

Russia, the EU and the Baltic States
Enhancing the Potential for Cooperation

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Introduction

Russia, the EU and the Baltic States

Filling in a strategic white spot on the European map

*Iris Kempe*¹

Since the collapse of the Soviet Union, relations between the Baltic states and Russia have not lived up to their potential. The foundations of a positive relationship, filled with new possibilities for partnership, existed at the beginning of the 1990s. At that time, Vilnius, Riga and Tallinn were the important driving force behind national independence and democracy in the former Soviet environment, which also included a newly sovereign Russia under president Yeltsin, a Russia that was clearly different from the former Soviet Union. These hopes have been smashed by reality. Dedicated to legacies of the past, both sides are hindered by mental maps that aim at compensation for moral damages and that cloak the pursuit of political goals in the rhetoric of history. As a consequence, the necessity of working together in areas of economic and cross-border co-operation is overshadowed by the lack of strategic thinking, and by the lack of an ability to go beyond history towards new European relations.

The Baltic states and Russia are both working on a return to Europe. The Friedrich-Ebert Foundation Moscow, the Center for Applied Policy Research Munich, and the Centre for Russian Studies, Tallinn started a trilateral dialogue among Russia, the EU and the Baltic states dedicated to enhancing potential for co-operation. The first discussions were held on October 11, 2005 in Tallinn. The participants, policy planners, business representatives and think tank researchers from the Baltic states, the old and new EU member states, and Russia focused on the following agenda: "Do we understand each other", "Towards an EU Baltic Eastern Policy" and "Policy Recommendations". The goal was to fill in a strategic blank spot on the European map. With the overall goal of reducing a strategic blank spot on the European map of security and stability, the initiators of the dialogue decided to present the state of affairs and outcomes of the debate to broader public.² The Baltic states are a particularly sensitive aspect for the enlarged European Union's Eastern policy, and they differ from the other new member states-first and foremost from Poland-in that they have been deploying less vigour in shaping relations towards their eastern neighbours, especially Russia. Coinciding with the Baltic states' almost non-existent Eastern policy, EU institutions and structures have concentrated much more on neglected problems and certain approaches to conflict resolution than on pushing new strategies for co-operation between Russia and the Baltic states.

1 Center for Applied Policy Research, Munich.

2 The Editors would like to thank Svetlana Shevtsova (Friedrich-Ebert Foundation, Moscow) and Andreas Heindl (Center for Applied Policy Research, Munich) for their editorial work and organizational support of the project.

The focus on mutual understanding illustrated that the process of historic self-identification has been started, but the output is far from mutual co-operation. The Baltic states' idea of "returning to Europe" has remained closely intertwined with the idea of "distancing from Russia". That is, the EU means not only economic and political forms Baltic states should adopt, but also "salvation" from Russian influence. Overall the Baltic states have fewer questions about their identity than their Russian neighbours, but at the same time their position can be characterised as restricting their activities to one side of the pitch and forgetting the other strategic half.

Russia has even more difficult problems with solving the strategic legacies of its past. To describe the current, still very tense relations, one speaker from Russia referred to an opinion poll of 1600 Russians on which states were perceived as Russia's enemies, conducted by the Moscow-based Levada Center in June 2005. Respondents named Latvia (49%), Lithuania (42%), Georgia (38%) and Estonia (32%). Although the Russian Federation seems to be working on its relationship with the EU, it clearly lacks a pro-active policy concerning the EU enlargement to the Baltic states. Current controversies are related to signing the border treaties, advocating the rights of the Russian-speaking population in the Baltic states and using rhetoric of confrontation rather than rhetoric of dialogue as an important means of accumulating political capital.

Baltic Russian realities are far from the desirable preconditions for co-operation. On the other hand some participants from both old and new EU member states emphasised the strategic importance of finding ways out of the current deadlock. The Baltic states and Russia both belong to the new strategic environment of an overlapping integration space comprised of the EU's "New Neighbourhood" and Russia's "Near Abroad". To define the new strategic requirement of a European neighbourhood policy, Vilnius, Riga and Tallinn are challenged to fill their particular strategic niche which mutual co-operation and input on the European agenda.

It became obvious that only Lithuania has started to give some impetus to the EU's Eastern policy, by implementing its interests on the Kaliningrad issue and elaborating strategies for a democratic and European Belarus. If the Baltic states continue to neglect their interest in an Eastern policy, they run the risk of being excluded from upcoming European-Russian decisions. These include the negotiation of the new framework agreement between the European Union and the Russian Federation (Partnership and Co-operation Agreement), or the recently signed pipeline agreement between German energy giants EON-Ruhrgas and BASF-Wintershall and Russia's natural gas monopoly Gazprom on transporting Russian gas to Germany via the Baltic Sea, bypassing transit states such as Lithuania, Poland and Ukraine. Furthermore, representatives of Estonian business and some Finnish participants spoke about the importance of economic co-operation between the Baltic states and Russia. The benefits would be related to transportation and trade in particular, but also to Russia's growing economy in general.

The participants agreed that relations between Russia and the Baltic states within a European framework had to develop, to advocate and to implement strategic priorities consistent with the new historical and political reality facing the main actors. The debate identified two aspects crucial for further co-operation. From the top-down perspective, bilateral relations can only be improved in a pan-European framework based on the identification of common future goals and priorities. The situation inside the region requires the political will to deactivate negative myths and stereotypes, with the overall goal of normalising bilateral relations.

Contributions

Russia and the Baltic states: A moratorium on the past?

*Fyodor Lukyanov*¹

In 2005 relations between Russia and the Baltic states reached a deadlock. Insurmountable psychological problems got in the way of any further development in their relations, which immediately had a negative impact on the political atmosphere and, unavoidably, also on economic cooperation.

In Moscow hopes had been raised that, with the guarantee of independence and security which membership in the EU and NATO brought the Baltic states, would be able to react to their Eastern neighbour with more composure. This did not come true. The accession of Latvia, Lithuania and Estonia to the EU not only failed to defuse the tension in Russian-Baltic contacts, but, on the contrary, even boosted it. The new EU member states take a strong stand toward Moscow, thus trying to influence the eastern politics of the EU as a whole.

The main factor which aggravated the situation was the argument about how the common history should be dealt with. Politicians both in Russia and in the Baltic states tried to use the 60th anniversary of the victory over Nazi Germany for present-day political aims. No longer from the position of a "poor relation", but as fully-fledged EU member states, the Baltic capitals took this opportunity to remind everybody of the injustice permitted to be done to them in the 1940s. Moscow, on the other hand, saw the festivities as a symbol of national unity, and also as a way to draw attention to the role the Soviet Union played in the Second World War, and thus to strengthen the international status of modern-day Russia.

It is interesting to note that both sides achieved what they wanted. The Baltic states received substantial support for their demands to acknowledge the occupation; and in spite of the conflicting valuations of the festivities, Russia managed to assemble almost all world leaders for the celebrations in Moscow. The tour of the President of the United States George Bush became a symbol of the balanced, politically correct approach by the West. While he spent the day of the celebrations in Moscow, on the eve of the anniversary he visited Riga, making the statements which both sides wanted to hear in both locations.

All the same, never before has Russia faced so many friendly international appeals to reassess its past as in 2005. Of course, it might be recalled that during the celebrations of the 50th anniversary in May 1995 the same kind of problems came up; however, the situation was much more relaxed on the whole. And the fact that the leaders of the Baltic states at the time did not come to Moscow was accepted without much ado, and as more or less inevitable. This time, however, the debate in Russia about the actions and declarations of the Baltic presidents was very polemic, provoking negative feelings towards the Baltic states and intensifying the anti-Western mood as a whole.

1 Russia in Global Affairs, Moscow.

The biggest political failure in Russian-Baltic relations, the collapse of the border treaties with Latvia and Estonia, was also linked to controversies about the common history. Moscow understood the attempt by Riga and Tallinn to connect these documents with the historical background as their ambition to reserve the right to claim more territory from Russia. This provoked a storm of indignation and the abandonment of the treaties.

Today neither Russia nor the Baltic states are prepared or able to look at the dark pages of their history from a distance. Moreover, the reasons for this lie in the present. The elites in Moscow and in the Baltic capitals base their national identity on historic events. Therefore any attempt by either side to find a blemish in the other's version of history produces an extremely nervous and often irrational reaction.

