications and energy issues (oil shale industry).

### “One China” policy

The friendly relations between Estonia and China are based on a joint communiqué that was signed by Estonian President Lennart Meri and People’s Republic of China’s President Jiang Zemin in 1994. In that communiqué, Estonia officially recognized the “One China Policy”.<sup>66</sup> To rephrase it, supporting “One China” policy means that Estonia does not officially recognize the independence of Taiwan nor independence claims of Tibet.<sup>67</sup> “One China” is a principle that there is only one China and that mainland China, Hong Kong, Macau, and Taiwan policy means supporting the territorial integrity of People’s Republic of China.<sup>68</sup>

In reality, recognizing “One China” policy is a prerequisite for all countries that want to develop positive bilateral relations with China; Chinese side never forgets to mention how much they appreciate Estonia’s pragmatic approach to their problems.<sup>69</sup> While Estonian official position provides consistent support for “one China” policy, Estonian public opinion has a slightly different view. Although there has never been a poll or a public opinion

<sup>64</sup> *Ibid.*

<sup>65</sup> Estonia was represented at *charge d'affaires* level by Andrei Birov from 1997 and Malle Kurbel from July 2001.

<sup>66</sup> Xie Junping, ETV interview.

<sup>67</sup> *Ibid.*

<sup>68</sup> One China Policy, [http://en.wikipedia.org/wiki/One\\_China\\_Policy](http://en.wikipedia.org/wiki/One_China_Policy)

<sup>69</sup> Interview with an official from Estonian Ministry of Foreign Affairs, October 4, 2006



query about this question, a reading of internet commentaries on articles dealing with China, suggests that quite a large part of Estonian population seems to sympathize with the independence claims of Tibet, and that many people also support Taiwan. A good example can be provided by Tenzin Gyatso's (XIV Dalai lama) repeated visits to Estonia (in 1991 and 2001). He was even awarded an honorary doctorate from the University of Tartu on May 27, 2005. Despite the prevalent opinions among the populace, most of the countries in the world have chosen to support "one China" policy.

Recognizing "one China" policy is a "must" for all countries who wish to maintain diplomatic relations with Beijing. In the end, diplomatic rhetoric proves to be correct; according to former Chinese Ambassador to Tallinn, Minrong Zou, "good relations of Estonia and China are based on reciprocal recognition of each others sovereignty and territorial integrity".<sup>70</sup> Following "one China" policy is "compulsory" for all countries in the world and leaving different strategic calculations aside, it is also the most reasonable choice economically. Estonia's current China policy has created a good foundation for a continuing development of relations between two countries and it is wise to maintain this direction. Raising the question of Tibet or Taiwan in bilateral dialogue would be contradictory to the communiqué of 1994 and would diverge from the current policy. Furthermore, it would not help to solve either of these problems. As a member state of the European Union, Estonia supports the common official policy toward China, and therefore it could be more effective to raise these questions on multilateral level.

### Estonian strategy toward China

The Estonian strategy toward China is very difficult to position. As a basis, there is the recognition of "one China" policy but building something more substantial on it has been somewhat more complicated. The main problem that has been cited by officials from the Ministry of Foreign Affairs is that there has been no time and no resources to pursue more serious policy-making on the Chinese direction.<sup>71</sup> The procedure of joining EU and NATO exhausted everything that was available for other purposes. There even is no clear strategy document about Estonian relations with China and concrete actions are usually of an *ad hoc* nature and they are not based on a long term strategy calculations.

<sup>70</sup> Press release of Estonian Ministry of Foreign Affairs, "Hiina suursaadik tegi lahkumisvisiidi välisminister Ilvesele," October 1, 2001.

<sup>71</sup> Interview with Ministry of Foreign Affairs Official, October 4, 2006.

Estonia is mainly interested in the vast economic potential that good relations with China might unveil. Chinese “one billion plus” domestic market is definitively an attractive market for Estonian companies, however, at the moment most Estonian companies still don’t have enough capacities for really penetrating that huge market. Another area for potential economic cooperation lies in transit and logistics. For more than ten years there have been articles in Estonian newspapers, envisioning Estonia as a location for a distribution centre for Chinese goods. It would mean using railway transportation to bring goods from China and creating a logistics centre for containers at the receiving end of the route (in Estonia) to service Northern and Eastern Europe.

One topic that at the moment seems to even more noticeable than economic interests is the construction of the Estonian Embassy building in Beijing. After many years of work, Estonia was able to rent a piece of land as a location of our future embassy. There were plans to announce the competition for architectural project for the building at the beginning of 2007 and it is hoped that construction will begin in 2008.<sup>72</sup> The Estonian Embassy in Beijing is currently located in the impressive Kempinski hotel, where they are renting a few rooms. The diplomatic personnel is limited, just three people, and it is obvious that for more substantial development of relations between the two countries it is imperative to send some extra staff. In 2005, the Minister of Foreign Affairs, Urmas Paet, expressed the hope that after the completion of the new Embassy building, the diplomatic presence will be increased as well.<sup>73</sup> Nevertheless, developing relations with Asian countries or with China has never been one of the main directions of Estonian foreign policy. If one reads the policy speeches given by different Ministers of Foreign Affairs to the Parliament over recent years, one can’t help but noticing that China is rarely ever mentioned. This provides a vivid illustration of the current position of the planning of China policy in contemporary Estonia.

## Policy areas

### *Security Cooperation*

Recent developments in Estonia-China relations underline security policy. Estonian former Minister of Defense, Jürgen Ligi visited his Chinese colleague Cao Gagchuan in autumn 2006 and both sides agreed to increase their defense-

<sup>72</sup> “Pekingi saatkonnahoone rajamiseks tehakse arhitektuurikonkurss,” *Postimees Online*, October 3, 2006.

<sup>73</sup> “Eesti kavatsed endale ehitada Pekingisse saatkonna,” *Eesti Päevaleht*, August 18, 2005.

related cooperation.<sup>74</sup> A previous visit by an Estonian Minister of Defense to China was in summer 1998. This lack of frequent contacts suggests that despite some recent high level meetings, the level of security cooperation between both countries is relatively modest and irregular.<sup>75</sup> China has supported Estonia in our endeavor to attain the full membership in NATO (and the EU) and values the creation of closer military connections with Tallinn. Members of the Chinese military have participated in the Erna Raid 1998-2005 and they won the competition in 2002.<sup>76</sup> In June 2006 a six-member high level delegation from Chinese Ministry of Defense visited Estonia in order to find ways to improve cooperation in the field of security. At the same time a military attaché was appointed to Estonia, starting his duties from autumn 2006.<sup>77</sup>

All these visits and events demonstrate substantial developments in security and military connections. Still, some concrete issues connected to the EU's arms embargo of China may cool down the security cooperation between the two nations. Estonia is a devoted follower of the EU's general line that supports abandoning the embargo only when certain human rights related conditions are fulfilled by China.<sup>78</sup> Nevertheless, the conditions for using the full potential of Estonia-China security partnership remain in place. Peacekeeping would be the most concrete, result-oriented way to approach this kind of cooperation. China's growing participation in the UN peacekeeping operations during the past 16 years demonstrates how important it is for Estonia to establish close and cooperative relations with the relevant institutions in Beijing. Estonia, China and the EU are going to stay as devoted to policies based on principles of effective multilateralism as the only way how to promote global peace and stability.

### *Human rights and NGO's*

Relations between the two countries based on cooperation on human rights and a third sector dialogue are virtually nonexistent. In autumn 2006, following the visit of senior Chinese official Jian Qinglin, Estonian Prime Minister Andrus Ansip was interviewed on Estonian TV, and expressed regret that because of time restraints, there was no chance to raise questions about human rights or the independence of Tibet.<sup>79</sup> However, some new opportunities for

<sup>74</sup> Homepage of Estonian Ministry of Defense, "Minister of Defense pays official visit to China," October 14, 2006, <http://www.mod.gov.ee/?op=news&cid=954&prn=1>

<sup>75</sup> *Ibid.*

<sup>76</sup> *Ibid.*

<sup>77</sup> Interview with Ministry of Defense Official, October 14, 2006.

<sup>78</sup> Interview with Ministry of Foreign Affairs Official, October 23, 2006.