For any Russian citizen who supports Russia's pro-Western line and who would like it to join the community of European countries, devotion to historical reminiscence is very dangerous. It is obvious that Russia needs to come to terms with its past (*Vergangenheitsbewältigung*). One and a half decades ago, in the heat of the de-Stalinization campaign undertaken under Gorbachev, it seemed that at least this period of Russian history had been revised sufficiently and that a return to Stalinism was impossible. Today, however, one gets the impression that the lessons of glasnost have been forgotten. In view of various circumstances, among them society's bitter disappointment with democratic reforms and the Kremlin's peculiar attempts to consolidate the nation, once again Soviet times are seen through rose-coloured spectacles. It is said that the disclosures during the Gorbachev period dealt too hard a blow to society's ego, and that it is not worth paying too much attention to the dark sides of one's history today. On the contrary, the past is a source of inspiration in shaping a picture of the future.

At the same time, Russia has entered the difficult period of adapting to its post-empire status, quite unaccustomed for Russians. Although the Soviet Union collapsed almost 15 years ago, Russia is only beginning to let go of its sense of being an empire. In the 1990s, when the empire ceased to exist, Russia's citizens were so busy trying to survive that they had no time to reflect on their "deceased" country. Moreover, for a comparatively long time many Russians had the impression that the collapse of the USSR was only temporary and that something else would soon take its place. Today this illusion has evaporated. Instead there is a lack of understanding of what Russia represents in the contemporary world, and a feeling that our country is not treated with the necessary respect.

The psychological transformation from an empire to a nation-state takes a great deal of time and is fraught with all sorts of dangers, including the development of revanchism, which can strike a chord in a disoriented society. And although the country on the whole is moving in the right direction to comprehend its new reality, this process is a slow and sensitive one. From the feeling of defeat arise all sorts of ideas as to how its lost position of power could be recovered.

Under these circumstances, demands from the outside world for Russia to come to terms with its past and settle its historic debts will have an effect exactly opposite what was intended. These demands will only boost the forces in favor of the very feelings society is trying to leave behind with such difficulty. Instead of overcoming the past feelings of revenge arise: Russia, it would seem, has sunk so low that even petty countries like Latvia and Estonia try to dictate what it has to do.

Certainly, Russia has to return to its past and reassess the key points, especially with regard to its own people. Without such a step, stable movement forward is hardly possible. But in order to achieve this, society and its political elite has to mature -otherwise the examination of the past will turn into its glorification, which is part of what we are observing today. The illumination of historic relations should be put off for 10 or 20 years; after all, in Europe the process of overcoming the past was also a gradual, lengthy and painful one and even today one cannot say that it is complete.

Historical discord is the main problem in the interaction between Russia and the Baltic states. If it were possible to extricate them from the political sphere for a while and, for example, get both sides to discuss science instead, practical cooperation would be much more active and both sides would develop a normal atmosphere for discussions (this is anything but simple). In principle, both sides understand that the current questions of cooperation would be much easier to solve if the overall atmosphere were more peaceful. At present, however, politicians are incapable of putting aside the historical background. The electoral victory of the conservative Lech Kaczynski as the next president of Poland could exacerbate such problems. Even now Warsaw is taking the lead in calling for historical rethinking. Under the new leader the topic of "history" might surface even more often, thus lending impetus to the discussion in Europe as a whole. The reaction in Poland and in the Baltic states to the Russian-German agreement to build a Northern European pipeline proves the extent to which history is "alive". Immediately this agreement was designated as a provocation to Central Europe along the lines of a new Molotov-Ribbentrop treaty, although it is obvious that expanding energy cooperation between Russia and the EU is an objective process in the interest of both sides.

As regards the effectiveness of the cooperation between Russia and the EU, it is hardly correct that the Baltic states and Central European Countries should play too important a role in working out the policy line towards Russia. Unfortunately, this only irritates Moscow, which, in turn, has a negative effect on cooperation in general. On the contrary, taking into account the specific psychological situation, it would be better to solve problems of mutual concern through common European structures with more active participation of Brussels.

The sore issue of the Russian-speaking population in Latvia and Estonia is beginning to fade away. In solving their problems, the Russians in these countries will gradually begin to re-orientate themselves towards European institutions. This means that the situation will soon change for the better. In Latvia, for example, there are obviously plenty of complicated relationships in society, but Russia will not be much involved in their solution.

In summary, it can be affirmed: In spite of the complex problems described above, the practical cooperation between Russia and the Baltic states takes place in a more or less normal way. Even serious open questions like the absence of an officially recognized border do not have too negative an impact on the actual connections between Russia and the Baltic states, or on the policies of the European Union. However, if the current approach to the relations continues, there will be no development or revival. It is possible that cooperation might actually decrease. The main ailments are of a psychological nature, and only time can heal these wounds.

Towards a new Eastern policy of the European Union

*Alexander Duleba*¹

This paper should be viewed as a reflection on the discussion held in the third panel of the workshop "Russia and the EU - Baltic States: Enhancing the Potential for Cooperation" which took place in Tallinn on October 11, 2005. The panel was aimed at examining the development of strategy within the EU - Russia framework and its impacts on Baltic - Russia relations. My presentation focused on the first question raised for the panelists: "is there a need for a new Eastern policy of the EU and, if so, how should it be shaped?" In speaking about an "Eastern policy of the EU," both in my presentation at the workshop as well as in this paper, I refer to the EU's relations with East European countries, namely: Russia, Ukraine, Belarus and Moldova.

1. Why the EU needs a new Eastern policy

Looking at the above question from the perspective of Slovakia as a new EU member country, and considering first of all impacts of EU membership on Slovakia's relations with its non-EU Eastern neighbors, the answer definitely must be positive: yes, the EU does need a new Eastern policy. Slovakia is not an exception in this regard. On the contrary, I would argue that this is a common stance by all new member states, and especially those from the region of Central and Eastern Europe that share the new EU border with its Eastern neighbors.

Not only do they share the eastern border of the enlarged EU, but - inter alia, and due to this border as well - responsibility for implementing EU policies towards its Eastern neighbors, most of which they were not involved in formulating, since the EU adopted them before their entry. They are to bear the responsibility for a policy that in some areas differs profoundly, in terms of defined conditions and applied practices, from their pre-EU membership national policies and attitudes towards Russia, Ukraine, Belarus, and Moldova, and which even run counter to their national interests in some areas such as visa policy. There are several principal reasons/factors that are at least helpful in explaining and consequently understanding why the answer to the above question should be so expressly positive, and this is due not only to a perception that it does not matter if some or all new EU member countries disagree with existing policy.

First, the natural aspirations of the all new member countries to accommodate their national interests within the EU policy framework, including the EU's relationship with and policy towards East European countries, is a completely natural and legitimate phenomenon. It concerns the core of what the EU is in the area of foreign and security policy - an international organization with an institutional framework, striving to facilitate coordination of the "national" foreign policies of its member states. If one compares the national "East European agendas" of the new EU member states, e.g. Slovakia and the Baltic countries, one can easily find many differences. However, at the same time one can also find many similarities in their approach; in fact, it would be not an exaggeration to state that they share almost an identical understanding of the strategic challenges the EU faces in its relationship with the East European neighbors. An argument pointed out by Russian colleagues

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during the Tallinn workshop, that it would be counter-productive for the EU-Russia relationship if the new member states became a driving force of the EU approach towards Russia, is a good demonstration of the misunderstanding as to what the EU is and how it works, especially in the area of foreign policy. No EU country can exclude any other EU country from a policy-planning and policy-making process within the EU. Certainly, it must be accepted and simply understood as a matter of course that the Visegrad and Baltic states have become important actors in shaping EU policies towards its Eastern neighbors, including Russia.

Second, the very fact of EU enlargement in 2004 has changed the EU as an international actor. Since the 2004 enlargement, the EU faces the challenge of adjusting both its internal institutions and its relations with external actors, including East European countries, to its new post-enlargement shape. The EU of 25 simply cannot maintain the same relationship with external actors as the EU of 15. Speaking about the EU's relations with East European neighbors, it is enough to note the mere geographic fact that the countries of the East European region are the only countries in the world which comprise an EU border on land. The Finnish-Russian border, which had been the only common land border between the EU of 15 and an East European country, increased by a factor of four on May 1, 2004. The total length of the land border between the EU of 25 and the East European countries (Russia, Ukraine and Belarus) amounted to 4,033 km. In a horizon of the next few years, after Romania and Bulgaria will join the Union, the common land border between the EU of 27 and East European countries will grow to a length of 5,014 km, as it will also include the Romanian borders with Ukraine and Moldova.

And finally, Should the above arguments be considered still insufficient support for the thesis that the EU needs a new Eastern policy, let us just mention that an international agenda is a constantly moving target. The EU in 2005 faces different domestic and external challenges than it did even a year ago. The same is true for its East European neighbors. Russia, Ukraine, Belarus and Moldova are not the same countries they were a year ago, let alone a few years ago. From this vantage point, the foreign policy of any international actor must also remain in motion, just because of the changing international environment. Summing up, if one accepts the argument that the EU enlargement that took place in 2004 represents an independent variable of the new post-enlargement geopolitical landscape in Europe, one should also accept the argument that the enlarged EU as a changed/new actor cannot help but change - or better, adjust - and develop a new policy towards European countries - and here I would like to stress especially the words "European countries," - that are not members of the EU.

Russia, Ukraine, Belarus and Moldova are European countries. This might seem a banal geographic fact, but it has much to do with the political challenges that the EU faces on its doorstep in Europe. We are speaking about the EU's agenda in Europe, not in Africa or Asia or other continents. For the enlarged EU, neither Russia, nor Ukraine, nor Belarus, nor Moldova are or ever will be distanced countries in terms of geography, history or culture, as are countries in Asia, Africa, or elsewhere. Russia, Ukraine, Belarus and Moldova are European countries and the EU policy towards them must be a "European" one - it must be an inclusive policy leading to the unification of the European continent. This does not automatically mean that all European countries ultimately must or will become EU members.

With the term a "united Europe" I mean a Europe of democracies that recognize equal political values, and in which equal principles of political and economic systems are in place. If that becomes reality in the future, EU membership no longer will be such an acute issue for European "non-EU" countries. In other words, EU membership will no longer be understood by a political establishment of non-member countries as the only way for their post-com-

munist modernization. Until this happens, the EU will be challenged by constant pressure toward further enlargement. The ongoing current discourse in the EU, started in the context of a "Turkey debate" about "where are the borders of Europe," shows that it is understood as a debate about where the future borders of the EU lie. But, this is a confusing debate leading to nowhere. The answer to the question about future "European borders," or "what is a united Europe, where does it start and where does it end" is almost explicitly of a political nature. It must be given first of all by non EU European countries, not so much by the EU itself. But, the EU certainly cannot break away from its "pan-European" agenda, which is an imminent part of its own value and understanding from the very beginning of the European integration process started in the aftermath of WWII. The existing strategic framework of the EU approach towards East European countries as it has developed so far does not meet this challenge.

The above factor prescribes a special and privileged position for East European countries in the EU's foreign and security policy, which cannot be comparable with other countries or regions in the world. East European countries are priority countries for the EU's Common Foreign and Security Policy. That is why the EU cannot develop its relations with them in the same manner as with other countries or regions of the world. Moreover, the EU's CFSP is simply impossible without an effective Eastern policy. The EU will never become a real international actor in the world if it fails to be an actor in Europe. Moreover, I would argue that a new Eastern policy for the EU is one of the basic preconditions for revitalizing the post 2004-enlargement EU as a "European project" as such.

Once again, the inefficiency of the EU on the international scene will further undermine its internal coherence. It is widely understood that the EU needs a kind of new relaunch after both the 2004 enlargement and the 2005 failure of its constitutional treaty process. The following are main challenges that will determine the shape and future of the EU in years to come: 1)- the success of economic and social reforms in the Union's key member states, first of all Germany and France, aiming to revitalize of their economies that are so important for functioning of the Union's single market and its economic growth; 2) a positive outcome of talks on restructuring the EU budget, first of all its spending component that has to be brought in a line with development needs of the EU's member countries in the 21st century; 3) a decision on how and when the process of the EU's institutional reforms will be re-launched, the sooner the better; and finally, 4) advancing the EU's foreign and security policy to make the EU a real international actor.

The four critical points above are parts of the same current and most challenging agenda of the today's EU, which cannot be addressed separately or in successive steps. The EU must deal with all of them at once. One could compare it with a sort of matrix in which all elements are mutually interconnected, such that one element cannot be changed without changing the others. All of these challenges are imperative components of one and the same process of "restarting the EU" as such. The EU will not be successful if it fails to respond to any of the main challenges above. Should it fail in dealing with one of them, it will fail in dealing with all of them. And that also concerns the EU's need for a new Eastern policy.

Finally, I would like to raise the two points I already mentioned at the Tallinn workshop, which I consider to be the most challenging deficits in the existing framework of the EU's approach to its Eastern neighbors.

2. The most challenging deficits in the existing framework of the EU's Eastern policy

2.1. Discrepancy between goals and instruments

The EU declares that it would like the countries in Eastern Europe to be established as stable, open and pluralistic democracies; the EU strategies, however, fail to determine the instruments and policies needed to reach such "value-centered" objectives. There is an internal contradiction within the existing EU approach and/or a tension between promoting the "good governance" principle, or the enhancement of the stability of post-communist regimes, and the value politics or enhancement of the democratization processes and human rights in the countries concerned.

Having passed the Amsterdam Treaty in 1997 (effective starting in 1999), the EU defined its promotion of democratization processes and human rights - value policy matters - in third countries to be of the highest importance within the CFSP. This is declared in all subsequent strategic documents of the EU: the Treaty of Nice, the European Security Strategy, the Wider Europe concept followed by the ENP, etc. However, EU assistance policy has not reflected such priorities at all, since the national TACIS assistance programs passed for Russia and the Ukraine for 2002 - 2003 and 2004 - 2006 maintain the assistance allocation of the 1990s. The paradox of such an approach lies in the EU proclamation of its new 'value-centered' relations and approach towards Eastern neighbors, as compared with its simultaneous failure to change the old "pragmatic" policy instruments.

2.2. Bilateral versus regional approach

Why has the EU yet to develop a regional strategy towards Eastern Europe? This is especially intriguing since the EU has developed its regional strategies towards Southern neighbors - the Mediterranean Region (covering twelve countries) and the countries of the Western Balkans. It seems reasonable for the EU - if it wants to be more capable of pursuing its own interests in Eastern Europe - to develop its regional policy in addition to the existing bilateral frameworks of its relations with East European countries.

Moreover, a regional strategy in Eastern Europe is needed if the EU wants to sustain its interests effectively in some key sectoral policies, e.g. justice and home affairs (JHA), energy dialogue, and foreign trade liberalization. First, should the protection of the EU eastern border be more effective and less expensive, the EU could assist East European countries in developing their cooperation in the JHA field. The EU might spend a lot of resources on improving protection of its eastern borders with Ukraine and Belarus; however, the EU's eastern border would be much safer if the protection of the Belarus-Russia border and the Ukraine-Russia one were brought into a line with higher standards, not to mention improving cooperation between the East European countries on re-admission. Should it serve the EU interests, why not initiate regional cooperation in the JHA field together with Russia, Ukraine, Belarus, Moldova and possibly other relevant countries from the region?

Second, since October 2002, the EU-Russia energy dialogue has included the issues of Russia's supplies of energy resources and the new oil and natural gas pipeline routes that might eventually cross the territories of Ukraine and Belarus, not to mention existing ones. Both oil and natural gas transits are highly profitable deals and directly related to the strategic economic interests of transiting countries. It would be simply politically correct on the EU's part to involve other respective East European countries in the energy dialogue with Russia as well; otherwise this dialogue takes place "over their heads," which hardly makes the EU a more transparent and reliable actor in the region.