<sup>79</sup> *Kanal 2* TV news broadcast, October 30, 2006.

cooperation may exist for civil society and grass-root level movements. NGO roles have been increasingly developing in China in order to accommodate the need to unite political, social and cultural representatives from all sides. Even if domestic and foreign NGO's are under close surveillance (because of "color revolutions" in Central Asia and Caucasus), there are signs that Chinese officials are becoming more lenient towards their actions.<sup>80</sup>

NGO's are seen as mediators who can assist with solving "soft" issues such as environment, health crisis, which are difficult to approach for local authorities.<sup>81</sup> By 2005, there were more than 280 000 registered NGO's in China who play important roles in different developmental problems of the country. Government surveillance over the activities of NGO's is still close, however, in contrast to Russia, there have been no known arrests or no new limits for NGO activities in China.<sup>82</sup>

Although Estonia has played a prominent role in developing NGO activities in the neighboring countries (Belarus, Moldova, Georgia), there have been no examples of activities in China. It would be worthwhile for Estonian NGO's to consider opportunities for cooperation with some large international NGO's, such as the Ford Foundation or the World Wide Fund for Nature (WWF).<sup>83</sup> Addressing human rights issues in bilateral meetings, something that has so far been avoided, may be important for Estonia in order to maintain overall integrity in its foreign policy. Looking for opportunities in third sector cooperation in order to help solve problems in Chinese health-care and environment could be a tool for approaching these goals.

## Business relations

The main impetus for emphasizing the cooperation between Estonia and China is the tremendous possible benefit for the Estonian economy. The homepage of the Ministry of Foreign Affairs provides a list of business opportunities in China, emphasizing the investment potential of China, the opportunities in China's gigantic domestic market, and also cooperation in the field of transportation and transit. The most intriguing idea is the creation of a distribution center for Chinese goods, a container terminal servicing Russia and Northern Europe, which could take advantage of the port and railway facilities that we already have.

<sup>80</sup> Paul Mooney, "How to deal with NGO's in China", *Yale Global Report*, August 2006.

<sup>81</sup> *Ibid.*

<sup>82</sup> *Ibid.*

<sup>83</sup> Andreas Edele, *Non-governmental organisations in China*, Centre for Applied Studies in International Negotiations, Geneva, May 2005, pp. 17-20.

*Transportation and transit*

Transit and the establishment of a distribution center for Chinese goods in Estonia are topics that have been on the agenda for years. As early as 1997, former Minister of Roads and Communications Raivo Vare and a former director of Estonian Railway Parbo Juchnewitsch visited China in order to conduct research regarding opportunities for cooperation.<sup>84</sup> Attempts to develop business relations culminated in 1998, when Estonian Railway and Shanghai Railway signed a cooperation agreement.<sup>85</sup> This topic has reemerged in later years, since the importance for the potential of transit cooperation has risen dramatically, especially after the Estonian accession to the EU was completed. The reason for the renewed interest is apparent when one examines the China – EU trade volumes: the value of Chinese imports for member states of the EU exceeds 158 billion euros, whereas the same countries export volume to China is three times smaller, only 52 billion euros.<sup>86</sup>

The basic idea would be for Estonia to profit from its excellent geographical location. Currently Chinese goods arrive to Europe on the board of gigantic container ships to big ports such as Hamburg or Rotterdam. The goods are loaded on smaller carriers and distributed all over the Atlantic Ocean. Using the railway would shorten the transportation period from 40 days to only 14 days. Chinese companies could use the railway to shorten their transportation time to Europe by more than 50%.<sup>87</sup> China is already using the rail connection when trading with Russia, and Estonia could have a unique role as a mediator, forwarding goods to Russia from container ships and also accepting and distributing railway shipments from China.<sup>88</sup> Chinese companies could use Estonian ports to intensify their trade with the EU member states and create an advanced container handling system that would distribute goods to various destinations in Europe. A fact-finding mission of Chinese transportation experts visited Estonia, Latvia and Lithuania in December 2005.<sup>89</sup> The representatives of Estonian infrastructure companies are also highly interested in such cooperation: an Estonian delegation of

<sup>84</sup> Urmas Tooming, "Hiina loodab konteinervedudele Eesti kaudu" *Postimees*, December 19, 1997.

<sup>85</sup> Estonian Ministry of Foreign Affairs, "Eesti ja Hiina RV", May 18, 2006.

<sup>86</sup> "Competition and Partnership: A policy paper on EU-China trade and investment," *Commission Working Document*, COM (2006) 632 final. Brussels: Commission of the European Communities, 24 October 2006..

<sup>87</sup> Dan Bilefsky, "Estonia port is vying to win back ships," *International Herald Tribune*, December 21, 2005.

<sup>88</sup> Andres Reimer, "Hiinlased otsivad Eesti sadamates kohta oma kaubakeskusele," *Äripäev*, November 30, 2005

<sup>89</sup> Estonian Ministry of Foreign Affairs, "Eesti majandus- ja kaubandussuhted Hiina Rahvabariigiga," March 3, 2006.

transportation officials visited Beijing on May 15-19, 2006 where questions related to railway transportation were discussed.<sup>90</sup> Among possible benefits would not only be profits for transit companies, but cooperation with China in the transit sector that might have beneficial spill-over effects bringing to Estonia various other investments and cooperation projects. The existence of free trade zones in Sillamäe and Muuga ports seem to provide an extra advantage for the realization of this ambitious project.

If such a distribution center would be established, it is clear that the majority of trade between the EU and China would still be conducted through ports in the heart of Europe, Hamburg and Rotterdam. Rail transportation over Russia might be faster but it would not be as cheap. In addition to real costs, one needs to consider the situation in Russia which brings up following problems: 1) The condition of Trans-Siberian Railway is not the best and it would need considerable reconstruction; 2) Russia has been slow in granting foreign enterprises access to her business railways; 3) Licensing and other bureaucratic procedures in Russia are often overwhelming; 4) There is a danger that Moscow will interfere with the operations of private companies. For example it could apply extra tariffs on goods that are transported through Russia but not on goods that leave the country through Russian ports.<sup>91</sup>

The same source cites the words of EU official Pavel Telicka, "The potential for Estonia - and the Baltics - to act as a gateway between East and West is strong, but the transport infrastructure needs to be integrated with the rest of the bloc while Russia has to liberalize its transport markets". In addition to bureaucracy, the volume of goods that are possible to transport on railways are much smaller when compared to sea transportation, and in case of big shipments, sea transportation might paradoxically prove to be even faster.<sup>92</sup>

One possible obstacle for closer cooperation is the fact that it is extremely difficult for Chinese businessmen to receive visas for Estonia. This has always been pointed out in various bilateral meetings and several business delegations have been forced to cancel their visit because of visa problems.<sup>93</sup> The other possible problem associated with the establishment of a distribution center is the danger that counterfeited goods produced in China might use it as an access point to Europe. Even today Estonian customs has confiscated

<sup>90</sup> "Eestit läbivatele kaubavedudele Põhja-Euroopa ja Hiina vahel on tulevikku," *EPL Online*, May 19, 2006.

<sup>91</sup> Bilefsky, "Estonia port is vying to win back ships".

<sup>92</sup> Milda Manomaitye, "The engine must suit the vehicle," interview with Arvydas Vaitkuse, Secretary of Lithuanian Ministry of Transportation and Communications, *Jūra Mope Sea. International Business Magazine*, no. 3, 2004.

<sup>93</sup> Estonian Ministry of Economic Affairs and Communications, "Savisaar: Hiina kaubad jõuavad läbi Venemaa ja Eesti kiiremini Euroopasse kui meritsi," July 24, 2006.

pirated goods from China.<sup>94</sup> Approximately 60% of pirated goods arriving in Europe originate from China<sup>95</sup> and the EU considers solving this problem as one of the main goals for future cooperation between China and the EU.<sup>96</sup> Third question is the possible impact that renationalization of Estonian Railway had on the distribution center project. It is difficult to evaluate the exact situation from all sides, but according to signals coming from the Ministry of Economy and Communications, it seems that cooperation plans with China are popular there as well.