And finally, the EU-Russia dialogue on the creation of the Common Economic Space (CES) also deals with trade liberalization between two partners. Both Russia and the EU are the key foreign trade partners for Ukraine. Why not include Ukraine in the CES dialogue once it is logical that it must be interested? There are other sectoral policies in which the EU's regional approach would be helpful, both for countries in the region and for the EU. First of all it would be a positive move for the EU toward pursuing its interests in Eastern Europe, and would also make the EU a more transparent and reliable partner for countries in the region.

Russia, the EU and the Baltic States

Enhancing the Potential for Cooperation

*Hanna Smith*¹

Six main themes that arise in the analysis of Russia's relationship with the EU, particularly in the context of the Eastern Dimension of the EU's foreign policy and the Baltic states.

1. The broader context of Russian foreign policy

The nature and direction of Russian foreign policy are still very much a mystery. Questions such as "what does pro-Western mean?", "what does Russia want from the EU?", and "why has the EU paid so little attention to the past?" are being asked in Russian foreign policy, especially within the European Union after the enlargement of 2004. The seven new EU members who previously fell under the Soviet sphere of influence have been particularly prominent in asking these questions. The key to addressing this kind of issue lies in broadening the context of understanding Russian foreign policy - Russia is a state which is developing its relationships with a number of different groups, institutions and countries simultaneously, and is not exclusively concerned with its relationship with Europe. Even though international relations today share some of the features of nineteenth-century great power politics, it is more appropriate to consider that a large state like Russia will act in the same way as other contemporary great powers: in today's international politics, great powers have different ways of dealing with each other than with smaller states. Throughout modern history, small states have felt marginalized and without a voice in international relations, and while the development of the EU, in particular, might give smaller European states a forum where their opinions can be voiced, there is still some way to go. There is also a marked difference in the way countries approach their immediate neighbourhood, and this is especially important in the case of Russia's relationship with the Baltic region, Eastern Europe, and the CIS. Following the collapse of the Soviet Union, the question of the Russian minority population living in Russia's new neighbour states has been of particular importance in Russian domestic politics, and consequently has played a major role in foreign policy. The question of the Russian minority has been particularly acute in the Baltic states, especially in Estonia and Latvia and to a lesser extent in Lithuania, and therefore has become an issue in Russia-EU relations. Although problems still remain, the situation of the Russian minority improved in advance of the Baltic states' accession to the EU as a result of EU pressure. Yet it is not clear to what extent Russia has acknowledged this. Russia often seeks to link the treatment of Russians in Estonia and Latvia to the fate of Chechens in Russia. These cases are not comparable, and dealing with them separately in discussions should make it possible to achieve more progress on both issues. However, it is also important for the EU to keep the question of the Russian minorities in the Baltic states high on the agenda and to demonstrate the EU's full commitment to human and minority rights in order to avoid any charges that it applies a double standard.

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The US foreign policy doctrine of using its great power status to promote democracy around the world, even using force and economic pressure, has launched a debate about a new kind of imperialism. Since it has been perceived that imperialism was one of the features of Russian/Soviet foreign policy before the collapse of the Soviet Union, this debate has embraced Russia and its aims, especially in its immediate vicinity. Russia has continually denied any imperial ambitions, as, for example, Vladimir Putin has stated: "a fundamental aim of our policy is not to demonstrate imperial ambitions but to ensure an external environment favourable to Russia's development". Such statements, however, do not quell speculation concerning Russian intentions.

2. Bilateral and multilateral dimensions of Russia-EU relations

The nature of Russia-EU relations has also been subject to much speculation. There are many and quite differing interpretations concerning the current state of relations: co-operation, integration and confrontation have all been suggested as possible characterisations. Adding to the confusion are the Russia-EU summits, traditionally held twice a year. The varying analysis arising from each summit is well illustrated by contrasting the summit in Rome in December 2003 with the summit in the Hague in November 2004. The Rome summit made Russia-EU relations look warmer than ever, but showed up the splits in the EU's ranks. The Hague summit, on the other hand, revealed deep-seated differences between Russia and the EU, with tension arising in particular from Russian perceptions of EU interference in affairs regarded by Russia as internal and not subject to outside concern. The interpretation of the historical past also caused debate, meaning that little could be achieved from the summit in practical terms.

In such circumstances it has been common for Russia to revert to bilateral relations in its dealings with the EU. Much of Russia's success in pursuing bilateral relations with member states is due to the EU's problems in conducting foreign policy - the slowness of decision-making in the EU has meant that things could be achieved more quickly in bilateral dealings; while experience has shown that if Russia is able to come to an agreement with one or two of the bigger EU members, then that has translated into the EU's general policy after a certain period of time (for example over visa issues, education and energy). EU members have shown as much frustration as Russia with the cumbersomeness of EU decision-making, and so are also willing to resort to bilateral relations with Russia.

3. The Question of values

In addition to the differences revealed over internal sovereignty and historical interpretation, the third area where there are differences in understanding is that of common values. The two particular issues connected to the notion of common values are democracy and human rights. When talking about values as a political tool it is very important, first of all, to define what we mean by 'values'. When listing differences in the Russian approach to statehood and values, Putin on the one hand stated that pan-human values that are also understood and used in Russia are: freedom of expression, the right to leave the country and other political rights and personal liberties, the right to own property, and the right to create a fortune for yourself. On the other hand, the specifically Russian values mentioned by Putin are patriotism, *derzhavnost* (great-poweriness) and *gosudarstvennichestvo* (state-centeredness). The last two are unlikely to be regarded as core 'values' in the EU, and there have been frequent accusations of Russia ignoring the 'common values', for example in Chechnya, which has hampered progress in locating a set of shared values.

Practical issues can be dealt with bilaterally or multilaterally, regardless of any agreement on common values. However, if the negotiating parties share certain fundamental underlying values, then stable and constructive international relations become easier to achieve in the long term. Values are not created by documents and texts, they cannot be imposed on anyone, and identifying and developing common values is part of a longer process involving regular contact and open flows of information.

4. National strategies

The question of national Russia strategies has arisen in the context of the EU's efforts to find a common stance towards Russia and reduce internal differences. As already noted, the EU member states also show a propensity to revert to bilateral dealings with Russia. Furthermore it is quite common that the EU's multilateral framework is used to drive national interests. When it comes to Russia, national expressions of interest are needed to clarify the picture for the EU itself (an internal survey). National debates, like those in Finland and in the Baltic states, as to whether their own bilateral relations with Russia are in good shape or not, are as damaging for EU unity in its Russia policy as are actual bilateral agreements with Russia on some practical issues - when members conclude agreements with Russia independently, this weakens the EU's authority in dealing with Russia, but so do vociferous arguments about the nature of Russia and its past within particular states. Such debates are themselves indications that bilateralism is still the dominant thinking in international relations. This problem also shows why, with regard to the EU's foreign policy, clearer national expressions of visions and interests and the reasons for them should be stated more openly and clearly. It is also clear that not all issues between Russia and the EU are of a multilateral nature, and so there is room for bilateral initiatives and in some cases for policy-making as well. For EU members, whatever their size, there is the opportunity to have a significant input into formulating foreign policy (because of the EU's unique consensual structure). However, if smaller countries do not take advantage of this opportunity, then the EU will provide policies for them.

Under Putin's presidency the basis of Russian foreign policy in the Russian national interest has become clearer. What constitutes the national interest is, however, contested and unclear. Russia has yet to clarify its own attitude to the EU, since it is quite unique among international organizations.

5. Self-identification

One of the reasons both Russia and the EU have difficulty in defining their relations with each other is that both are still in the process of transition. Inside the EU, too, there are ongoing processes of self identification. Membership in NATO and in the EU have made the Baltic states, in particular, state repeatedly that they are European countries. In the case of Poland, too, and even in Finland, before it joined the EU in 1995, there was a great deal of talk about its European choice. Such political talk rests on a confusing equation of Europe with the EU, or with Western Europe. Now all eyes are turned towards Ukraine and questions like "will Ukraine maintain its European choice after the orange revolution?" have been asked. All of these countries are European, and even Russia doubtlessly belongs to Europe. However, what the other above-mentioned countries have in common is the fact that they share a special regional history with Russia. This strengthens the need for them to state firmly that they are European countries and that they have made the European choice. This is mostly a domestic political issue, but it has spilled over into foreign policy. The link between domestic factors and foreign policy is often one of overlap, the one being a continuation of the other. This is very much at the core of the problems between Russia and the EU's member states, especially with those member states that share borders and history with Russia.