In conclusion, it can be asserted that the idea for the distribution center for Chinese goods has high potential for further cooperation. This project, when successful, could bring some positive benefits to the Estonian economy. Actions taken until now, by raising the issue in every high-level meeting, has created positive and cooperative atmosphere. Successful conclusion of the project would help to balance the big gap between good diplomatic relations between Estonia and China and the small number of common business projects.

### China as a competitor

Cheap consumer goods from China have two effects. From one side, customers can benefit from reduced costs and people can spend less money. On the other side, enterprises are losing their positions in the industrial sectors that compete directly against Chinese producers. It is important to remember that albeit the total benefit for customers through reduced costs is much larger than the loss for companies, the benefit per capita is rather small. Nevertheless, the loss accrued by enterprises is much more focused and a small number of people (owners and workers in those companies) might be badly hurt when Chinese companies outplay their competitors in costs and efficiency. Small groups bearing proportionally large costs are motivated to use all means in their command to seek political clout for protecting their interests against cheaper imported goods. At the same time the great majority of people who benefit from imports are not united and their voice remains weak and not unified. As a result, an assertive minority might achieve protective tariffs, customers will lose out and the general competitiveness of the economy is reduced.

Other EU countries are facing similar challenges: there is a need to decide

<sup>94</sup> Urmas Tooming, "Toll avastas hiigelkoguse võltsitud parfüüme ja kosmeetikat," *Postimees*, August 9, 2005.

<sup>95</sup> Sirje Rank, "Euroliidus levib üha enam piraatkaupa," *Äripäev*, February 9, 2005.

<sup>96</sup> "Competition and Partnership".

whether to protect their domestic market (tariffs for Chinese and Vietnamese leather shoes as an example for the protection of Italian shoemakers)<sup>97</sup> or accept the challenge and try to add more productivity in more competitive industrial sectors. The European Commission, led by the Trade Commissioner Peter Mandelson, has decided to accept the challenge and to admit that the challenge posed by China is legitimate<sup>98</sup> whereas it is in the EU interests to have stable and developing China<sup>99</sup>.

Europe has a critical interest in China's transition to a stable, prosperous and open economy. It recognizes that the openness of the EU market to Chinese exports will be a key factor in China's further development. But Europe also stands to benefit from China's growing market for advanced technology, high-value goods and complex services. European consumers will continue to benefit from competitively priced imports from China. The macro-economic benefits of China's export strength for European competitiveness and growth are significant. These gains outweigh the losses suffered in particular areas.<sup>100</sup>

Estonian companies are profiled differently from enterprises in Western Europe and accepting this global challenge means inescapable difficulties. Many companies have already lost markets to their Chinese competitors (Balteco producing bath tubs, OÜ Vãlk producing footwear).<sup>101</sup> In addition to textiles and footwear industries where the advantages of Chinese producers are especially large, there is pressure also in furniture-, construction materials- and machinery industries. Furniture producer from Võru, AS Wermo lost their distributing partner IKEA to the Chinese and as a curious example, even the façade of Estonian Art Museum (KUMU) is covered with cheaper granite plates brought from China.<sup>102</sup>

The unavoidable presence of cheap Chinese goods forces Estonian companies to choose between two possible scenarios in order to survive. First choice is to invest heavily into production technologies, reducing the labor needs of a company. The second choice is to follow the example of large Western companies and transfer the labor-intensive phases of the production into China. Both choices need excellent investment capabilities and therefore they are possible only for a small number of strong companies. AS Wendre from Pärnu area stands out as a great example. They found a solution in Wuxi, near Shanghai, where they opened a sewing factory in 2005. Pillow

<sup>97</sup> "Euroopa Liit jätab Aasia kingadele kõrged tollid alles," *EPL Online*, October 4, 2006.

<sup>98</sup> "EU-China Trade: Questions and Answers". Strasbourg, October 24, 2006.

<sup>99</sup> "EU-China: Closer partners, growing responsibilities". *Communication from the Commission to the Council and the European Parliament*. Brussels, October 24, 2006.

<sup>100</sup> "Competition and Partnership", p. 5.

<sup>101</sup> "Hiina kaup võtab Eesti firmalt turu," *Postimees Online*, October 5, 2005.

<sup>102</sup> Andres Reimer, "Hiinlased otsivad Eesti sadamates kohta oma kaubakeskusele", *Äripäev*, November 30, 2005.



cases are sewn in China, filled in Estonia and sold in the European market. The owner of the company, a Swedish national of Estonian heritage, Peter Hunt sees the future potential for his products also within China itself.<sup>103</sup> Another example is AS Tarkon who opened a new plant close to Shanghai where production started in February 2006.<sup>104</sup> Other Estonian companies need to make similar decisions about methods that improve the efficiency of their operations. China, being at the root of the problem, could also provide answers. However, using less labor intensive production and transferring operations to China will provide relief only for the owners – loss of jobs in certain industrial sectors because of Chinese competition is an unavoidable process and the government needs to support retraining courses and projects that would provide employment for people whose jobs have been transferred to China.

### *Technology and IT*

For the Estonian economy as a whole, the most promising is technology and science intensive cooperation with China. According to a senior manager of the Economist Intelligence Unit, China is most interested in projects that would increase their competitive advantages in Information Technology or would provide them with some technology transfers, allowing China to climb up the evolution ladder faster.<sup>105</sup> It is a great opportunity for cooperation, and the EU is already exporting to China some high tech machinery, vehicles and chemicals.<sup>106</sup> However, problems persist in this area, caused largely by the weak protection of intellectual property rights in China.

Skype, the most famous IT company in Estonia has serious plans with China, as its founder Janus Friis told *Business Week* in September 2005, shortly after the establishment of a joint venture with their Chinese partner, Tom Online.<sup>107</sup> Soon after that, problems emerged with China Telecom, the largest company providing fixed telephone connections in China, who tried to make using Skype illegal and blocked the use of the Skype in Shenzhen.<sup>108</sup> It is still impossible to use the SkypeOut function in China (calling from computer to fixed phones). And Skype has had to follow other big IT

<sup>103</sup> Andres Mets, "Peter Hunt: mulle tuli Pärnu aasta mehe tiitel üllatusena, tegelikult väärib tunnustust uue vabriku sünni eest kogu meie firma juhtkond," *Pärnu Postimees*, December 30, 2005.

<sup>104</sup> "Tarkon esimese Eesti firmana Hiinas," EPL Online, January 26, 2006.

<sup>105</sup> Interview with an economic analyst in Beijing, 17 July 2006.

<sup>106</sup> "A policy paper on EU-China trade and investment".

<sup>107</sup> Olga Kharif, "Skype's Next Moves", *Business Week*, September 9, 2005.

<sup>108</sup> "China said to be ready to block Skype until 2008" *Computer Business review/online*, March 21, 2006.

companies in making compromises with the Chinese government in regards of censoring the content.<sup>109</sup> The only hope is that the EU is successful in its China strategy and can improve the inadequate legislation in China that is still hindering the success of European companies.

One of the industrial sectors with a great potential in China is environmental technology. Environmental protection is still in a fledgling stage in China but it could prove to be a niche where companies even from small countries could succeed if they possess the necessary know-how. It is possible to become a hit in China even with a niche product that would not be easy to sell in other countries. Clyde Bergmann, an American company that is also active in Estonia is selling cleaning systems for heating and reaction surfaces, to Chinese power plants.<sup>110</sup> The main danger in environmental technology projects is that foreign companies are squeezed for technical know-how and are discarded after the successful technology transfer has taken place.

## Institutions, meetings developing Estonian-Chinese business relations

### *Common Economic Committee meetings*

After signing the treaty for cooperation in economy and trade, a common committee was formed. This committee convenes once in every two years, either in Beijing or in Tallinn. It is headed by the Deputy Under-Secretary in questions of foreign economic relations and consular questions from the Ministry of Foreign Affairs from the Estonian side and from the Chinese side the head is the director of European Affairs from the Chinese Ministry of Trade and Economic Cooperation. The composition of the committee is different each time and the members are appointed by the government. Representatives are from the Foreign Economic Policy and Development Cooperation Department from the Ministry of Foreign Affairs and from Ministry of Economy and Communications.