For Russia's part, the nation and the state are still in the process of construction, with the outcomes uncertain, which presents difficulties to the formulation of a coherent long-term policy towards Russia.

6. Existing frameworks

There are several existing frameworks at present that provide guidelines and norms for the governance of relations between Russia and the EU. The PCA was necessary at the time it was signed in 1994 (and implemented in 1997); however, from today's perspective the PCA seems out of date, and the question has been raised as to whether it needs renegotiating when the current agreement expires in 2007. A broader debate as to whether such an agreement is needed for the future should be encouraged, since objections and advantages are being raised on all sides. Moreover, the Northern Dimension places a heavy emphasis on cross-border co-operation between the EU and Russia; and at the moment the European Neighbourhood Policy still seems to be in the early stages of trying to define the EU's policies towards its Eastern neighbours (EU's Eastern Policy). All of these frameworks have differences, but all acknowledge the importance of Russia as an object of co-operation for the EU.

The experience of fourteen years of relations between the EU and Russia has largely been one of trial and error. It is important now to identify where successes have been achieved. In spite of the difficult past relationship between Russia and other East European countries, including Finland, it is these countries that can contribute their understanding to EU policy-making. There are large numbers of Russian-language speakers in these countries, which can be important in avoiding the danger of understandings becoming 'lost in translation'. By building on past successes, even if they have been outnumbered by failures, and incorporating the perspective of the new members in a positive way, much could be achieved within the existing frameworks. What is needed is clearer definition of what the frameworks are for.

Policy recommendations for making Russia-EU relations more effective:

- For Russia, CIS policy has been a specific problem, as it has caused negative perceptions based on memories of the past, and has raised questions for the EU as to Russia's attitude and policies towards the CIS countries. This has caused serious problems in Russia-EU understanding. Russia needs to clarify and define its policies individually to the members of the CIS.
- For the EU, each member state needs to be more clearly informed as to other member states' attitudes towards Russia. Without internal co-ordination, there will never be a united external policy.
- For the Baltic states, the national interest needs to be defined more clearly and each state must find its place in the framework of the EU.

Towards an EU - Baltic Eastern Policy: A sceptical viewpoint

Raivo Vare¹

Although ultimately this paper intends to contribute to a constructive policy approach, it will not strike an optimistic tone. In order to avoid wishful thinking, a large number of crucial facts on the ground, in the following theses some thorny issues and some key traits rooted in the political history of Russia and the Soviet Union are assembled, which continue to exist and thus might maintain a strong grip on the future of relations with its neighbours. As a consequence, it seems rather difficult to formulate the foundations of a positive relationship between Russia and the Baltic states of the European Union. Nevertheless, it is necessary to take advantage of the opportunity to do so. Meanwhile, from an Estonian point of view, the situation is as follows:

1. Relations between the EU and Russia will remain at the top of the agenda for several reasons. First, the Russian Federation is the biggest trading partner and one of the key energy suppliers of the European Union. On the one hand, a booming Russian economy will become a huge market for the EU; on the other, Europe will become dependent on Russian energy. Second, Russia is the EU's largest neighbour and the only serious power on the European continent. For that reason, these two powers have to manage overlapping spheres of interests. And both are struggling to redefine their positions vis-a-vis the United States and rising powers such as China. The Baltic states are faced with the problem of being situated between these two competing powers - the Russian Federation and the EU-15 member states - and are too small to exert real influence on EU foreign policy and to provide Baltic input to the European Union.

2. The European Union and Russia declare their bilateral relations to be a "strategic partnership" founded on common interests and shared values. The basis of European-Russian relations is the Partnership and Co-operation Agreement (PCA), which took effect in 1997. In 2003, the European Union and the Russian Federation agreed on the concept of four common spaces for strengthening bilateral co-operation. Nevertheless, Moscow and Brussels rarely behave like real friends or partners. There are several examples of mutual mistrust and frustration, both in EU-Russian and in Baltic-Russian relations. The most recent and prominent example in European-Russian relations are the different positions towards Ukraine and the orange revolution, as well as the difficulties in coming to an agreement on the roadmaps for implementing the four common spaces in December 2004. Irritations also remain in Baltic-Russian relations - like the disputes on the ratification of border treaties, the Russian-speaking minorities in the Baltic states, and the conflicts in the context of the ceremonies celebrating the end of World War II and the anniversary festivities in Kaliningrad.

3. After a phase of Russian indifference concerning the enlargement of the European Union, scepticism in Moscow increased as enlargement became reality and the consequences became apparent. In the run-up to the EU's eastern enlargement, Russia refused to expand the Partnership and Co-operation Agreement to the new EU member states, and Moscow presented a list of 14 demands related to enlargement - such as the continuation of trade preferences and the protection of Russian minorities in the Baltic states. After a

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process of tough negotiations and European concessions, the European Union and Russia agreed on the extension of the Partnership and Co-operation Agreement to the new EU member states. The extension of the PCA was an instrument Moscow used to claim financial compensation and bring influence to bear in connection with EU enlargement.

4. The EU is a soft power, while Russia and the US prefer hard-tackle policies. Russia likes to focus on geo-strategic issues rather than economics because it has the world's second largest stockpile of nuclear weapons, but ranks only 15th or 16th among the world's top economies. And they like the American policy-making style - leadership-driven, interest-based and hard-nosed - better than the EU's foreign policy-making through compromises and committees.

5. Representing an equal partnership at the global level, American-Russian relations are a Russian priority. Many Russians and their leadership are dismissive of the EU and prefer the US as an international partner. America, they say, is a country they can do business with. The Europeans do not understand Russia's needs, but some of them at least want to. And some of them do understand. The Baltic nations do. Therefore the Balts are balancing the European approach towards Russia.

6. An intensive and multi-dimensional EU-Russia partnership could improve relations. The complexity, the dependency on personal contacts and the informal character of Russia's external relations leaves enormous room for disagreement and chaos, even on issues regarded to be settled, including those covered by ratified treaties.

7. The security interests of the European Union require stable, prosperous and democratic neighbours. A key player in European security and stability is the Russian Federation. To ensure peace, freedom and co-operation in Europe, what is needed is Russian political stability, economic prosperity and external reliability. But two difficulties can be identified. First, the short-term and medium-term objectives diverge from each other. Although autocratic tendencies in Moscow are recognizable, the European Union is trying to guide Russia along the path of economic and democratic reforms. But European commitment to economic and political transformation in Russia is not altruistic: instability within Russia could quickly turn into instability and insecurity in Europe. Second, Russia will not become a wealthy and democratic neighbour as fast as the European Union hopes. A stable, prosperous and reliable Russian Federation is desirable, but to transform Russia into a competitive market economy will take decades. In any case, the democratisation and political transition of the Russian Federation will not be unobstructed as long as Russian preferences differ from those of the West.

8. The European Union was very successful in exporting stability, security and prosperity by using the instruments of accession - as towards countries in South-eastern Europe, and integration - as for example towards the new EU member states in Eastern Europe. The principle of accession and/or the accession method, respectively, is closely tied to conditionality. But while these instruments succeeded in Eastern and South-eastern Europe, the EU is neither able nor willing to offer such an option to the Russian Federation. Furthermore, Russia does not intend to become a member in the European Union and perceives itself both as an independent player and as a regional power with global aspirations - although Russian capabilities are disproportionate to its economic weight. For that reason, Russia will not accept rules imposed by the EU constraining its independence, sovereignty or status as a regional power. Thus, the options for a promising approach of the European Union towards Russia are marginal.