The next meeting takes place in 2007 in Beijing. The meetings of the Common Economic Committee provide an excellent forum where both sides can raise topics that are mutually interesting. As a tool for consultations these meetings are relatively effective, even if the repetition of the same topics over different years indicates that the real ability to change something is limited.

<sup>109</sup> Alison Maitland, "Skype says texts are censored by China," *Financial Times*, April 18, 2006.

<sup>110</sup> Ted C. Fischman, *China, INC*, New York: Scribner, 2005, p. 114.

*Enterprise Estonia (EAS)*

Enterprise Estonia was established by the Ministry of Economy and Communications in 2000. The main goal is to develop Estonian business climate and raise the competitiveness of Estonian enterprises. EAS is active in five areas: increasing the competitiveness of Estonian enterprises in foreign markets, attracting foreign direct investments, developing the export capacity of tourism, promoting innovation and technology and developing the business environment in Estonia. Raising the general awareness about businesses is also one of the objectives.

The Chinese direction is rather new for Enterprise Estonia and actions date back only to July 2006 when Enterprise Estonia's China project leader Valle Feldmann started preparations for establishing a representation in China. It was opened in Shanghai in late 2006, as the business interests of Estonian companies in China normally fall into that area.<sup>111</sup>

*Estonian Chamber of Commerce (KTK)*

The Estonian Chamber of Commerce is an organization that unites more than 3420 members as of October 2006, including the majority of the largest enterprises in Estonia. The main objectives of KTK are representing the interests of their members in forming Estonian economic policies, assisting with finding contacts with foreign organizations and private individuals, organizing exhibitions and trade shows and also coordinating the participation in similar events held in foreign countries. They also offer information and consultations assisting companies to find partners and conducting market research. Providing authentication services for goods documentation and issuing documents necessary for companies' international activities is also one of the important functions.

There is no separate strategy for China and currently the issues connected with China are dealt with on an *ad hoc* basis. The basic problem stemming from it is that there is no institutional memory, when people leave the organization they take all know-how with them. This is characteristic not only to KTK but is a more common feature of many Estonian organizations.

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<sup>111</sup> Interview with Enterprise Estonia's China project leader, October 2006.

## Cultural relations

Cultural cooperation between Estonia and China is formally based on the treaty of Cultural, Educational and Scientific Cooperation, signed on September 3, 1993. There have been number of visits from dance and musical groups from both sides, Estonian movies have been shown in China and Chinese movies in Estonia. In 2006, “Jade Warrior”, a movie co-produced with Finnish and Chinese partners was released, Estonian contribution being some financial support, actress Elle Kull and some locations for shooting.<sup>112</sup>

Education is another venue for cooperation. There are some Estonian students in China, taking advantage of scholarships provided by Chinese government, and there are around 100 Chinese students in Estonia.<sup>113</sup> Since China is one of the largest exporters of paying students abroad, having approximately 300 000 students studying in different countries, it is clear that there is still plenty of room for development. As the number of students entering universities in Estonia is dramatically decreasing, attracting more students from China could help some Estonian private universities to survive.

Another topic, also connected with education, is language learning. There are only a few places where it is possible to learn Chinese in Estonia, Tallinn University being the main center of Asian studies. There is a very little expertise about contemporary Chinese politics and economy in Estonia and the number of Chinese speakers is also marginal. To develop relations between Estonia and China, it is crucially important to increase the number of people who know Chinese culture and business traditions well. Learning the Chinese language should be the start and as a possible concrete project, a Confucius Center could be established in Estonia.<sup>114</sup> Establishment of Confucius Centers in various countries is a Chinese government initiative whereby a unit propagating Chinese language education is created in cooperation with foreign universities. In Latvia, the first Confucius Center has already opened, and opportunities for studying Chinese are improving. It is also important to participate in programs organized by the EU, where it is possible to collect know-how about Chinese business climate and traditions. Starting from 2006 there is program initiated by the European Commission – the Executive Training Program - that offers invaluable training for 200 European executives over the next 5 years.<sup>115</sup> Cooperation in science and innovation has also a great potential and it is based on the cooperation treaty between the

<sup>112</sup> Andres Laasik, “Välispartnerid viivad Eesti filmi maailma kuulsust koguma,” *Eesti Päevaleht*, October 13, 2006.

<sup>113</sup> Interview given by China’s Ambassador to Estonia, Xie Junping on the 15th anniversary of the establishment of diplomatic relations between Estonia and China, *ETV*, September 11, 2006.

<sup>114</sup> Phillip C. Saunders “China’s Global Activism: Strategy, Drivers, and Tools,” Institute of National Strategic Studies, Occasional Paper, June 4, 2006.

<sup>115</sup> “Closer Partners, Growing Responsibilities”.

Estonian and Chinese Academy of Sciences. One of the first projects, offering real results could be common research about the different possible uses for oil shale.

### *Chinese strategy toward Estonia*

One opinion that has been voiced from both sides, Chinese and Estonian, is that the relations between two countries are excellent. There have been several top-level meetings, the highest leaders of China visit Estonia often, and numerous cooperation agreements have been signed. Interest to develop bilateral relations has been expressed from both sides and in many cases China has come up with several initiatives. According to the opinion of officials from Estonian Ministry of Foreign Affairs, the general policy of China has been to approach “new” and “neutral” countries and establish strong relationship ties with them.<sup>116</sup> The absence of bad experiences in bilateral relations in the past enables a constructive approach and instead of falling into never-ending accusations, there is a chance of accomplishing something beneficial for both sides. While this is the view from Tallinn, different opinions have been offered. Philip C. Saunders, a renowned analyst on China, has a slightly different opinion on the question why Chinese leaders like holding so numerous high level meetings:

The Chinese system places high value on leadership meetings, both as symbols of political commitment and as means of obtaining substantive agreements. Major visits by Chinese leaders (and, to a lesser degree, visits to China by foreign leaders) also help coordinate foreign policy issues across ministerial boundaries. Beijing emphasizes form and hospitality to ensure that foreign leaders have enjoyable visits (thus creating an implicit sense of obligation). This tactic is particularly effective with leaders of smaller countries, who are often flattered by the attention.<sup>117</sup>

It would be fallacious to assume that China’s foreign policy is not serving Chinese national interests. China is becoming an increasingly active player in global politics and there are clear reasons why. China needs to ensure safe and stable access to energy and raw materials that would ensure the supply for its fast-growing industrial sector; build internationally competitive companies based on Chinese capital and also open new markets for Chinese goods and investments.<sup>118</sup> China’s interests have become global and in order to pursue them effectively, China needs to be active in each and every country. China is an active proponent of multilateralism and it is increasingly

<sup>116</sup> Interview with an official from Estonian Ministry of Foreign Affairs, October 4, 2006.

<sup>117</sup> Saunders “China’s Global Activism”, pp. 15-16.

<sup>118</sup> *Ibid.*, p. 6

possible to notice China's attempt to balance US influence through developing relations with European (especially EU) countries.<sup>119</sup> European interests in Asia are less in conflict with Chinese interests and therefore opportunities for constructive cooperation are higher.

According to official rhetoric, Estonia is the most important partner for China of the Baltic States economically and Chinese representatives have expressed hope that Estonia could become an important partner for China in its dialogue with the European Union.<sup>120</sup> China has a rather large diplomatic representation in Tallinn (unofficial figure would be around 35 people in the embassy and trade mission in total) and is very active in relations with Estonian government institutions and diplomatic representations of other countries. Estonia's location on the border of Europe and Russia, where it is possible to collect information from West and East, could be one of the reasons of this noticeable activism.

### Different choices: Latvia

Latvia is a country that would make the best comparison to Estonia. Its location is geographically almost the same, economic profile is extremely similar and even population, albeit almost twice as much as in Estonia, is comparable on the global scale. Based on this superficial comparison, it also seems that Latvia had identical starting position in 1991 when developing relations with China and moreover, the interests should have been broadly the same. Still, Latvia's experience with China has been a rather different journey.