9. Current EU-Russia relations are cumbersome and they will remain difficult for several reasons:

- As a big political player but middling economic power, Russia likes to stress high-level political ties over economic ones. The EU, often described as an economic giant but a political dwarf, is the exact opposite.
- Russians have very different ideas about the role of law. The EU is the epitome of a rules-based community. Its single market, competition policy and fiscal rules, to name but a few, cannot function without assiduous adherence to, and enforcement of, the law. Russia's confusing and contradictory laws remain a breeding ground for petty bribes, recent improvements notwithstanding. Overworked and often corrupt judges cannot be relied upon to protect rights and enforce obligations. The arrest of several high-profile businessmen, including Yukos boss Mikhail Khodorkovsky, shows that in Russia the law of power is still stronger than the power of law.
- Russia is distinct from EU in that it does not adhere to the idea that all countries are equal. Most Russians believe that their country is unique - and destined for the original "Russian way", not the European or the Western way. This feeling is fed by Russia's new-found self-confidence and a resurgence of nationalism, which together are making the country ever more sensitive to any outside interference.
- Large parts of Russia's policy establishment remain wedded to old-fashioned concepts such as spheres of influence, zero-sum games and strict reciprocity, not mutual interests, shared sovereignty and win-win solutions.
- President Putin and his government will continue to resist any outside attempts to shape Russia's domestic development. What he wants from the EU or anybody else is not policy advice, or even financial assistance. He sees relations with the EU as a way of strengthening the domestic economy through trade and, to a lesser extent, investment. He sees the West, and the EU in particular, merely as a "modernisation resource".
- Every foreign policy approach must take six major features of Russia into account as Grigory Yavlinski pointed out:
 1. Russia has no independent judicial system.
 2. Since December 2003, Russia has no elements of an independent parliament.
 3. Russia has no parliamentary control or oversight of the secret service and law enforcement agencies.
 4. Russia has no politically important independent media.
 5. Elections in Russia are manipulated by the government.
 6. The Russian economy is an instrument of the state.

10. Despite the autocratic tendencies within the Russian political system the European Union remains convinced that relations with Russia and strategic partnership should be based on two pillars: on shared interests and on shared values. The objective to found European-Russian relations on common values seems particularly questionable for two reasons. First, it is not clear whether there are shared values at all, or to what extent one can speak about common values - as for example the most recent OSCE summit in Lubiana in December 2005 indicates. Second, from a Russian point of view shared values are irrelevant or, more often, irritating. The European insistence on values is perceived by the Russians as schoolmasterly and somehow arrogant, tantamount to telling Russians how to run their own country.

11. Relations between the enlarged European Union and the Russian Federation are often undermined by bilateral ties between Russia and larger EU countries - the most prominent case at the moment is the German-Russian Baltic Sea pipeline project. But "special relations" between Moscow and London, Paris or Rome, and aspirations to get better deals in bilateral negotiations than those expected from amorphous Brussels, also weaken the EU institutions. Often, single EU governments have been more sympathetic to Russian requests than the European Commission. They highlight business links in particular, and rarely criticise Russia. They are happy to leave the difficult bits of the EU-Russia relationship to the Commission and other EU institutions, while reassuring Putin that, ultimately, the capitals are more important than Brussels. As long as common positions are weakened by the egoistic interests of single governments, a common EU approach will be ineffective. Thus, Russia can afford to ignore EU institutions while the larger EU member states continue to cultivate special relations with Moscow and disregard agreed-upon policy positions and long-established competencies.

12. Recent announcements by Russian decision-makers give rise to mistrust in the Baltic states. Suspicion of and antagonism towards Russia still run deep in some of the new member states, and there are grounds for this. Since the Baltic states regained independence in 1991, relations with Russia frequently have been characterized by old imperial mentalities. Significant elements of the Russian elite and Russian decision-making groups do not appear to regard the Baltic states as fully independent countries, and seem to wish to limit Baltic sovereignty. Disputes from the early post-Soviet period include the removal of Russian troops from Baltic territory, the ownership of radar installations (particularly in Latvia), the situation of the Russian-speaking population, border treaties and a host of other issues. Russia also opposed Baltic integration into Euro-Atlantic structures, particularly their membership in NATO.

Periodically, official Russian documents offer a clear view of this attitude. These include a report titled "State and oligarchy" published by Russia's National Security Council in 2003, and the report published in January 2004 on the "*National strategy and agenda of the second presidency of Putin*". This particular document stated at various points:

"the only positive scenario, even imperative of national development is the building of Great-Russia"; "Russia is responsible for the post-Soviet area"; "the national leader shall ensure certain geopolitical prerogatives and according possibilities to act for Russia in the very territory of the former Soviet Union"; "acts of leading players like the USA, China and Europe in this area that do not fit with Russian interest shall be treated as direct challenges to Russian interests"; "to ensure Russian rights in the post-Soviet area, respective military capacity shall be built", etc...

This same report also suggests:

- The banking and financial sectors shall support the expansion of Russian capital and gradual economic integration of the territory of the former Soviet Union;
- That active support and promotion of "Russophilia" (love for Russia and Russian culture, daily usage of the Russian language, Russian-related business support, etc.) should be an effective measure of Russia's foreign policy;
- All means should be used to support the Russian language; Russian should be used as a business language on the entire territory of the former Soviet Union (Estonia differs from Latvia and Lithuania on this);
- Strong push of "Russian minority" issues on the international level;
- The "citizenship mixed with human rights" issue as a tool of influence in the Baltic states.

13. As long as Russian politics dominate Russian economics, a breakthrough in the relations between the EU, including the Baltic states, and Russia should not be expected. The current state of Russian-Baltic relations can be described as some "soft" progress, but devoid of breakthroughs. The main reason is related to Russia's desire to influence Baltic-Russian relations. For example, Russia repeatedly has abused economic instruments as political tools. There is also a new stage of Russia strengthening its international position by instrumentalizing energy supplies, instead of nuclear policy, to pursue its political ends.

14. The risks in dealing with Russia, at least in the analysis presented here, can be pinpointed as follows:

The key is in Russian positioning. The Russian problem is how to talk with smaller powers as equals. Russia continues to have difficulty accepting its status as a junior partner in the relationship with the United States. Europe wants to see Russia as it does not itself, that is, as a democratic, free-market country with a strong civil society, limited government and outward-looking elites. Many Russians do not share these goals.

Russia continues to position itself as a power center, and not as a society. Russia's self-identification is based on great power status, not as one modern civil society among many in a globalizing era. The distinction between "us" and "them" remains a cornerstone of Russian national identity. World events are interpreted through a lens of how they affect Russia; this makes it possible to see developments in far parts of the world as either "pro" or "anti" Russian, and to consider setbacks as results of the malevolent intent of foreigners.

Soviet-era symbols continue to have great power in Russian culture. This shows that the imperial mentality is not far from the surface, even a decade and a half after the peaceful dissolution of the Soviet Union. For example, in April 2005 Vladimir Putin said in his address to the Russian parliament on the state of the nation that the collapse of the USSR was the greatest geopolitical catastrophe of the 20th century. To put it mildly, this view is not widely shared among the Baltic nations. Such statements show a continuing desire for greatness and might among Russia's political leadership. These desires appear to be stronger than their attachment to democratic values. In fact, it often appears that values, or profession of values, are mere tools for Russian leaders, who are essentially pursuing great-power realpolitik. Democracy is not yet a dearly held value for Russia's elite, or for its population as a whole. At best, it is a means for achieving a better life. At worst, it has been discredited by the tribulations and excesses of the post-Soviet years and can be discarded at no great loss.

In many ways, Russia would like to return to the days of the bipolar world. Russians see Americans as their natural counterparts, and would like to enjoy a position in the global system that is at parity with the United States, head and shoulders above other powers. The country could not, and at present cannot afford such a position. This leads to frustration among Russian leaders who would like it this to be the case, and leads to occasional attempts to re-assume a role as one of two superpowers.

Given this set of perceptions and desires, there is a very strong link between foreign and domestic policy. In both cases, economics are consistently subordinate to political goals. This also leads to different perceptions of the words "economic security" in Russia and EU countries. European policymakers must understand the Russian view of these concepts if they are to have any success in negotiations.

Despite the subordination of economics to politics, there are significant business interests in the country, and they are finding their voice. Russia will not see a return to a state-directed economy; rather, the two sets of interests will continue their uneasy co-existence.

Finally, European negotiating partners must always bear in mind that their Russian counterparts do not see "win-win" situations. They either have to gain more than their partner, or the partner has to lose more than the Russian. This applies in both politics and business.

15. For the time being, until a more constructive Baltic approach is developed, policy conclusions are:

- The European approach entails moving step by step and using economics as a means to induce changes in Russia.
- The Baltic choice is whether or not to see everything through a security prism. Are we part of the EU, or are we not? And the Baltic approach has a right to be a part of an overall EU approach.
- A long and difficult process lies ahead in elaborating and implementing the EU-Russian project of the four common spaces: the Common Economic Space, Common Space of Freedom, Security and Justice, Common Space of Co-operation in the Field of External Security, and Common Space on Research, Education and Culture that were signed on the fifteenth EU-Russia Summit in Moscow on 10 May 2005.
- There is no way to expect a "win-win" situation.
- Only firm and co-ordinated approaches will succeed. Separate policies will not.
- There are no common "European" values yet, just common interests. The challenge is to convert them into common values, and this will take time and wisdom.

Towards an EU Baltic Eastern Policy

*Martin Kremer*¹

Contemporary relations between the Baltic states and the Russian Federation are considered to be troublesome and trapped in historical impasse. Critics highlight the ongoing disputes about the Russian speaking minorities in the Baltic states, the controversies on ratifying border treaties between Estonia and Latvia on the one hand and Russia on the other, and Russia's suspicion of the Lithuanian engagement for democracy in Belarus and Ukraine.

Given these deficits in Baltic-Russian relations, as well as these mutual historic sensitivities, an EU Baltic Eastern Policy harbours particular potential. The German experience offers some wisdom about how to master a complicated history by temporarily distinguishing between history and politics. Progress in confidence-building may then be a significant step toward reducing the legacies of the past and overcoming disappointments in mutual cooperation. This could be based, for instance, on the German-Dutch and the German-Belgian experiences.

Against this background my paper is based on a two-track approach: first, in more analytical observations I will try to identify the driving forces that favour an EU Baltic Eastern Policy; second, in some more operative remarks I will try to point out specific challenges for an EU Baltic Eastern Policy also intended to improve European-Russian relations.

1. Analytical observations

From an analytical perspective, three factors work in favour of an EU Baltic Eastern Policy: the framework of EU-Russia relations and of EU Neighbourhood Policy; the geopolitical need for a Baltic perspective in relations between the European Union and the Russian Federation; and, last but not least, the momentum that may be provided - paradoxically - by the current EU crisis.

1.1. Existing driving forces

At present, there is already a dynamic institutional policy framework, more or less leading towards an EU Baltic Eastern Policy. At the St. Petersburg EU-Russia summit back in May 2003 the European Union and Russia agreed on the concept of the four common spaces (common economic space, common space of freedom, security and justice, common space of cooperation in the field of external security, common space of research, education and culture).² At the Moscow summit in May 2005 they adopted roadmaps to realise these various common spaces.³ At the recent summit in October in London they focussed on the practical question of implementing these roadmaps.⁴ And the most current issue now on the

1 Planning Staff, German Ministry of Foreign Affairs, Berlin. The author expresses his personal view.

2 http://europa.eu.int/comm/external_relations/russia/sum05_03/js.htm; 8 December 2005.

3 http://europa.eu.int/comm/external_relations/russia/summit_05_05/index.htm; 8 December 2005.

4 http://europa.eu.int/comm/external_relations/russia/summit_10_05/index.htm; 8 December 2005.

EU-Russian agenda is the future of the Partnership and Cooperation Agreement¹ that expires after 2007. At the same time, the enlarged European Union is committed to promote Neighbourhood Policy with a view to fostering closer relationships and cooperation with its new neighbours on its southern and, especially, eastern borders. In close cooperation with Ukraine the EU has adopted an action plan² which is intended to deepen relations and cooperation between the EU and Ukraine. Towards Minsk, like-minded member states are about to intensify the EU's policy for promoting democracy in Belarus. Besides the existing approach towards the southern Caucasus, the European Union is even beginning to consider an EU-Black Sea dimension.

This range of policies towards the EU's Eastern neighbours offers a broad range of chances and a broad range of possible Baltic input for an EU policy to tackle the tasks at hand. From a minimalist point of view, Baltic input could be limited to a strategy of defining common Baltic positions vis-a-vis proposals brought forward within the European Union. From a maximalist and, of course, desirable point of view, the Baltic states could be actively involved in formulating policies towards the EU's Eastern neighbours. Obviously, in so doing, the Baltic states can put their assets to best use in comparison with other EU member states. Estonia, for instance, is actively committed in Georgia, Lithuania in Ukraine and Belarus.

In a more general sense, the EU's Eastern dimension might be a very promising niche in which the Baltic states can assume their share of responsibilities within the European Union. Conversely, the more attractive the EU framework towards its Eastern neighbours is, the more it will also be the indispensable point of reference for the "bigger" EU member states and their parameters of action, not least vis-a-vis Russia.

1.2. An increased geopolitical need for a Baltic perspective

After the end of the cold war the geopolitical map of Europe changed fundamentally and, *nolens volens*, the Baltic states are in the midst of these changes: during the Soviet era the Baltic states were part of the Soviet Union, but since their independence the Baltic states realigned and are now members of the European Union. As the EU and Russia are moving closer towards each other, the Baltic states inevitably become more involved. The main geopolitical task is to reconcile overlapping spheres of integration. Russia is still a factor in the so-called "post-Soviet" space and, conversely, the European Union is pushed into the role of a geopolitical player - even without aspiring to such power. At present, managing Ukraine is the most prominent case in point.

A pivotal issue in European-Russian relations will consist in avoiding geopolitical competition and conflictive frictions between a Western zone of integration within the framework of the European Union on the one hand, and an Eastern zone involving Russia and neighbours in Europe, the Caucasus and Central Asia on the other. Whether it likes it or not, the EU is a point of reference for democratic transition guided by European values through free and fair elections in former Soviet states, e.g. in Kirgistan, Moldova, and Belarus. But not only democratic changes in the direct vicinity of the EU or in the "post-Soviet space" might have to be managed in European Russian relations. Similarly, the forthcoming accession of

1 http://europa.eu.int/comm/external_relations/ceeca/pca/pca_russia.pdf; 8 December 2005.

2 http://europa.eu.int/comm/world/enp/pdf/action_plans/Proposed_Action_Plan_EU-Ukraine.pdf; 8. December 2005.

Bulgaria and Romania will broaden EU's geopolitical horizon towards the Black Sea, which will become an EU internal sea of sorts.

While partnership with Russia is fundamental for the European Union, and the EU is strongly interested in maintaining and deepening common interests with the Russian Federation - for instance on the issues of energy supply, environmental protection and the fight against international terrorism - integrative cooperation within the area "in between" the enlarged Union and Russia is no less imperative. Stabilising the immediate EU neighbourhood - for the time being without any perspective of accession - will be a major challenge for the EU and any Baltic input on EU Eastern policy.

1.3. The paradoxically positive impact of the current EU crisis

Referring to the current EU crisis concerning the ratification of the European Constitutional Treaty in positive terms appears at first glance paradoxical. If anything, this crisis seems to inhibit a new institutional arrangement for the Union - for example, the establishment of a European Minister for Foreign Affairs - in short, the improved capacity to act more efficiently.

Yet at the same time, the current crisis may also constitute a chance that provides additional momentum for an EU Baltic Eastern Policy. The present EU crisis concerns the dimension of output legitimacy of European integration, the acceptance as much as the outcomes of its policies. The more the Union can identify a new project, the more it can revive the legitimacy of the European integration project. The dimension of external relations, especially relationships with its neighbours, is one of the most likely fields in which the European Union can best score new "legitimacy through action". If anything, the EU is called on to make its external relations work, to provide stability and prosperity to its new neighbours in the East, and to contribute in the "reconstruction of the West". The statement by the Polish publicist Adam Krzeminski that the EU Common Foreign and Security Policy will be forged in the East might go too far, but there is some truth to his conclusion. Strengthening the dimension of EU foreign and security policy therefore means simultaneously upgrading Baltic input and increasing the profile of an EU Baltic Eastern Policy.

2. Operative remarks

In operative terms it might be wise to consider three points of departure for increased EU Baltic Eastern Policy input: first, within the broad range of EU Neighbourhood Policy and EU-Russia relations, the Baltic States will have an opportunity to carve out a niche for specific input; second, it will be appropriate to develop EU Baltic Eastern Policy in a step-by-step approach; and third, EU-Russia relations - increasingly, a matter of "day-to-day business" - initially can advance in parallel and complementary to an EU Baltic Eastern Policy.