China recognized the independence of Latvia and Estonia on the same day, September 7, 1991 and three days later diplomatic relations were established with both countries. However, developments from that point were not similar at all. The base document for the friendly and pragmatic cooperation between Estonia and China is the common communiqué from 1994, signed by presidents Lennart Meri and Jiang Zemin. This is also the document where Estonia recognizes and supports China's "one China" policy principles, thus fulfilling conditions set by the Chinese government for positive development of bilateral relation between two countries. Nevertheless, Latvia had made a different choice and signed an economical cooperation treaty with Taiwan, a treaty that was in effect from November 6, 1991 until March 9, 2004. Latvia's "affair" with Taiwan jeopardized its relations with mainland China, even to the extent that China recalled its ambassador from Riga.

<sup>119</sup> Julio Arias, "The EU-China relationship: Looking Ahead," September 7, 2005.

<sup>120</sup> "Ansip kohtus Hiina Rahvuskomitee esimehe Jia Quingliniga," *EPL Online*, October 29, 2006.

Diplomatic relations, however, were not cancelled. The situation normalized in 1994, only after Taiwan's consulate was closed in Riga. In retrospect, it can be said that Latvia did not win anything by focusing on Taiwan. There were some hopes for substantial economic aid and investments<sup>121</sup> but these schemes never became a reality. *Vice versa* Latvia understood the importance of having good relations with China and by 2004, the Latvian Parliament annulled even the economic cooperation treaty between Latvia and Taiwan.

At the moment, Taiwan still has its "Taipei mission" in Riga, however, official policy of Latvia is now strongly pro-China and official contacts between the two countries are now frequent and productive. Still, past close relationship with Taiwan is still casting a shadow on Latvia's current relations with China. When Latvian President Vaira Vike-Freiberga was a candidate for the new UN Secretary-General in autumn 2006, China was one of the two countries (along with Russia) among the Security Council permanent members who vetoed her candidacy.<sup>122</sup> Chinese political elite, when making official visits, seldom go to Riga. Characteristic example would be the official visit of Jua Quinglin, the chairperson of Chinese People's Political Consultative Conference, who during his European tour in October-November 2006 visited Estonia, Lithuania and Ukraine, skipping Latvia completely.

Cooperation on the local government level seems to be something that Latvia has mastered better. Several Latvian cities have their "sister cities" in China and the number of constructive contacts is increasing. Riga and its sister city from 1996, Suzou have been leading a successful partnership, with plentiful visits. Daugavpils has close ties with Harbin while Liepaja and Jurmala are also thinking of establishing closer ties with Chinese cities. In the case of Estonia, only Tallinn has developed contacts with Beijing; the culmination was in 1998 when an agreement for friendly cooperation was signed while later contacts have been more modest. Developing relations between "sister cities" is something that other Estonian local governments could learn from. However, focus should be on the quality of these relationships, not on quantity.

In economic cooperation, Latvia's experience is similar to Estonia's. According to the Latvian Investments and Development Agency, focusing on China (or Asia) as the export market is not a priority.<sup>123</sup> The basic reasons for that lie in the long distance, different business culture and also the high cost of market research, necessary to enter Asian markets. Similar problems

<sup>121</sup> Czeslaw Tubilewicz, "The Baltic States in Taiwan's Post-Cold War 'Flexible Diplomacy'", *Europe-Asia Studies*, vol. 54, no 5 (2002): 796.

<sup>122</sup> Neeme Raud, "Lāti presidendil napib ŪRO juhiks saamiseks toetust," *Postimees*, September 27, 2006. The official reason why China eliminated Vike-Freiberga from the competition was the successful attempt to support Asian candidate.

<sup>123</sup> Maris Elerts, "Āzija arī Latvijas perspektīvu tirgus," *Dienas Bizness*, November 25, 2003.

have been obstructing the activities of Estonian enterprises in Asia, yet, when one looks at statistics, it is possible to see that Estonian companies have been considerably more successful in the Chinese market than their Latvian competitors. The Estonian companies' exports to China in 2006 totalled over 528 million kroons, whereas the Latvian companies export was a meager 125 million kroons.<sup>124</sup> Despite of the relative marginality of Latvian current trade with China, the Latvian Ministry of Economy believes that the trend is surging upwards and there are reasons to expect China to become one of the ten most important trade partners for Latvia.<sup>125</sup>

Similarly to Estonia, Latvia envisions the main area of economic cooperation with China in transportation and logistics industry. The idea of transporting goods from China, using Baltic railroads and ports, is also attractive for Latvians and this is one area where Baltic nations can be seen as direct competitors. A delegation from China visited Baltic ports and railways in autumn 2005 and based on the collected information, they were supposed to decide how the Chinese side is going to proceed with the idea of having a logistics center in the Baltics. In May 31, 2006, Latvian Prime Minister Aigars Kalvītis convened a meeting with Ambassadors of Russia, China and Kazakhstan and outlined the advantages of Latvia as a location for distribution center for Chinese goods.<sup>126</sup>

The educational cooperation and student exchange with China is also developing, and Stradiņš University in Riga has opened a Confucius Center in cooperation with Chinese Language Council International.<sup>127</sup> Cultural exchange is functioning well and in addition to contractual basis between Ministries of Culture, twin cities contributions are also noteworthy.<sup>128</sup>

To sum up, Latvian and Estonian approaches to relations with China have been different. The fact that Latvia has abandoned its Taiwan friendly policies by today and has focused on mainland China testifies that Estonian choices have been more useful in long-term perspective. There are some things that Estonians could learn from: developing relations between "sister cities" and establishing Confucius Center to promote language studies.

<sup>124</sup> Information from web-pages of Statistical Office of Estonia and Ministry of Foreign Affairs, Latvia.

<sup>125</sup> Artis Birzins, "Bilateral diplomatic and economic relations between East Asia and the new EU members: The case of Latvia," *Asia Europe Journal*, 2, 2004, p. 230.

<sup>126</sup> "The Prime Minister and the Ambassadors of China, Russia and Kazakhstan discuss creation of a transit corridor from China to Latvia," State Chancellery of Latvia, May 31, 2006. [www.mk.gov.lv/en/aktuali/zinas/2006/05/31/31052006/](http://www.mk.gov.lv/en/aktuali/zinas/2006/05/31/31052006/)

<sup>127</sup> Chinese Language Council International ([english.hanban.edu.cn](http://english.hanban.edu.cn))

<sup>128</sup> Birzins, "Bilateral diplomatic and economic relations," p. 230.



## Conclusion

China is going to be a large part of the 21<sup>st</sup> century, whether we like it or not. The main task for Estonia is to articulate our interests and goals in our relations with China. It is necessary to adopt a broad strategy, stating realistic targets for the span of the next five, ten and twenty years. Another priority would be to increase substantially the existing level of competence on Asian and Chinese matters by increasing existing opportunities for language and culture studies as well as developing opportunities for studying Asian politics, security and economy. Increased competence would provide instruments for greater and more meaningful participation in the political and security dialogue between the EU and China. Cooperation at the municipal and grass-roots level would also instrumental in developing general awareness about processes going on in China.

Estonia should continue the security dialogue with China. Developing human rights, a topic that has been avoided in bilateral dialogue until now, could also find its rightful place. However, the dialogue on human rights should focus on the development of cooperation between Estonian and Chinese NGO's, and should be discussed in a cooperative and productive, rather than openly critical atmosphere. The environmental situation in China is another question that may offer broad opportunities for mutually beneficial cooperation, utilizing Estonian experience of transformation and introducing environmentally-friendly technologies.

Last but not least, Estonia needs to develop greater economic relations with China. The relations between two countries are friendly and cooperative. Although, this is not reflected in economical cooperation, the potential for developing bilateral economic connections remains huge. China's economic miracle is already affecting Estonian enterprises, as the need for increasing efficiency of production originates directly from the competition that Chinese companies force upon our labor intensive industrial sectors. In order to be successful in facing the challenge from China, Estonian enterprises need to invest in more know-how and technology intensive industries. Active participation by Estonia in the trade dialogue between China and the EU, should be an immediate priority.

One factor that is often overlooked is the fact that capacity of Estonia as a country, as well as that of Estonian companies, does not allow for the development of all-encompassing relationships with all regions in China. It would be more beneficial to concentrate on a certain provinces. Concrete projects can be realized only when the efforts are focused. Successful cooperation between "twin cities" could be one of the ways how to deepen contacts on the local level.

Asia is rising and China is the main engine. If Estonia ignores these developments in seemingly distant countries, we will have to accept the consequences at some future date. A better choice would be to learn more about the change, be engaged and to be part of tomorrow. The time to decide is now.

# Estonia and the International Climate Change Regime<sup>1</sup>

Andres Kratovitš

## Introduction

The United Nations Conference on Human Environment held in Stockholm in 1972 highlighted for the first time at the global level the issue of degradation of the state of global environment. After the conference dozens of international environmental conventions were negotiated and different international institutions established. The conference also raised substantially public awareness on environmental issues all around the globe and pushed governments towards taking more effective actions to preserve natural values. However, despite of steps taken, the state of the environment declined further and based on different studies, and especially on Brundtland report of 1987, the Rio de Janeiro Conference on Environment and Development was convened in 1992. By that time, a large network of numerous institutions, which dealing with global environmental issues has emerged. In other words, a system of global environmental protection, i.e. a set of complex, permanent and interrelated formal and informal social institutions, that prescribed to international actors their behaviour, constrained their activities and formed their expectations in the field of global environmental protection<sup>2</sup>, has been established. The most prominent social institutions are international regimes, i.e. sets of implicit or explicit principles, norms, rules, and

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<sup>1</sup> The views expressed in this article are those of the author and do not necessarily reflect the views of the Estonian Ministry of Environment.

<sup>2</sup> M. Zürn, "The Rise of International Environmental Politics: A Review of Current Research", *World Politics* 1998, vol. 50, no. 4, pp. 617-649; V. Rittberger, "NGOs and Global Environmental Governance: Introduction" in Chasek, P. S. (ed.) *The Global Environment in the Twenty-First Century: Prospects for International Cooperation*. Tokyo, NY, Paris: United Nations University Press, pp. 83-86.

decision-making procedures around which actors' expectations converge in a given issue-area of international relations and that are based on international agreements<sup>3</sup>. Dozens of international environmental regimes have been negotiated and entered into force both on regional and global levels, the number of other international environmental legal instruments and institutions is growing at increasing speed<sup>4</sup>.

Despite of this, the international society, i.e. a group of international actors, conscious of certain common interests and common values, forming a society in the sense that they conceive themselves to be bound by a common set of rules in their relations with each another<sup>5</sup>, has acknowledged that this was not enough to deal with emerging global threats, such as climate change, loss of biodiversity, deforestation, desertification, etc. There was an urgent need for new comprehensive legally binding steps to be taken on global level in order to promote principles of sustainable development and minimize negative impacts of existing environmental problems. The Rio de Janeiro Conference was a milestone where global sustainable development has been institutionalised – the Agenda 21 or global action programme to achieve sustainable development, was agreed by countries, the Commission on Sustainable Development (CSD) and Global Environmental Facility (GEF) were established. Furthermore, countries agreed on two new eminent international legal instruments: the United Nations Framework Convention on Climate Change (UNFCCC) and the Convention on Biological Diversity (CBD). Estonia has entered into the network of international environmental protection right after regaining independence. The Rio Conference was the first United Nations summit where Estonia participated on the highest political level, being thus in the centre of events, which led to the official birth of two of the most important global environmental regimes – the climate change regime and the biodiversity regime.

### The United Nations Framework Convention on Climate Change

The United Nations Framework Convention on Climate Change is the multilateral international agreement aimed at promotion of intergovernmental cooperation in order to stabilize and reduce anthropogenic emissions of green-

<sup>3</sup> R. O. Keohane, "The Analysis of International Regimes: Towards a European-American Research Programme" in V. Rittberger and P. Mayer (eds.), *Regime Theory and International Relations*. Oxford: Clarendon Press, 1995.

<sup>4</sup> *Register of International Treaties and other Agreements in the field of the Environment*. UNEP, Nairobi, 2005.

<sup>5</sup> H. Bull, *The Anarchical Society: A Study of Order in World Politics*. New York: Columbia University Press, 1995, pp. 9-10, 13.

house gases into the atmosphere to a level which would avoid dangerous interference with the climate system. Such a level should be reached within a timeframe sufficient for ecosystems to adapt themselves to effects of climate change and to ensure, among others, continuation of sustainable patterns of economic development and food production.

Bearing in mind common but differentiated responsibilities as well as economic capabilities of different countries and in order to more efficiently strive towards achieving the aims of the convention, Parties to the UNFCCC have been divided into three groups together with differentiated goals:

- 1) Annex I Parties, i.e. developed countries and countries with economies in transition. Estonia belongs to the Annex I Parties;
- 2) Annex II Parties – only developed countries, OECD members;
- 3) other Parties, i.e. developing countries<sup>6</sup>.

All Parties to the UNFCCC have to protect the climate system to preserve it for present and future generations. This is possible to achieve only in cooperation, however taking into account common but differentiated responsibilities as well as economic possibilities of different groups of countries. Therefore, Annex I Parties must take the lead in implementing their commitments in dealing with causes and adverse effects of climate change. For example, Parties must regularly compile and publish inventories of emissions of greenhouse gases as well as National Communications, containing information on emissions of greenhouse gases, taken policies and measures, projections of future emissions, adaptation measures, cooperation with as well as assistance to developing countries and other relevant information. In addition, Annex II Parties have the obligation to support financially and by other means developing countries in their efforts to deal with adverse effects of climate change. Developing countries must contribute according to their possibilities to achievement of the aims of convention.

The everyday work of the convention and Kyoto protocol is managed by the UNFCCC Secretariat, in accordance with the guidance and tasks given by the annual Conferences of the Parties (CoP). The subsidiary bodies of the convention (SBI – Subsidiary Body for Implementation and SBSTA – Subsidiary Body for Scientific and Technological Advice) meet semiannually. The main task of the SBI is to prepare draft decisions concerning mainly financial and institutional issues for the Conferences of the Parties for adoption. SBSTA deals mainly with scientific and methodological issues. The Conference of the Parties is the highest political body of the convention, which takes decisions and steers politically the work of the UNFCCC. There have been 11 annual Conferences of the Parties since the first CoP, held in Berlin in 1995 (in chronological order: Geneva (1996), Kyoto (1997), Buenos Aires (1998),

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<sup>6</sup> UNFCCC webpage, 2007. <http://www.unfccc.int>.

Bonn (1999), Hague (2000), Bonn (2001), Marrakech (2001), New Delhi (2002), Milano (2003) and Buenos Aires (2004)). Since the entry into force of the Kyoto Protocol, two CoP/MoP-s (Conference of the Parties to the UNFCCC and Meeting of the Parties to the Kyoto Protocol) have been held – in Montreal (2005) and Nairobi (2006). The next CoP/MoP will be held in Bali. The main decisions taken in CoP-s are dealing among others with strengthening commitments of Parties (especially Annex I Parties), adaptation measures for developing countries, methodological issues (inventories, projections), financial issues, institutional issues, operationalization of flexible mechanisms of the Kyoto Protocol (Joint Implementation, Clean Development Mechanism, and Emission Trading) etc.

### The Kyoto Protocol

The second important building block of the international climate change regime is the Kyoto Protocol (KP), agreed upon by the Parties to the UNFCCC in 1997 in Kyoto at CoP3. KP has an impact on all major economic sectors and it has been considered as one of the most influential international environmental and sustainable development-related agreement ever concluded. The Protocol sets individual and collective quantitative targets for Annex I countries (Annex B in the Protocol) to be achieved by 2008-2012. The greenhouse gases (GHG) covered by the Kyoto Protocol are carbon dioxide (CO<sub>2</sub>); methane (CH<sub>4</sub>); nitrous oxide (N<sub>2</sub>O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs) and sulphur hexafluoride (SF<sub>6</sub>). The first three are also covered by the UNFCCC. The collective aim for Annex I countries is to reduce their emissions of GHGs 5% by 2008-2012 as compared to the base year – 1990. Developing countries do not have quantitative commitments under the KP. Estonia, similarly to the European Union, has to reduce its GHG emissions by 8%.