2.1. The opportunity of a "niche"

The Eastern Policy of the European Union includes both EU-Russia relations and EU Neighbourhood Policy. In this respect there is ample opportunity for the Baltic states to find their specific "niche" and to strengthen their already existing input to European foreign affairs. In order to better "deliver", and in order to better offer Baltic knowledge and experience to formulate common positions and strategies, the Baltic states might consider increasing cooperation and division of labour along the idea of an open group of "Friends

of European Neighbourhood Policy" - perhaps also including the Nordic states, Poland, and Germany. Such a group could stand for:

- concentrating on providing stability and prosperity to the Eastern neighbours of the enlarged European Union.
- using the overall potential for cooperation with Russia, Ukraine and other Eastern European states in the security and economic dimensions
- promoting reliable and close cooperation between the Union's new neighbours on the one hand and the Russian Federation and the EU, respectively, on the other (thus also doing justice to the need of triangular cooperation between the Union, new neighbours, and Russia)

Creating such a group of "Friends of European Neighbourhood Policy" would not only increase the EU's profile in Neighbourhood Policy, but could also contribute to defining a specific Baltic role within the enlarged European Union.

2.2. The usefulness of a step-by-step approach

It is obvious that implementing an EU Baltic Eastern Policy will have to take place by means of a step-by-step approach. The experiences of Jean Monnet's famous community method still are valid. An incremental and step-by-step modus operandi of the players in the Eastern dimension of the European Union is the best way to evolve the potential for a sustained and efficient, comprehensive EU Baltic Eastern Policy. To begin with, closer thinking on the following four issues will be needed:

- How can Eastern Policy be perceived as a common EU challenge and - to acuminate the question - as a common EU destiny?
- How can a common geopolitical perception of the "post Soviet" space be developed and established?
- How can the perceptions about a "Russia first" policy be reconciled with the "neighbours first" policy of the European Union?
- And how can the EU combine the conflicting goals of being a bulwark vis-a-vis its new neighbours while protecting its external borders at the same time?

Answering these questions and developing a persistent EU Baltic Eastern Policy "means slow and strong drilling of hard boards", as Max Weber put it. In this, the step-by-step approach covers the conceptual dimension of mutual perceptions as well as the material dimension of evolving the best, concrete policy concepts.

2.3. The advisability of advancing EU-Russia relations in parallel

Improving the Eastern dimension of the European Union is a dual challenge: while being a necessity it is obvious that "business" with Russia has to go on within the current institutional framework, irrespective of in parallel to the design of an EU Baltic Eastern Policy. Day-to-day management of EU-Russia relations will have to address the following tasks:

- The European Union and Russia have to settle on the future of the Partnership and Cooperation Agreement expiring at the end of 2007.

- The roadmaps for realising the four common spaces need to be implemented. By this means, the current institutional framework for EU-Russia relations will be complemented by tangible progress.
- The EU and Russia must agree on a *modus vivendi* in their mutual immediate neighbourhoods and manage the challenge of overlapping spheres of interest - applying the same kind of good cooperation they have used increasingly on the international, non-regional level.

Consequently, developing an EU Baltic Eastern Policy is an ambitious but not "revolutionary" project that throws the current state of affairs overboard. On the contrary, it will be an evolutionary process contingent on present conditions like the demands of EU-Russian relations.

3. Conclusions

The challenges of improving and implementing an EU Baltic Eastern Policy are indeed daunting. Tackling these challenges, however, is both worthwhile and necessary - for the European Union as a whole as well as for the Baltic states and the Union's new neighbours. Once under way, an EU Baltic Eastern Policy not only has the potential to forge transatlantic communality. It will also contribute to easing geopolitical competition and reconciling overlapping spheres of interest between the European Union and the Russian Federation. And most important, in so doing, an EU Baltic Eastern Policy will contribute to providing security, stability and prosperity to the eastern neighbours of the enlarged European Union. The political landscape in Europe has changed fundamentally since 1989. Hence there is a need - on both the analytical and the operative levels - to create a cooperative, sustained and effective EU Baltic Eastern Policy. Last but not least, an EU Baltic Eastern Policy could be instrumental in overcoming historic preconceptions. In particular for Baltic-Russian relations, it may be a promising method to create ties less encumbered by the legacies of the past.

Conference Agenda

Friedrich Ebert Foundation

Baltic Centre for
Russian Studies

Russia and the EU - Baltic States

Enhancing the Potential for Cooperation

October 11, 2005

Conference language: English, Russian

10 October, 2005

20:00

Welcoming Dinner
Informal(Foreign Participants)
Hotel Tallink

11 October, 2005

9:00

Opening Remarks
Representative from the Estonian MFA
Uelle Keskuela
Friedrich-Ebert-Stiftung
Tallinn

Introduction: Perceptions and Expectations
Matthes Buhbe
Friedrich-Ebert-Stiftung
Moscow

Ago Tiiman
Academic Centre for Baltic and Russian Studies
Tallinn

Iris Kempe
Center for Applied Policy Research
Munich

9:30 - 11:00

Do We Understand Each Other? I.
Key Questions to be considered - Understanding the dead-locked situation:

- **Assessment of current Baltic-Russian relations, especially on the level of prejudices;**
- **What are the most important problems that could cause a deadlock in mutual relations?**
- **To what extent are problems related to negative stereotypes or are they based on substantial difficulties?**

Chair **Karmo Tuur**
Academic Centre for Baltic and Russian Studies
Tallinn

Fyodor Lukyanov
Russia in Global Affairs
Moscow

Vladimir Jushkin
Baltic Centre for Russian Studies
Tallinn

Irina Kobrinskaya
Foundation for Prospective Studies and Initiatives
Moscow

11:00-11:30

Coffee Break

11:30-13:00

Do We Understand Each Other? II.

Key Questions to be considered - Towards mutual understanding to cooperation:

- Which are overlapping problems between Russia and the Baltic states on regional, economic and other levels?
- Which actors are interested in cooperation?
- How to shape an agenda of cooperation?

Chair **Irina Kobrinskaya**
Foundation for Prospective Studies and Initiatives
Moscow

Vladimir Kuznetsov
Centre for Baltic Studies
St. Petersburg

Pekka Sutela
Institute for Economics in Transition (BOFIT)
Helsinki

Karmo Tuur
Academic Centre for Baltic and Russian Studies
Tallinn

13:00-14:00

Lunch Break

14:00-15:30

Towards an EU Baltic Eastern Policy

Key Questions to be considered - Implementing the experiences of the Baltic states in an European framework:

- Is there a need for a new Eastern policy of the EU, and if so, how should it be shaped?
- Assessing the Baltic interests to shape an European regional policy regarding Russia, Ukraine, Belarus and Moldova;
- What are the Baltic interests in re-negotiating the Partnership and Cooperation agreements between the EU and Russia/ the other CIS states?
- What are the potential alliances for elaborating and implementing a constructive Eastern policy?

Chair Iris Kempe
*Center for Applied Policy Research
Munich*

Raivo Vare
*Estonian Railways
Tallinn*

Martin Kremer
*Planning Staff, Ministry for Foreign Affairs
Berlin*

Arunas Grazulis
*Institute of International Relations and Political Science
Vilnius*

Alexander Duleba
*Research Centre of the Slovak Foreign Policy Association
Bratislava*

15:30-16:00

Coffee Break

16:00-17:00

Conclusions and Policy Recommendation
Key questions to be considered:

- **What are the Baltic - Russian relations beyond the perceived deadlock?**
- **How to use positive experiences of cooperation for strategy development?**
- **How to fit the Baltic - Russian relations into the European framework?**

Chair Daniel Broessler
*Sueddeutsche Zeitung
Munich*

Hanna Smith
*University of Helsinki, Aleksanteri Institute
Helsinki*

Ago Tiiman
*Academic Centre for Baltic and Russian Studies
Tallinn*

Irina Kobrinskaya
*Foundation for Prospective Studies and Initiatives
Moscow*

Iris Kempe
*Center for Applied Policy Research
Munich*

19:00

Reception and Dinner