In order to achieve the aims of the protocol in economically cost-effective way, three so-called flexible mechanisms have been envisaged by the Kyoto Protocol: Joint Implementation (JI), Clean Development Mechanism (CDM), and Emission Trading (ET). JI and CDM are project-based mechanisms aimed at reduction of the emissions of greenhouse gases in an economically efficient way. In addition to setting quantified emission limitation targets for its Parties, the Kyoto Protocol prescribes stricter rules for monitoring and reporting of GHG emissions in order to be qualified to participate in flexible mechanisms.

To sum up, it can be said that the international climate change regime has been successfully established and put into operation, and it constitutes a

sufficient framework for further actions to substantially reduce emissions of greenhouse gases. The questions related to the future of the regime are right now at the heart of international negotiations. Climate change has become one of the top priorities on the global political level and the international community is anxiously looking for the right way forward. Should countries proceed after 2012 in the so-called Kyoto format or will there be another kind of solution for further actions? Will all developed countries join the post-Kyoto arrangement? Will major developing countries be part of quantified emission reduction obligations? Those are some of the crucial questions, which need to be solved in the next few years in the context of the international climate change regime.

### Implementation of UNFCCC commitments and the Kyoto Protocol in Estonia

Estonia ratified the United Nations Framework Convention on Climate Change in 1994 and the Kyoto Protocol in 2002, taking the obligation to reduce emissions of greenhouse gases from its territory by 8% during the period 2008-2012 as compared with the 1990 level. Since joining the international climate change regime, Estonia is committed to timely and adequate implementation of taken obligations. Estonia has already achieved the ultimate goal of the Convention and the Kyoto Protocol – the emission of greenhouse gases from its territory has been reduced by more than 50%. Estonia is one of the Parties to the UNFCCC and KP who has paid its financial contributions on time and presented annual GHG inventories' data since 1994 as well as four National Communications containing information on GHG emissions, taken policies and measures to reduce GHG emissions and adapt to climate changes, projections of GHG emissions as well as other relevant information. The first National Communication was presented to the UNFCCC Secretariat in 1995, the second in 1998, the third in 2001 and the fourth in 2005.

According to the last National Communication, the general trends in the emissions of the greenhouse gases are obvious. In 2003 the net emission in Global Warming Potential units was only 22% of that in 1990 and the decreasing trend continued. The decline of greenhouse gases comprised from total emissions in CO<sub>2</sub> equivalents about 30%. These positive trends have been achieved mainly due to the restructuring of the economy in the mid-1990s, but also due to adequate political and economic measures. In 1994, when the first National Inventory Report was compiled, Estonia belonged to the group of the world's greatest emitters of GHG per inhabitant, but by

now it is already quite close to the average level. It is clear that Estonia is capable of achieving the 8% reduction target of GHG emissions as compared to the 1990 level by the year 2012, as envisaged in the Kyoto Protocol<sup>7</sup>.

The energy sector is the main industrial sector in Estonia, responsible for CO<sub>2</sub> emissions. Approximately 90% of Estonia's energy is produced through the combustion of fossil fuels. The remaining 10% comes from renewable, such as biomass, hydropower, and wind. In 2003, Estonia emitted 18830 Gg of carbon dioxide from fossil fuel combustion, which corresponds to 98% of the total CO<sub>2</sub> emissions. The transport sector is the second largest source of carbon dioxide in Estonia and road transport is responsible for 90% of CO<sub>2</sub> emissions in the transport sector. In the period 1990-2003 the number of passenger cars increased significantly. At the same time the consumption of motor fuels in the transport sector decreased from 37.1 PJ in 1990 to 30.2 PJ in 2003 due to the increasing share of new and more economical vehicles. Considerable decrease of CO<sub>2</sub> emissions in the industrial sector since 1992 was caused by the reduction of cement and lime production in mid-1990s. From 1998 onwards the production amounts of minerals has been growing, particularly in the cement industry, which is characterised also by increased CO<sub>2</sub> emissions. Methane comprises about 9% of the total Estonia's greenhouse gases. In Estonia, the major sources of methane are energy, agriculture and waste management sectors. The main sources of CH<sub>4</sub> emissions in Estonia are the energy sector, including fugitive emissions from oil shale mining, fuel handling and transport, enteric fermentation and waste management. Methane emission from enteric fermentation forms about 75% of total CH<sub>4</sub> emission from agriculture. The waste management sector provides ca 50% from the total methane emission. Nitrous oxide emissions contribute about 2.1% to Estonia's total greenhouse gas emissions. The main activities producing Estonia's emissions of N<sub>2</sub>O are soil management and fertilizers used in agriculture, but also fossil fuel combustion<sup>8</sup>.

According to the Kyoto Protocol, Parties to the UNFCCC and KP have to compile national programs for the reduction of emissions of the greenhouse gases. Estonia started compilation of such a program in 2001 and in 2004 the Government approved the National Programme for the Reduction of Greenhouse Gas Emissions for the years 2003-2012. The Programme analyses obligations deriving from the Kyoto Protocol and envisages measures and actions to achieve fulfilment of Estonia's obligations. The Programme is an important document to improve the state of the environment as well as to raise public awareness in environment-related issues, since in the beginning of new century Estonia still was among the twenty biggest *per capita* pollut-

<sup>7</sup> *Estonia's fourth National Communication*, Tallinn, 2005, p. 13.

<sup>8</sup> *Ibid*, pp. 14-20.



ers in Europe<sup>9</sup>. The Programme also facilitates goal-oriented cooperation between relevant governmental authorities and industrial sectors (industry, energy, transport, agriculture, education, environment, etc.).

In 1994 the Interministerial Committee of Climate Change was created in Estonia. The Chairman of this Committee was the Minister of the Environment and members were representatives from key ministries, scientists as well as NGOs. This Committee dealt with the problems connected with the implementation of the UNFCCC, organised monitoring of emissions of GHG, compilation of National Communications, etc. According to the UNFCCC and the Kyoto Protocol, Parties have to envisage and implement policies and measures to mitigate GHG emissions, take actions to adapt to climate change and cooperate with other Parties, especially developing countries, to assist them in alleviating negative effects of climate change. Estonia has drafted and implemented dozens of policy documents, aimed fully or partly to promote sustainable development, reduce GHG emissions and improve the state of the environment (for example the Estonian Strategy on Sustainable Development – Sustainable Estonia 21, the Environmental Strategy and National Environmental Action Plans, the Energy Conservation Programme, Transport Development Plans, the Estonian Forest Policy, the National Waste Management Plan, etc.). Since 2007, Estonia has in operation a national register for emission of greenhouse gases as well as a monitoring system. Monitoring is managed by the Estonian Environment Information Center, which is responsible for the collection, processing, dissemination and storing of environmental information<sup>10</sup>. Success in implementing of planned policies and measures is clearly illustrated by the fact that since 1995 a clear decoupling of substantial GDP growth and continuing decline of GHG emissions can be observed<sup>11</sup>.

However, climate change is a global phenomenon and has an impact on all countries – both those who don't consider climate change a priority issue as well as those who have achieved domestic progress in dealing with this problem. Climate-related aspects are growingly having both internal as well as foreign policy implications for Estonia. Climate change and its reasons are well studied worldwide, academically debated and contested by different scientific schools, however the majority of studies suggest that the changing climate is going to have direct impact on states' behaviour. Studies related to Estonia<sup>12</sup> also suggest serious impact on different policy areas, for example energy, economic, agricultural and even security and foreign policies. Vulnerability analysis for different sectors, like agriculture, forestry and water

<sup>9</sup> Ministry of the Environment, 2007. <http://www.envir.ee/kliima>.

<sup>10</sup> Estonian Environmental Information Center, 2007. <http://www.keskkonnainfo.ee>

<sup>11</sup> *Estonia's Third National Communication*, Tallinn, 2001.

<sup>12</sup> *Estonia's Fourth National Communication*, Tallinn, 2005, pp. 131-151.

resources, show considerable impact of potential climate change on those sectors.

For example, as far as impact of potentially changing climate to the agriculture is concerned, it has been suggested that despite of the small territory of Estonia, the soil and climate conditions are extremely variable, affecting strongly plant growth. According to models, a rise in temperature would decrease the crop yields everywhere in Estonia. Most vulnerable would be the cultivated areas on dry sandy soils. The fields on gleyic and gleyed soils would be less affected. However, the yields on these soils could become so low and unstable that cultivation of barley would not be profitable at all. Experiments using biophysical models for the productivity of various crops have shown that the effect of climate warming would be more favourable on herbage cultivation than on cereals. Climate warming would result also in instability of the potato yield<sup>13</sup>.

### Estonia and climate change-related international cooperation

International cooperation is the second pillar of successful implementation of the aims of international climate change regime. Estonia, as a small country, is not able to participate fully in all international negotiations in the frames of the climate regime. Therefore, and also considering the proximity of Estonia's positions to those of the European Union, Estonia has from the early days of its accession to the UNFCCC, spoken a similar language with the EU, both before the start of accession negotiations to the EU in 1997 as well as in the status of associated country until the accession to the European Union in May 2004. Climate change issues are very high on the European Union's political agenda and Estonia, as its member country, fully shares this priority. Throughout the whole existence of the UNFCCC Estonia has almost in every negotiating issue shared in general the views of the EU and other associated countries (in the framework of temporary negotiating group CG-11), that has made cooperation successful and effective.

According to Article 2 of the Kyoto Protocol Parties may fulfil their obligations also in cooperation with other Parties. For this reason and considering that reduction costs of GHG emissions vary largely in different countries, the KP envisages three the so-called flexible mechanisms - Joint Implementation (JI), Clean Development Mechanism (CDM), and Emission Trading (ET). JI is project-based mechanisms between only Annex I Parties – developed countries and countries with economies in transition. Estonia has been very active in the pilot phase of JI – the so-called Activities Implemented Jointly

<sup>13</sup> Ibid., p. 137-141.

(AIJ) launched at the first CoP in 1995 in Berlin. By the end of pilot phase, the UNFCCC Secretariat has registered 21 AIJ projects, where Estonia (and mainly Sweden as the other partner) was one of Parties<sup>14</sup>. Those projects concentrated mainly on energy saving and promotion of renewables. Since 1998, Estonia has signed a number of bilateral agreements with Finland, Sweden, the Netherlands, Austria and Denmark dedicated to promotion of Joint Implementation and cost-effective reduction of greenhouse gases' emissions. In addition, memorandums of understanding in the same field and for establishing of a GHG emissions' registry have been signed with United Kingdom, Denmark, Finland, Italy, the Netherlands, Norway, Slovenia, Lithuania, Sweden and Ireland<sup>15</sup>.

Clean Development Mechanism is the similar project-based mechanism between Annex I Party and developing country Party. CDM has a huge GHG reduction potential and it has successfully started, allowing cost-effectively to reduce emissions both in developed as well as in developing countries. The last preparations for launching of global emission trading scheme are under way and the role of the European Union and its member countries is remarkable – the successful start of the European Emission Trading Scheme offers a valuable learning experience to the whole world.

Climate change has also increasingly important foreign and security policy implications for Estonia. Estonia's own energy source – oil shale – allows to cover a large part of its energy needs, however being at the same time relatively CO<sub>2</sub>-intensive. In addition, its processing causes significant negative environmental impact. Ongoing and planned developments in the field of promotion of renewable energy sources, diversification of energy-mix, issues related to energy security and supply both on national as well as EU-levels together with projected decrease of energy resources on global scale, are forcing Estonia to follow these developments very carefully since they have a direct implication on its energy and other areas of security. Elaboration and application of more efficient and environmentally cleaner fossil fuel combustion technologies together with new carbon capture and sequestration options should be high on the agenda in order to limit further GHG emissions and maintain relative independence from foreign energy producers and exporters.

Potential climate warming and related sea-level rise, floods as well as increasing frequency of extreme weather events do not have potential to raise territorial disputes between Estonia and its neighbouring countries, however poses significant risk for losses of coastal territories of Estonia. According to

<sup>14</sup> [www.unfccc.int/national\\_reports/items/1408.php](http://www.unfccc.int/national_reports/items/1408.php)

<sup>15</sup> A. Kratovits, "Estonia and International Environmental Protection" in J.-M. Punning, (ed.) *Estonia on the Way of Sustainable Development* (in Estonian). Academic Council of the President of the Republic of Estonia, Estonian Encyclopedia Publ., Tallinn, 2006, pp. 22-35.

studies<sup>16</sup>, a potential one meter sea-level rise would cause substantial changes of coastline contour and small islands. The most vulnerable territories are Western-Estonia (Pärnu-Ikla region), islands (especially Kihnu and Hiiumaa), as well as cities located in Western and Northern Estonia, including also parts of Tallinn. Changes in climate regime and the potential loss of coastal territories caused by for example earlier-described rise of sea level or changes related to Gulf Stream may cause significant migration flows, both within Estonia as well as into and out of Estonia, adding thus new aspects to be considered in Estonia's security policy.

Climate change-related considerations are also increasingly affecting Estonia's foreign policy, both by its close interlinkage with energy issues as well as by its raising importance on global political agenda. Participation in alleviation of climate-related problems all around the world (increasing desertification, water scarcity, floods, etc.) are forming a strong basis to further expand the geographical range of Estonia's development cooperation and to increase the amount of assistance to developing world.

## Conclusions

Estonian environmental policy is largely based on international experience and cooperation. Estonia engaged actively in the establishment of international environmental relations right after regaining independence and joined relatively quickly to majority of the most important regional and global international environmental agreements. In parallel with this Estonia also established bilateral environmental contacts with neighbouring and Baltic Sea countries. International experience, know-how and financial assistance have greatly contributed to improvement of the state of Estonian environment<sup>17</sup>.

Participation in establishment of the international climate change regime reflects the Estonian attitude and possibilities in global negotiations aimed at solving pressing environmental challenges. A country with limited human and financial resources can not participate fully in all negotiating processes, instead it has chosen the way of timely and correct implementation of international obligations. Estonia is one of the few Parties to the UNFCCC which succeeded to reduce its greenhouse gases' emissions by half in comparison with 1990. Until 1995 the GDP and GHG emissions fell with comparable magnitude, however since then GDP shows considerable growth while GHG emissions are still showing trend towards reduction or stabilization in recent

<sup>16</sup> *Estonia's Fourth National Communication*, Tallinn, 2005, pp. 148-151.

<sup>17</sup> A. Kratovits, "International Environmental Agreements" in *Estonia in the Twenty First Century* (in Estonian), Estonian Academy Publ., Tallinn, 1999, pp. 79-85.

years. This speaks clearly in favour of the success of policies and measures undertaken<sup>18</sup>. At the same time, Estonia still possesses significant potential for further reduction of emissions of greenhouse gases. Estonia is also among Parties who presents its emission inventories and National Communications on time, improving continuously their quality, taking seriously into account comments and suggestions made during international reviews of those documents.

Estonia's possibilities and responsibilities in the global environmental agenda – like for example climate change, depletion of biodiversity, scarcity of water resources, participation in the improvement of the state of the environment in developing world - have grown considerably after accession to the European Union. The EU and Estonia as its member country have been and still are leading parties in the UNFCCC process by constantly reminding of the urgency of the problem, by implementing undertaken commitments and by showing a positive example by, among other initiatives, taking ambitious unilateral commitments and establishing EU-wide climate-related schemes and obligations to stimulate other negotiating partners to follow. Ambitious targets set by the European Council will hopefully give impetus to international negotiations to find adequate solutions for post-Kyoto international climate change-related arrangements and facilitate agreement on ambitious targets by major polluting countries all around the globe.

Climate change is a global phenomenon which has an impact on all countries despite of their different stages of development or steps taken to fight causes of climate change. Climate change-related aspects are increasingly having both internal as well as foreign and security policy implications for Estonia. Besides the so-called traditional policy sectors, directly or indirectly affected by potential climate change or being major sources for emissions of greenhouse gases, like energy, industry, transport, agriculture, forestry, etc., also foreign and security policies are becoming more and more affected by different aspects of climate change. All this suggests that climate change and climate change-related issues have considerable potential to become one of the central policy topics in Estonia in the coming years.

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<sup>18</sup> *Estonia's Third National Communication*, Tallinn, 2001.



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